



Department for
Digital, Culture,
Media & Sport

The de Bois Review: an independent review of Destination Management Organisations in England

Nick de Bois

August 2021

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Foreword by Nick de Bois



England has an outstanding tourism offer. Extraordinary, beautiful landscapes, some of the world's most renowned historic monuments, buildings and places, stunning stretches of coastline and inland waterways plus of course our dynamic bustling cities and towns. We can rightly boast some of the finest museums in the world, the most historic universities and an eclectic choice of tourist attractions and events right across the nation.

It is no wonder that England is such a popular destination – attracting 99 million domestic overnight visitors a year before the pandemic, with London the third most visited city on the planet and 41 million visitors coming to the UK in 2019. These numbers translate into a huge number of jobs – there are 4 million jobs across the UK directly or indirectly dependent on tourism – not to mention lasting memories and great experiences.

None of these figures mean we should rest on our laurels, however, because they disguise an untapped potential which I will come on to explain. Furthermore, we all know that it has been quite a different story over the last 18 months with tourism one of the hardest hit of all economic sectors by the pandemic. The sector now has a long road to recovery ahead and this recovery will depend, in part, on the prevailing pandemic conditions but also on having the right structures and partnerships in place to drive that recovery forward.

'A good DMO is the glue which brings together the huge array of parties together in an area that make up its visitor economy'

It is those structures that this review set out to examine – with a focus on Destination Management Organisations, or 'DMOs' for short.

About DMOs

Let's face it, most people outside the tourism sector have no idea what a DMO is or what they do.

It is perhaps best to think of DMOs as local or regional tourist boards built around a visitor destination such as a town, city or county. That destination usually gets built into their name – Visit X, or Marketing Y. When you are planning a trip and looking for things to do, it is usually the DMO's website that you turn to, whether you know they are a DMO or not. When you see an advert on your Twitter feed, on the underground or in the paper telling you to visit such and such county or city, it is usually a DMO that produced it.

Yet when a DMO is performing at its best, it is not just doing marketing and promotion. It is undertaking a wide range of effective activities that combine to ensure their destination remains sustainable, competitive and compelling. This will include marketing, but also activities such as providing advice to businesses on new regulations, skills programmes or grant funding opportunities, going after inward investment, creating new travel itineraries and products in conjunction with transport companies or bringing together players to create a compelling bid package for a major event. A good

DMO is the glue which brings together the huge array of parties together in an area that make up its visitor economy.

DMOs are found in almost every nation and region the world over. Why? Because they respond to a market failure. Tourism businesses want DMOs because they understand that the tourism sector is an ecosystem and that the success of each individual business is intrinsically linked to the success of the destination as a whole. That's why they pool resources to fund a DMO. Consumers don't travel to the Lake District just to stay in a hotel – they come for its brilliant food offer, the amazing landscape and the heritage as well – and they are not going to come back if the food is bad, the landscapes poorly maintained or the attractions boring. Nor are they going to go at all if they've never heard of the Lake District. It is a DMO type organisation that is best placed to stitch the destination together, keep it competitive and present it to the world.

In England, however, our DMOs are not structured, funded or supported in a way that allows them to maximise their potential. There are some exceptions to this, but when looked at together they are performing sub-optimally. If this continues it will mean slower recovery, slower growth and unfulfilled potential.

About the review

This review was commissioned by the DCMS Secretary of State and the Tourism Minister in March 2021. I was instructed to think comprehensively and boldly about the recovery and future of the visitor economy and the role of DMOs within that.

Leading this review has been an honour because everyone I've engaged with has been so passionate, committed and informed, and I have spoken to a huge and diverse range of people over the last five months. It was important for me to engage widely, because I wanted to get a full appraisal of the actions, impact, strengths, weaknesses and potential of England's DMOs. That meant speaking with attractions, National Landscapes, Local Authorities, representatives from our historic buildings, coastal towns, consumer and business event organisers, small businesses and large corporations, to name a few, and of course DMOs themselves.

What were the key messages?

First, everyone recognised the need for DMOs. They are a crucial part of the tourism ecosystem and are not going away. Many English DMOs do great work, and add a lot of value, but this is not consistent across the board and is despite the Government, not because of it.

Second, the current landscape in England is a complicated patchwork quilt, with each DMO managed and led in different ways. They can be limited companies, a team in a Local Authority, a Business Investment District, or a Community Interest Company. Their funding models are also diverse and often opaque – some entirely private, some entirely public, some a mix of the two. There is fragmentation across the landscape, as well as geographical overlap, duplication, distorted priorities and competition when there should be alignment. Whilst a bit of variation is fine, the unstructured nature of the landscape is ultimately hard to get your head around. There was an overriding call throughout the review and from all parties for a degree of coherence. Everyone wanted a simplified structure with clear channels of communication between DMOs and national Government, a clear definition as to what a DMO is and what it should do and a common understanding of expectations, roles and priorities.

'It is a DMO type organisation that is best placed to stitch the destination together, keep it competitive and present it to the world'

'There is fragmentation across the landscape, as well as geographical overlap, duplication, distorted priorities and competition when there should be alignment.'

Third, funding is a big problem. The pandemic has led to a huge drop in commercial revenues, but this comes against the backdrop of a decade of funding being withdrawn by the public sector starting in 2012 when the government somewhat brutally cut loose DMOs from core grant funding via the old Regional Development Agencies. The DMO response was resourceful and they looked elsewhere for money by becoming more commercially minded and reliant on private sector membership. In some senses this is a good thing, but it has also meant DMOs focusing inwards on the marketing desires of their members and has led to a huge amount of time spent constantly chasing for money.

The funding situation also means England's DMOs are not really in a position to support the Government to deliver its tourism policies or to carry out the full suite of activities needed to keep a destination sustainable and competitive. It has become somewhat like an elasticated bungee run – with the resources they have DMOs can get so far but never quite to the end of the run because they always pinged back to marketing. Place-shaping, having a seat at the table on investment decisions, supporting bids for major events, developing a destination strategy – all vital elements of destination development – are just out of reach. I contend that with some core government support we can help strategic, well led DMOs complete the “run” and dramatically improve the growth of regional tourism as a result.

Fourth, England's DMOs do not regularly have a seat at the table when it comes to decisions by key place-shaping decision-making bodies. Their voice is often unheard and unrepresented because of the fragmented and confusing structures, and the distorted priorities of DMOs themselves.

There were more findings too, and there is a lot of nuance to explore and understand, but these were the key points for me. My report sets out 12 recommendations for improving the DMO landscape in England.

The way forward

The key recommendations are for the Government. Currently the Government is sitting on its hands when it needs to get stuck in. England is relatively unique in how ‘hands-off’ the Government is with destination management at a subnational level. International best practice points towards a top tier network of DMOs operating at regional scale, built around destinations that make sense to the consumer and in receipt of reliable funding from the Government to serve as a foundation or springboard from which the world is then their oyster.

‘Funding is a big problem and it means England's DMOs are not in a position to support the Government to deliver its tourism priorities’

That's why I have proposed a new simplified tiering structure, which would create a national portfolio of high performing DMOs, able to receive core funding from the central Government if certain criteria are met. These DMOs would then be accountable for what they deliver. I am acutely conscious that by asking for government support from the taxpayer, there must be a return on investment and stringent accountability for how it is spent. In return I am asking the government to give DMOs the tools to do the job they are best placed to do.

This need not cost the Government much in the grand scheme of things. I would estimate it costing somewhere in the region of £15m to £20m per year, based on my conversations with DMOs during the review. The Government is set to spend many multiples of this on tourism infrastructure through the £4.8bn Levelling Up Fund (not to mention the Towns Fund and the Getting Building Fund), so my proposals are not even 0.1% of that Levelling Up Fund cost. Yet the benefits could be substantial. Just a 1% increase in the value of tourism above its pre-COVID contribution would be worth

‘There was an overriding call throughout the review and from all parties for a degree of coherence’

£745m to the economy each year and a super-charged DMO network operating on firm foundations is more than capable of that.

I am acutely aware that government intervention done badly can do more harm than good. Unintentionally, changes could exacerbate existing issues, or create new ones, if mis-handled. It is absolutely vital that the diversity and breadth of England's offer is recognised as a fundamental strength and, just as is the case with the Government's thinking on levelling up, imposing a uniform one-size-fits-all solution that treats every destination as having the same needs would be a catastrophic mistake. Of equal importance is that changes must not be looked at through the eyes of Whitehall or the Town Hall. The consumer should come first.

The challenge for DMOs is to accept the urgent need for coherence to their operating landscape and embrace a rationalised structure where there has been none before, and accreditation where none exists. My review takes a long hard look at what is expected from our DMOs and inevitably this will involve change. For some that may be uncomfortable, but not to collaborate or join together will mean potential unfulfilled.

The opportunity at stake

This review comes at a time when the Prime Minister has challenged all of us to propose ideas and solutions to level up opportunity and prosperity in every part of the country. His recent Levelling Up speech on the 15th July¹ could have been written with the tourism sector and this review in mind, when he said: "There is no place in the country that does not have something special, some selling point" and when he made the point that "all they need is the right people to believe in them to lead them and to invest in them and for government to get behind them". My recommendations do precisely that. The tourism industry is ready to take up the challenge. Most of the building blocks are already in place – fantastic committed local leadership with a passion for their destination, strong 'attack brands' and a compelling visitor offer across England, and an array of DMOs who have shown good promise with respect to working in partnership with public, private and community interests in their destination as well as with each other. What's missing is a coherent, sustainable, robust and accountable structure that can give DMOs time, space and a clear direction, and the ability to perform consistently from a firm foundation.

For me, potential unfilled is the story of English tourism over the last decade with the Government frankly operating on the lazy assumption that tourism can look after itself and is doing just fine. The pandemic has certainly played its part in exposing this assumption, and I am glad to see the recently published Tourism Recovery Plan set out bold targets and a clear framework for a swift recovery. However, it's now time for the Government to put its money where its mouth is, and put in place a super-charged DMO network capable of unleashing the potential of England's many powerful attack brands.

Furthermore, it's time for the Government to realise the potential of this sector. Doubling visitor numbers in England between 2010 and 2020 might seem good but frankly we could have exceeded that in both quality of spend and quantity of visitors. Over that period our tourism sector grew slower than the world average and we lost market share. With all that England has to offer it should not be acceptable to see France continue getting double the number of international visitors, and for the UK to have only one city in the top 100 most visited global cities.

'Imposing a uniform one-size-fits-all solution that treats every destination as having the same needs would be a catastrophic mistake'

'It's time for the Government to put in place a super-charged DMO network capable of unleashing the potential of England's many powerful attack brands'

¹ <https://www.gov.uk/government/speeches/the-prime-ministers-levelling-up-speech-15-july-2021>

'If the Government is fine with England staying in Tourism's equivalent of League 1, with a declining market share and unfulfilled potential then it should do nothing and continue leaving DMOs largely to their own devices'

The Prime Minister has said levelling-up is about 'heating up' all our regions so they are performing at their potential. DMOs are ideally placed to achieve this for tourism, and there is huge scope for growth. If we can get structural reform right there is huge potential for this sector to become more productive and play its full role in placemaking and economic regeneration.

And it is not just England which will benefit. Although Tourism is a devolved responsibility, a stronger English landscape will be a good thing for tourism businesses and organisations in Wales and Scotland keen to work on cross-border collaboration. There would also be Barnett consequential from increased investment in England.

If the Government is fine with England staying in Tourism's equivalent of League 1, with a declining market share and unfulfilled potential then it should do nothing and continue leaving DMOs largely to their own devices.

But if it wants to level this sector up to the Premier League, then it is time to abandon the last decade of a "hands off" approach to tourism. Now is the time to introduce a new era of policy engagement and delivery, working with the successful public private partnership that our DMOs can be, charging them with the strategic role our cities, regions and counties require to deliver the growth and levelling up government seeks.

Nick de Bois

August 2021

Executive Summary and Recommendations

What I was asked to do

1. In March, I was asked by the Secretary of State for Digital, Culture, Media and Sport, Oliver Dowden, and the Minister for Sport and Tourism, Nigel Huddleston, to conduct a root and branch review of the Destination Management Organisation (DMO) landscape in England.
2. My terms of reference were clear. First, build up a picture of the current landscape, and set that in an historical and international context. Second, appraise the landscape, in particular work out the extent to which it is economically efficient, effective and sustainable, assess whether or not it is maximising its potential to support delivery of the Government's tourism policy agenda with respect to England and assess if it is sufficiently integrated with the wider local and regional economic landscape (i.e. Local Authorities, Local Enterprise Partnerships and so forth). Third, make recommendations to fix any deficiencies I found.
3. As for why I was asked to undertake the review, I think that was also clear. **For many years, DMOs had been raising concerns with the Government about their financial stability and almost every player in the tourism sector had been crying out for a rationalisation of the landscape.** The COVID-19 pandemic only made the case for a review more urgent, with the knock-on impact of pandemic restrictions causing massive reductions to DMO commercial revenue streams at the very time tourism businesses needed their support most.
4. **In my first meeting with him, the Tourism Minister explained that now was the time – with recovery on the horizon and the sector hit harder than ever before in its history – to think comprehensively and boldly about the future of the visitor economy and the role of DMOs within that.**

How I conducted the review

5. Given the immediate challenges presented to the tourism sector by COVID-19, the timeframe given to me was short – five months – but within that timeframe I sought to engage as wide and diverse a set of stakeholders as possible within the constraints imposed by the ongoing pandemic. I've met with many, both in virtual one-to-one meetings and through in-person roundtables up and down the country. I've also conducted what I believe to be the largest, most detailed survey of DMOs ever undertaken in England and a written consultation, open to anyone, which received 340 substantive responses.
6. As a result, I was able to work from a comprehensive evidence base. To assist me in making sense of it, and to act as a sounding board for developing recommendations, I set up a Challenge Panel of experts from across the tourism sector and beyond. I am grateful for their assistance throughout the review process and have provided further detail on Challenge Panel membership in the Annexes.

A note on terminology

7. **It became apparent to me almost straight away that the acronym 'DMO' means different things to different people.** The key distinction is what the 'M' stands for, with some saying 'Management' and some 'Marketing.' Not every DMO is a Destination 'Management' Organisation, despite what it

might have said in my Terms of Reference and despite the overall name of the review. As such, I sought to look at the structure and funding of tourism at a regional and local level in the round rather than be constrained by a focus on 'Management'. When I use the acronym 'DMO' in this report, I use it to mean both Management and Marketing, i.e. to cover all types of DMO or organisations engaging in DMO type activities. When I want to refer specifically to 'Management' or 'Marketing', i.e. when exploring the differences between the two, I deliberately spell out the acronym using the appropriate word.

My findings

8. First and foremost – I found that DMOs are here to stay. They are found in every region and destination in the world with a developed tourism industry, and with good reason. **They respond to a well documented market failure.** Tourism businesses want them, because they understand fundamentally that tourism is an ecosystem and that their own business success is intrinsically linked to the success of the destination as a whole. They also understand that a DMO type organisation is best placed to manage and grow the destination, ensuring it remains competitive and sustainable. The question of whether or not they should exist is ultimately moot. **The key questions are therefore – what does a high-performing DMO deliver, under what conditions does that arise and what is the role of the Government in creating and maintaining those conditions?**
9. **For me, a high performing DMO should do the following. It:**
 - Is actively involved in destination management, not just marketing.
 - Is built around the consumer rather than administrative boundaries set by the Government (although it is helpful when these align).
 - Covers a geographic area with a tourism offer that comes together as a compelling and competitive brand.
 - Has a clear strategic, long-term vision for how to develop the destination in line with its key strengths, so it remains competitive and sustainable.
 - Acts as the 'broker' and/or 'convener' for the tourism sector in the area covered. DMOs should be true partnerships between public, private and community organisations.
 - Is a strong and trusted advocate for the tourism sector, bringing relevant stakeholders with them, with a seat at the table when it comes to major decisions about transport, inward investment and so forth, and able to marshal evidence to illustrate the situation on the ground and the impact of visitor spending.
 - Should be well integrated with the country's overall tourism strategy, and have the capacity to deliver grant-funding projects on behalf of central Government if required;
 - Should be outcome-focused and financially sustainable, not continually fighting for survival or serving as a vehicle to boost individual egos.
 - Undertakes activities that match the development needs of their destination, ensuring it remains sustainable and competitive. This will vary from DMO to DMO and, yes, it almost always involves marketing but that is not the be all and end all. Getting visitors to a destination is just one aspect of developing a competitive and sustainable visitor economy.
10. When DMOs are performing consistently at this level it adds a significant amount that no one other body is able to provide. Consumers will know the destination exists, that it presents a compelling and cohesive offer and they will be more likely to have a great experience when they visit. If they don't, the destination will be able to collect evidence to know about it and implement a fix. Tourism businesses will have skilled staff capable of serving consumer needs and will have up to date evidence on how they need to innovate and adapt to ensure the destination remains competitive. Investors will be more inclined to look at the destination as an opportunity and the local community will embrace the opportunities presented by the visitor pound. More visitors come, they will be incentivised to stay longer and spend more, more jobs are created and prosperity flows.

11. **Local Authorities cannot achieve all this, with their artificial boundaries that make little sense to the consumer and their poor connections with tourism businesses.** Local Enterprise Partnerships can't either, as they lack policy levers to affect change and again, don't match up well with consumer understanding. Businesses alone can't do it either – why would they go solo in promoting their destination when their rivals might stand to benefit? **It is a DMO type organisation that is needed to stitch it all together.**
12. Yet did I find that DMOs across England were all consistently performing at the optimal standard? Unfortunately not, although there were plenty of examples of good practice and some DMOs are certainly closer than others to excelling.
13. There's a lot that England's DMOs do well. They are staffed by passionate and well informed staff, who are able to articulate what makes their destination special. They are often able to act as conduits of information from businesses to the public sector and vice versa. Many regularly and competently administer grant funding on behalf of the public sector – £500,000 over the last three years on average per DMO.² Lots have the trust of the private sector, and there is no better evidence of that than their continued existence over the last decade despite the withdrawal of funding from public sector sources. Much of the evidence I collected pointed to the best Destination Management Organisations acting as the 'glue' bringing together the vast range of parties that collectively have a stake in the visitor economy.
14. **Despite this, the current DMO landscape in England is ultimately sub-optimal and for a number of fundamental, structural reasons is held back from achieving its full potential.** No-one would have designed what we have now. The following are particular issues:
 - **Variation:** There is too much of it – in terms of structure, geography, size, model and performance – to the point where the landscape appears incoherent to those from the outside looking in. For example, there's at least 46 DMOs in the South East, of all shapes and sizes, from 'Tourism South East' down to 'Destination Basingstoke'. **This variation creates confusion among policy makers at all levels of Government, and amongst businesses and consumers, ultimately causing them not to engage with DMOs.** Furthermore, the inconsistency makes it difficult for the Government to look at the DMO network as a natural and reliable delivery partner, especially if it wants to deliver on a consistent basis across the country.
 - **Fragmentation:** There is an excessive amount of geographical overlap and territorial competition, leading to missed opportunities around economies of scale. For example, why does Devon have a Visit Devon, a Visit Dartmoor, a Visit Exmoor, a Visit South Devon, a Visit Totnes, Destination Plymouth as well as Exeter City Council getting involved? **There are too many DMOs, to be frank, and not enough doing destination management.** No mechanism exists for bringing the fragments together, sharing best practice or evaluating performance consistently. The fragmentation leads to a diminished voice for the visitor economy overall and exacerbates low awareness internationally of all the brilliant tourism offerings across England.
 - **Funding:** Reliable Government funding has all but evaporated over the last decade – Local Authorities spent £127m less on tourism in 2017-18 than in 2009-10. Whilst this has forced DMOs to become more commercially savvy organisations (a good thing in the main) it has also meant that DMO staff spend too much of their time chasing membership income (some have half their staff devoted to it!) and not delivering the full suite of strategic activities that make for good destination management. Over-reliance on membership fees also acts to skew priorities to destination marketing, reducing time and focus on longer term revenue raising activities and place building. **Core funding would give DMOs the breathing space and firm foundation they need to support a strategic agenda and lean-in to the Government's tourism priorities, and I do not think the Government can expect high potential DMOs to consistently and substantively support them without it.**

² This figure is the median average, rather than the mean average, as a small number of DMOs administer much higher amounts. The median is therefore a better measure of central tendency in this instance.

- **Evidence:** There was a lot of evidence put forward about the specific value that a DMO can bring. Clearly they add value, otherwise an estimated 50,000 tourism businesses would not pay them membership fees, but the evidence provided was not consistent across DMOs and tended towards the anecdotal rather than the robust. There's no national framework to compare performance between DMOs and **on the whole tourism data is weak**.
- **Engagement:** Some DMOs are able to act as the 'broker', 'convenor' and 'advocate' for the visitor economy in their area, and are well engaged with all their key strategic partners. I've included the example of Experience Oxfordshire in the report, which helped over 10,000 businesses during the pandemic. However, this is by no means consistent across the country.
- **Relationship with local and national Government. Many contributors to the review felt that they were not part of a national tourism strategy, or a coherent structure with clear, distinct roles for national Government, VisitEngland and DMOs.** VisitEngland, though praised for their work during the pandemic, was criticised for being disengaged and not fulfilling a leadership role. **Many Local Enterprise Partnerships and Local Authorities, in particular, appear to ignore or downplay the economic value of the visitor economy and are not as sufficiently engaged as they could be with their DMO.**

15. I therefore concluded that the current landscape is not economically efficient, effective or sustainable. It is not configured in such a way that best enables the Government to deliver its priorities as set out in its Tourism Recovery Plan and more could be done to integrate DMOs with the wider economic landscape.

16. If the Government wants to 'level up' DMOs and ensure they are fully equipped to be at their best, then fundamental change is needed, not tinkering around the edges. Coherence must be brought to the landscape, and my recommendations set out a new tiering system to do that. The foundations also need firming up, which is why Ministers must be prepared to provide funding to top tier Destination Management Organisations best placed to support the growth of regional tourism. At the moment, England is an international outlier in relation to how 'hands-off' the Government is. DMOs themselves must also embrace change and if they are not prepared to be held to account, to move away from an over-focus on marketing or to collaborate, then they cannot expect funding. If the changes I propose are implemented, then English Tourism will acquire a strong network of DMOs able to support delivery of the Tourism Recovery Plan, leading on key national priorities such as securing more higher-spending visitors in every region, sustainability, inclusivity, extending the tourism season and place-shaping.

17. However, if the Government decides to play a greater role, it must be careful. It is certainly conceivable that Government intervention could exacerbate existing issues, or create new ones, if mis-handled. In particular, it must appreciate that the diversity and breadth of England's tourism offer is a fundamental strength and not impose a uniform one-size-fits-all solution that treats every destination as having the same needs. **It must also appreciate that in the tourism world, the consumer should come first. No attempt should be made to fit DMOs neatly into existing administrative structures** – be they Local Authorities, Local Enterprise Partnerships or something else – this would ultimately lead to destinations not fulfilling their potential.³ Finally, if the Government decides to provide funding it must hold DMOs to account for delivery. My recommendations are designed with these considerations in mind, and I have summarised all twelve on the following pages.

18. This report will now need to be considered by the Secretary of State for Digital, Culture, Media and Sport, as well as the Minister for Tourism. It is in their gift to decide whether or not to implement the recommendations that I have set out for the Government.

³ It is helpful when these align, however, as is the case in some locations like London and Manchester. Potential 'county deals' may help alignment further as counties are a more natural fit with the consumer.

My recommendations for Government

Recommendation 1: The Government should bring coherence to England's DMO landscape via a tiering approach, using an accreditation process to create a national portfolio of high performing Destination Management Organisations that meet certain criteria. I would also suggest a move away from the confusing 'DMO' term and call these nationally accredited Tourist Boards.

Recommendation 2a: The national portfolio should then be split into two tiers – a top tier of accredited Tourist Boards acting as 'Destination Development Partnerships' or as leaders of them, (these could be described as 'hubs') and a second tier of accredited Tourist Boards acting as members of these Partnerships ('spokes').

Destination Development Partnership status could be awarded to either an individual accredited Tourist Board covering a large enough geography (e.g. a city region) or to a coalition of willing accredited Tourist Boards within an area that come together under a lead Board.

Recommendation 2b: The Government should then provide core funding to each Destination Development Partnership. The funding should be focused on activities that ensure their destination remains sustainable, competitive and responsive to high level strategic challenges identified by the Government such as those around sustainability, skills, inclusive tourism and levelling up. The Destination Development Partnership would be expected to pass down a degree of funding to accredited Tourist Boards amongst its coalition and work collaboratively with them to deliver a shared vision.

Recommendation 3: DMOs that do not meet the national accreditation criteria should be automatically considered as part of a 'third tier'. These are likely to be small, localised Destination Marketing Organisations and the Government should minimise its engagement with them.

Recommendation 4: As it is England's National Tourist Board, with the statutory responsibility for growing tourism at an England level, the Government should charge VisitEngland with responsibility for creating, maintaining and supporting this new tiered structure. It should receive sufficient funding and resources to do this.

Recommendation 5: The Government must also change its approach, in order to maximise the success of the new system. There is currently insufficient appreciation of the importance and promise of the visitor economy at the top of government, leading to unfilled potential in DMOs and the wider tourism landscape. In practice, responsibility for tourism policy cuts across multiple departments, creating a confusing picture. Practical measures to address these issues could include elevating the Tourism Minister to a Minister of State position and either reallocating responsibilities from other departments to sit under that Minister or making the Minister responsible for the activities of teams within multiple departments – this latter suggestion is an established practice already in other policy areas which cut across Whitehall departments.

Recommendation 6: In order to help DMOs and Local Authorities take decisions on how best to develop the visitor economy in their local area, the Government should improve access to quality data by introducing the proposed Tourism Data Hub as a matter of urgency.

Who does what? The structure of English Tourism if the recommendations are implemented:

National Government

- Sets England's tourism strategy.
- Government responsible for a wide range of policy levers affecting performance of the tourism industry – e.g. tax policy, labour market policy and visa and border policy.
- Funds the National Tourist Board, trading as VisitBritain and VisitEngland, to promote and develop England's tourism industry, e.g. international marketing, business support, quality assessment and data collection.
- VisitEngland gains responsibility for running an accreditation system that creates a National Portfolio of Tourist Boards (formerly DMOs). They would also be responsible for working with the Destination Development Partnerships to collectively deliver England's tourism strategy.

Regional Tier – Destination Development Partnerships

- Either individual accredited Tourist Boards from within the National Portfolio that cover a large enough geography (e.g. a city region), or a group of them acting in coalition under a lead Tourist Board.
- Able to receive multi-year core funding from the national Government, via VisitEngland.
- Responsible for a Destination Development Plan which sets regional priorities for the visitor economy in the geography covered, in-line with England's tourism strategy.
- Focused on strategic objectives – e.g. skills, sustainability, levelling-up, inward investment, productivity and accessibility.
- Main conduit of information between Government and tourism sector. Undertake data collection.
- Expert source of advice on tourism investment, infrastructure and on bids for Government funding.
- Expert source of advice on major events – e.g. acting as convention bureaus.
- Lead on tourism product development – e.g. integrated transport passes or travel itineraries.
- International travel trade engagement.
- Well integrated with key regional actors – e.g. county councils, Local Enterprise Partnerships, Mayoral Combined Authorities.
- Undertake back office functions for accredited Tourist Boards within the region.

Intermediate Tier – Accredited Tourist Boards

- Members of Destination Development Partnerships and able to receive downstream funding from them.
- Work in collaboration with Partnership on its Destination Development Plan. Able to articulate local tourism development needs and ensure they are incorporated into the overall Plan.
- Focused on marketing, tourism promotion and information provision activities.
- Capable of collecting evidence/data on the tourism situation 'on the ground'.
- Well integrated with key regional actors – e.g. district councils, LEPs.
- Day to day business support, development, engagement and account management.

Local Tier – Local Marketing Organisations

- Unaccredited and unaffiliated with any Destination Development Partnership.
- Unable to receive funding from the central Government.
- Almost entirely focused on marketing and promotion.

My recommendations for DMOs

Recommendation 7: DMOs must accept that they also have a role to play in driving forward change; it cannot just be left to the Government. To maximise the success of the new structure I have outlined, DMOs will need to take a less territorial approach, have a greater focus on collaboration, and recognise that the current fragmentation is holding them back from acting as effective advocates for the visitor economy.

Recommendation 8: DMOs should seek to diversify their income streams, and should share and learn from examples of best practice. This will enable them to best leverage the core funding I propose and I would expect a commitment to diversification as being an accreditation criterion.

Recommendation 9: DMOs should have a rigorous focus on keeping the skill sets and expertise of their own staff up-to-date, particularly with respect to digital skills, so as to ensure their destination's offer continues to be sustainable and competitive.

Recommendation 10: DMOs should have more diverse boards that fully represent their communities as well as their businesses and visitors.

My recommendations for Local Enterprise Partnerships and Local Authorities

Recommendation 11: Local Enterprise Partnerships must realise the value of tourism, ensure the visitor economy is fully integrated into their economic strategies and play their full role as partners in the activities of their local accredited Tourist Boards and Destination Development Partnerships. They should recognise that DMO type organisations are best placed to drive growth in regional tourism and they should actively support them.

Recommendation 12: Local government – be that a District Council, County Council, Mayoral Combined Authority or any other formulation – must also realise the value of tourism and should strive to play their part in supporting accredited Tourist Board and Destination Development Partnerships. They should accept that for DMOs to be at their best, they need to be public/private/community partnerships, not based solely in a Local Authority but working in partnership with them. They should also involve their DMO in any policy decision-making affecting the visitor economy.

Introduction

1. **Tourism is an important component of the UK's economy.** It creates wealth and jobs, broadens minds, supports wellbeing, drives investment and sustains the protection of our natural, cultural and historic heritage. In 2019, tourism directly (i.e. as a result of visitor spending) supported around 4% of the UK economy (£75bn) and 1.7 million jobs.⁴ For perspective, the UK automotive sector employed 390,000 pre-COVID and the aerospace sector employed 120,000 – so tourism directly employs more than double both sectors combined.⁵ The indirect benefits of tourism are greater still, with the visitor pound indirectly supporting up to 4 million jobs⁶ in total across the UK, including the florist producing flowers for an event venue, the plumbers and electricians servicing local hotels, and the farmer providing produce for a restaurant chain.
2. **The tourism ecosystem is diverse and complicated.** In 2019 there were over 230,000 businesses operating in the sector across the UK⁷ – 98% of them small and medium sized enterprises⁸ – including transport providers, accommodation providers, attractions and tourism 'facilitators' such as tour operators, tour guides, travel agents, travel insurance companies, those working in the meetings, incentive travel, conferences and exhibitions sub-sector and, of course, DMOs. England itself is also a diverse visitor proposition, spanning urban, rural and coastal destinations, as well as areas of wilderness, within a relatively small footprint, and no two places are the same in terms of their situation, history, and thus their visitor offer. This diversity is a major strength.

What is a DMO and what do they do?

3. **DMOs are found across the world at national, regional and local levels.** Sometimes they are known as tourist boards, sometimes visitor or convention bureaus. The UN World Tourism Organisation defines Destination *Management* Organisations as 'the leading organisational entity which may encompass the various authorities, stakeholder and professionals and facilitates partnerships towards a collective destination vision.'⁹ At their best, they are a crucial part of the tourism ecosystem.
4. **In England, the term 'DMO' means different things to different people, most tellingly even amongst those working for DMOs.** It can stand for either Destination Management Organisation or Destination *Marketing* Organisation and even within those categories no two organisations are particularly alike. I found fairly swiftly that in an English context there is no simple answer to the questions: 'What is a DMO?' and 'What do DMOs do?'
5. **Fundamental to all DMOs, however, is a desire to promote their locality or region as a visitor destination.** They want to see visitor spending increase, to promote growth locally, to provide a visitor offer that remains sustainable and competitive and a high quality visitor experience. In England, 150 is often cited within the sector as the best estimate for the number of organisations that might describe

⁴ See the ONS Tourism Satellite Account.

⁵ See [here](#) for the Aerospace Sector Deal and [here](#) for the Automotive Sector Deal.

⁶ IBID

⁷ ONS Tourism Satellite Account

⁸ ONS Business Activity, size and location

⁹ See <https://www.e-unwto.org/doi/epdf/10.18111/9789284420841>

themselves as 'DMOs' (marketing and/or management), but we do not know the true figure because there is no agreed definition or formal register. DMOs in England are organic organisations, in that they have by and large developed from the ground up; they do not exist within a top-down strategic framework or structure and have not been created or mandated by the national Government. They each cover a specific geography – usually detailed in their name (e.g. Marketing Manchester or Visit Cornwall – often a 'call to action' for the consumer). They have their own funding models, governance structures and priorities. The variation in structure, funding, performance and size across England (and globally) is substantial. No two DMOs follow the same model, or carry out the same activities, although in England it is common to find duplication of effort by separate DMOs covering the same location.

6. **There are many ways in which a DMO might promote their destination.** Marketing or promotional activities in their area targeted at domestic audiences is the most common activity. But the vast majority of DMOs also provide advice, signposting and support to local tourism businesses, share information online with potential visitors or via printed materials, carry out research to understand consumers, and seek to represent tourism interests and the visitor economy to local and national Government. Less prevalent – though still common – activities include international marketing, training and consultancy services, engaging with the travel trade to develop products (e.g. touring itineraries), and taking direct consumer bookings for accommodation, attractions and experiences.
7. **DMOs operate within a crowded regional and local landscape, and are not the only organisations involved in activities affecting the development of regional visitor economies.** There are many other players, including:
 - a. **Local Authorities** – some with their own tourist departments (some of which may identify as DMOs) and some who provide funding to their local DMO. Local Authorities can also be direct players in the visitor economy, running museums, heritage institutions, and libraries for example. Local Authority involvement in, and funding for, tourism has receded over the last decade.
 - b. **Local Enterprise Partnerships (LEPs)**, and their associated Growth Hubs, which can direct and administer funding relevant to the visitor economy (e.g. for training programmes or infrastructure development). The evidence I gathered suggests LEP engagement in the visitor economy – and thus with their local DMOs – varies significantly from place to place.
 - c. **Mayoral Combined Authorities (MCAs)**, established by the national Government, and possessing devolved powers with direct and indirect relevance for the visitor economy (e.g. transport, inward investment etc).
 - d. **Business Improvement Districts (BIDs)**, funded directly by local businesses to undertake various activities, including promotion. A number of DMOs – often those in coastal areas – follow the BID model, sometimes called Tourism Business Improvement Districts.
 - e. **The British Tourist Authority (trading as VisitEngland and VisitBritain)**. VisitEngland and VisitBritain could themselves be described as DMOs on a national scale, in that they exist to promote England, and Great Britain, to domestic and international markets. Their existence, structure and role are set out in statute however¹⁰, and as such are more formal than those of other English DMOs. The British Tourist Authority has relationships with some of England's DMOs, but not all of them and not each to the same degree.
 - f. **Central Government Departments**, including but not limited to the Department for Digital, Culture, Media and Sport (DCMS) which leads on tourism policy, with the British Tourist Authority acting as its delivery body, and has a relationship with a limited number of English DMOs. Other Departments include the Ministry for Housing, Communities and Local Government (MHCLG) which funds Local Authorities, and often administers grant funding for which DMOs might bid, and the

¹⁰ The Development of Tourism Act, 1969

- Department for the Environment, Farming and Rural Affairs (DEFRA), which oversees the National Landscapes, most of which work closely with their local DMOs or indeed carry out DMO type activities (e.g. product development).
- g. **Arms Length Bodies**, such as Arts Council England, Historic England, and the National Lottery Heritage Fund who administer funding, support and advice to culture and heritage organisations – which are themselves supported by, and support in turn, the visitor economy, and often work closely with their respective DMOs but not always.
 - h. **The private sector**, including visitor economy businesses such as hotels, visitor attractions, transport providers, bars and restaurants, event venues and tour operators which often provide DMOs with the majority of their funding via membership fees.

Why do DMOs exist?

8. **Tourism businesses are part of a wider ecosystem of businesses that collectively make up a destination.** Many companies can and do promote their own tourism business, be that a hotel chain or an airline, but the success of their business is inherently tied up with the success of a destination as a whole. Tourists do not just visit a hotel – they stay in one while doing other things in the local area, so for the hotel to be successful, it needs a strong set of local attractions, safe and clean streets, places for its guests to eat and drink, excellent public amenities and effective transport connectivity – to name a few. Consumers also tend to think of a destination as a whole, encompassing a constellation of businesses and attractions.
9. **DMOs exist because they are responding to a market failure.** Individual tourism businesses will tend not to allocate sufficient resources to advertising their destination, because doing so would result in other tourism businesses getting some of the benefit without contributing (so called ‘free-riders’). DMOs fill this gap by allowing businesses to pool their resources and market the destination collaboratively. This does not remove the free-rider issue, but it reduces it, facilitating a greater amount of marketing and support than would otherwise exist if firms relied on their own resources alone, achieving economies of scale and far greater reach and impact for those businesses.
10. **DMOs can also address coordination failure.** The tourism sector is highly fragmented with many micro businesses and coordination between businesses to address collective issues such as signage or transportation can be difficult, since they may view each other as competitors for a shared, limited number of visitors. DMOs often take on place management and destination development responsibilities – for example, by advising on planning applications – acting as a unifying and collaborative force to address this fragmentation.
11. **Information failure is also an issue that DMOs can help tackle.** In the tourism sector, this traditionally manifests in two ways – businesses lacking an understanding of visitor needs and motivations (particularly those coming from overseas) and consumers lacking information on where to go and what to do – in England, this is particularly the case outside London. For tourism businesses, understanding the tastes and preferences of international consumers in a different country can require extensive market research which is beyond their budget. A DMO is well placed to fill these gaps by providing campaigns and websites that raise consumer awareness of and interest in a destination’s offer, running a Tourist Information Centre, or by commissioning market research to share with businesses. Reducing information failures boosts profits for businesses by enabling them to offer consumer-focused products, increasing demand and attracting more visitors to a destination.
12. **These market failures are why DMOs exist across the world – at national, regional and local levels.** It is also why I heard of several cases during the review where DMOs folded, only to spring back in another format a year or so later. But just because there is an enduring rationale and market failures that explain DMOs’ existence, it does not mean they are currently performing optimally and maximising their potential to support the growth and productivity of regional tourism in England.

The review process

13. **The Terms of Reference (see Annex A) provided to me were clear.** I was asked to examine the following three questions, and I started the review operating under the assumption that the Government thought the answer to each of them was no:
 - a. Is the current DMO landscape in England economically efficient, effective and sustainable (with regard to funding, structure and performance)?
 - b. Does it best enable the government to meet its leisure and business tourism policy objectives at a national, regional and local level?
 - c. Is it sufficiently engaged with the wider local and regional economic landscape?
14. **It became apparent early on that many in the sector felt the review was both necessary and long overdue.** In particular, the impact of COVID-19 on DMOs and the tourism sector more generally had accelerated the need for a thorough assessment. It is no surprise that the visitor economy has suffered so much as a result of the pandemic – it is an industry reliant on the movement and gathering of people, both of which have been heavily restricted – and Government restrictions resulted in significant declines in income for tourism businesses. This had a direct impact on the finances of DMOs, particularly those reliant on membership subscriptions from businesses who could no longer afford to pay. The Government's Terms of Reference recognise this impact, and over the course of the pandemic £2.3 million has been provided by the Government, via VisitEngland, to support the survival of commercially reliant DMOs enabling them to continue providing vital business support. However, I am under no illusion that this support, whilst crucial, will be undermined or even wasted unless a sustainable, effective DMO structure is put in place to underpin the recovery of tourism across all regions.
15. **I was also asked to look at how DMOs could support the national Government's tourism policy, in particular the ability of tourism to contribute to the levelling up agenda.** The Government's Tourism policy for the pandemic recovery period is set out in its Tourism Recovery Plan, published in June 2021.¹¹ This sets several medium to long-term policy ambitions under the 'build back better' heading, and articulates a vision for a more productive, innovative, resilient, sustainable and inclusive tourism sector, with tourism growing in every nation and region of the UK. A common theme across the evidence gathered was that DMOs and the wider visitor economy sector are well positioned in theory to help deliver this agenda, if not in practice due to the barriers holding them back.

Gathering evidence

16. **To inform the review, I met a wide range of stakeholders from across the Tourism sector.** The engagement and consultation has been extensive, despite the short timeframe available and restrictions related to the pandemic. The methodology is described in **Annex B**, but is summarised below. It is a measure of the commitment of those working in the industry and their broad support for this review that I was able to engage so widely in the challenging timeframe. It was a privilege to meet with so many professionals across the full spectrum of the visitor economy and I am grateful for their time and commitment.
17. **In March and April I held virtual meetings with stakeholders from across the sector**, including DMOs large and small, former Tourism Ministers, sector representative bodies, *Arms Length Bodies*, and business owners. The purpose of these meetings was to conduct an initial exploration of the issues, and to get a sense of emerging themes.

¹¹ See [here](#) for the Tourism Recovery Plan.

18. **In March I also launched two consultation exercises:**

- a. Between 18th March and 4th May I ran a **written consultation exercise**,¹² which anyone could respond to. This received 340 substantive responses, from a broad range of DMOs, Local Enterprise Partnerships, tourism businesses, other bodies and members of the public. Llewellyn McLaren Consulting were commissioned to analyse the responses.
- b. Between 24th March and 16th April I ran an **online survey for DMOs only**. This survey was sent by email link to 178 organisations and focused on capturing data about their size, structure, funding model and activities. Just under 100 DMOs provided fully completed responses to this anonymous survey.

19. **In April, I also conducted desk research to place the DMO landscape in a historical and international context.** I built up a picture of the model in multiple comparator countries and the Devolved Administrations. My historical assessment went back 50 years to the 1970s when 11 Regional Tourist Boards were introduced in England, through to the introduction of 9 Regional Development Agencies in 2003 and their abolition in 2012.

20. **Having gathered a significant body of evidence, I then held nine, in-person regional roundtable discussions in June, each with a representative group from the respective region's visitor economies.** These were held across the country and I used them to explain, assess, and test the themes which had emerged from the evidence, before moving on to discuss the policy implications and potential recommendations.

Challenge Panel

21. **Throughout the review I have been ably supported by an experienced Challenge Panel.** I convened the Challenge Panel at the start of the process, aiming to ensure a diverse range of voices – both those with direct experience of working in and alongside DMOs themselves, as well as wider commercial and local Government voices. I saw the role of the Panel as being threefold – i) to interrogate themes as they emerged; ii) to act as a sounding board for my emerging thoughts about recommendations; and iii) to ensure the Review stayed focused on the key questions set out in the Terms of Reference. The panel met three times through the course of the review, including an in-person meeting in Liverpool in July to discuss emerging recommendations. Challenge Panel members also took part in the regional roundtables, and received advance copies of the draft report. Further detail on the membership of the Panel can be found in **Annex C**.

Report structure

22. **As required by the Terms of Reference, I begin this report by first painting a picture of the DMO landscape in England as I found it.** This draws on the quantitative survey of DMOs, and places the English landscape in a historical and international context.

23. **I then move on to analysing the strengths and weaknesses of the current DMO landscape.** Overall, I conclude that although there are instances of DMOs excelling in their roles, fundamentally the current model is sub-optimal. No-one would have designed the current DMO landscape if they were starting from a blank sheet of paper. The landscape is fragmented, inefficient, and lacks a structure that could and would enable the Government to meet its tourism policy objectives, and deliver effective and long-lasting sustainable growth in regional tourism. England is a relative international outlier in how 'hands-off' it is when it comes to supporting DMOs. This lack of oversight and support is holding DMOs back from achieving their full potential.

24. **Finally, I set out my recommendations for how the current DMO landscape might be improved.**

¹² See [here](#) for the consultation questions.

Chapter 1: Context – the current English DMO landscape

This chapter describes the DMO landscape in England as I found it and sets it in an international and historical context. The chapter covers issues such as DMO operating models, funding and geography, the activities that DMOs carry out, who they engage with and the impact of the pandemic. I appreciate that reading lots of statistics is not to everyone's taste, so I have tried to paint a clear picture as concisely as possible. For those who want to get into the recommendations quickly, I suggest remembering the following key takeaway points from this chapter but the detail and nuance is all important context for what I ultimately recommend.

Key points:

- There is a bewildering variety of DMO funding models and structures. The point that stuck out most for me was the extent of fragmentation and the large number of very small DMOs. There are at least 46 DMOs in the South East alone, with some areas covered by more than 4 organisations.
- DMOs are engaged in a wide range of activities – marketing is the most common but is not the be all and end all. 7/10 DMOs are doing at least nine different types of activity at the same time. Revenue raising activities are less common.
- DMOs speak to a huge range of organisations as part of their day job, but do not necessarily work with them closely. For example, two thirds speak regularly with their Local Enterprise Partnership, but only 18% have a formal partnership with them.
- DMOs are an important means by which the central Government distributes funding – with £500,000 on average per DMO being administered over the last three years – but only two thirds are involved in bidding for this sort of activity.
- DMO income has fallen steadily over the last few years, particularly commercial income during the onset of the pandemic, which fell by 64% last year.
- The overall story of the last decade is of the retreat of the public sector from supporting DMOs, with the national Government going first when it abolished Regional Development Agencies and then Local Government slowly withdrawing. Between 2009-10 and 2017-18, annual Local Authority spending on tourism fell by 56% a year.
- England is now a relative international outlier in how little the state is involved in DMOs operating on a large geographical scale.

Every DMO is unique

25. **Before I started this review, I knew of the significant variation in DMO structures, models, and geographies, but the review brought home to me just how varied the landscape is.** No two DMO is the same. This variation and complexity makes answering the question 'what is a DMO?' challenging. Further, I soon discovered that the Terms of Reference started on a false premise, by assuming that the 'M' in DMO stood for 'Management', as if this was common to all DMOs. While many I spoke to agreed with the acronym, there were others who felt that for the majority of DMOs the 'M' stands

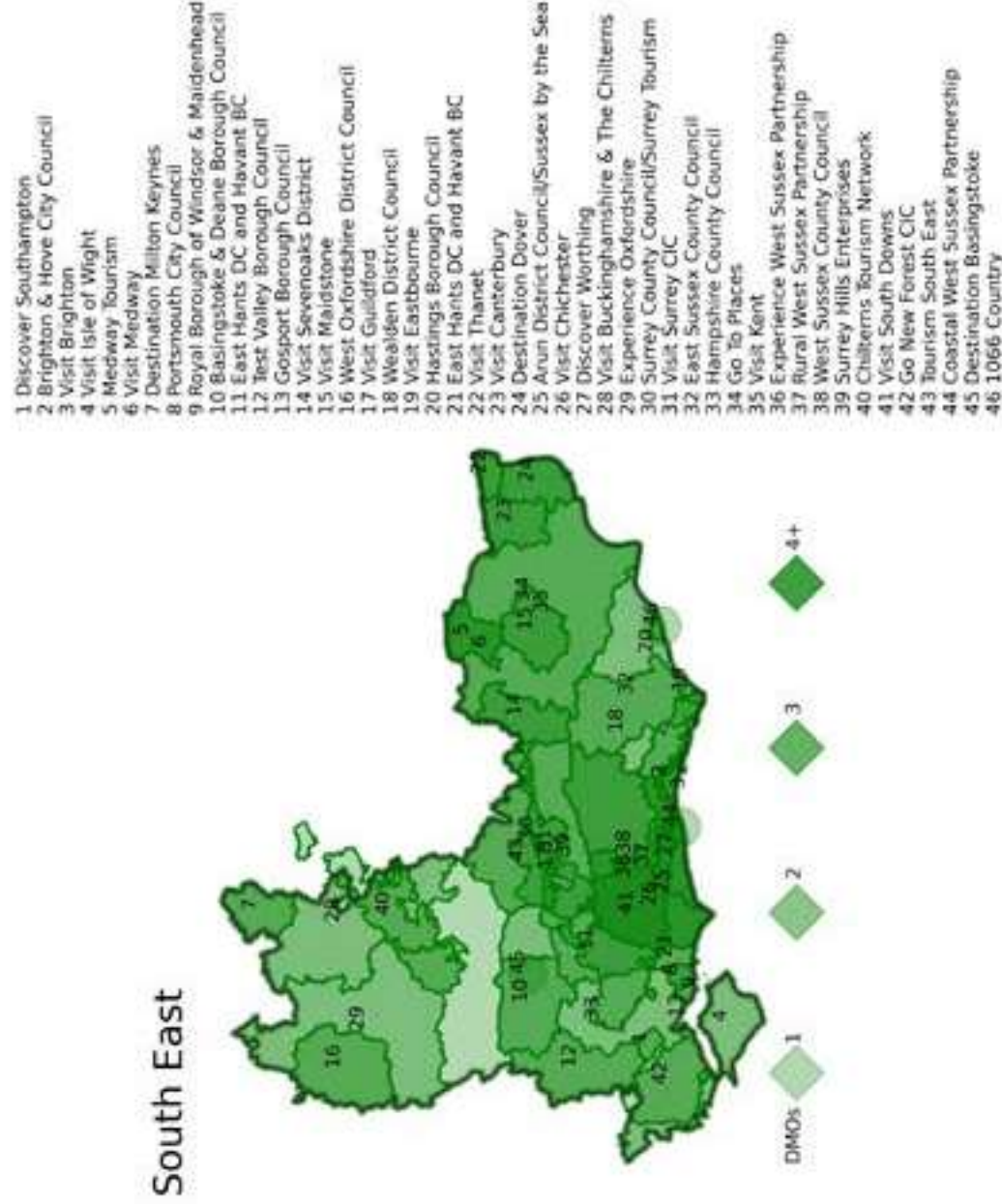
first and foremost for 'marketing', with only a limited number of English organisations fulfilling a 'Management' role. Many complained to me that there are not actually an "estimated 150 Destination Management Organisations in England", as the Terms of Reference put forward as fact, but rather 150 calling themselves that. The range and variation, combined with the challenge of clearly defining what 'DMO' stands for, created a need for robust and reliable quantitative DMO data to make sense of it all. The quantitative survey of English DMOs – sent to 178 organisations in total – is to my knowledge the first of its kind.¹³ I received 98 responses to the survey, which is a strong sample size allowing for firm conclusions to be drawn.

Findings from the DMO survey – structure and activities

Variation is a key theme when looking at DMO structures

26. **The density of DMOs within regions is not consistent across the country.** The greatest density of DMOs lies within the South West, with 28% of DMOs responding to the survey listed there. The South East also accounts for a high proportion of DMOs (23%). This broadly tallies with a mapping exercise I conducted of the 178 DMOs to whom the survey was sent, which shows at least 46 DMOs in the South East region alone, with many examples of geographical overlap and a picture that is overall quite confusing (just look at the figure below). Other English regions see less fragmentation, for example the North East sees the lowest proportion of DMO coverage across regions excluding London

Figure 1: DMO locations in the South East of England (darker shades equal more overlap)



¹³ It also became apparent that 150 DMOs was a best guess only. It did not, for example, include many Business Improvement Districts which share some DMO characteristics. We still do not know the true number of DMOs in England.

27. **The most common DMO footprint is a county** (29% of respondents said they cover a county and 7% said they covered two or more counties) – perhaps understandable given most counties are fairly recognisable destinations. 12% of DMOs represent a major city area and 10% cover a region. 16% of DMOs stated that they cover ‘other’ areas, often a combination of area types (for example, ‘National Park, District and Coastal Areas’ or ‘a large city and a coastal area’. Other standalone answers included a Unitary Authority area; a district with four market towns; and a Local Authority District.
28. **The most common legal incorporation for DMOs is as a limited company** (39%), though the proportion that operate as Local Authority tourism service departments is only slightly lower at 35%. Around one in ten DMOs follow the community interest company model. Again, the ‘other’ answers show a broad range of potential models for DMOs, including co-operative, not-for-profit limited company, and public/private sector partnership model. This variation is perhaps not surprising given the ‘organic’ way in which the current DMO landscape has emerged.
29. **In terms of funding, just over half of DMOs follow a mixed commercial membership / public sector income model.** Just 20% of DMOs operate on a purely commercial basis, and 15% are solely funded by the public sector. Public sector here could mean either local or national Government, but there is no core funding available from the national Government, only ad-hoc project funding. Some DMOs describe themselves as a Business Improvement District and I did hear during the review that this model can be favoured due to the longer-term certainty it provides (BIDs follow a five-year cycle), and the scope for commercial engagement beyond strictly tourism businesses.
30. **The majority of DMOs (56%) started operating in the last decade, with a median lifespan of 10 years.** This correlates with the demise of the Regional Development Agencies under the Coalition Government (which I cover in more detail below). However, a sizable minority of DMOs – 20% – have been operating for 20 years or longer. While almost two thirds of DMOs have consistently followed the same operating model over their lifespan, a third have previously followed different models, including a greater reliance solely on public sector income, and more complex membership models. Over time there has been a marked trend towards developing commercial partnerships as sources of income.
31. **Staffing trends show most DMOs are small – with four as the median average for the number of employees at a DMO.** The majority of DMOs have five or fewer staff (62%), a further 17% employ between six and 10 people, 12% of DMOs employ 11–20 staff members, and one in ten DMOs currently have more than twenty members of staff.
32. **The vast majority (76%) of DMOs have commercial members, with a similar proportion using a tiered membership scheme, seeing members opting in at various price points/tiers.** Based on the survey results it is fair to assume that around 50,000 tourism businesses across England are members of a DMO. Membership schemes can be quite varied, with some DMOs having only two tiers of membership, with others up to five. Some DMOs offer basic, free membership options, whilst others offer one flat fee with bespoke “bolt-ons” available. DMOs have 200 commercial members on average, though a quarter of DMOs surveyed have more than 500, and 9% more than 1000 members. A pattern begins to emerge from the data here, with a small number of fairly large DMOs (which tend to be the ones operating for a longer period of time) and a large number of small or micro organisations.
33. **More than three quarters of DMOs (77%) do have a governance structure of some kind in place, such as a formal board.** The majority have a 75:25 split in terms of private and public sector representation, though a small number aim for a broadly equal split. Board members can come from across the DMO’s regional visitor economy, encompassing Local Authorities, County Councils, LEPs, charities, universities, and tourism interest groups across sectors such as cruise, aviation, hotels, hospitality, attractions and Destination Management Companies. DMOs operating as limited companies, or community interest companies, were more likely to have a governance structure in place, while almost half of Local Authority tourism service department DMOs do not currently have a formal governance structure.

Figure 2: For how long has the DMO been operating, to the nearest year?

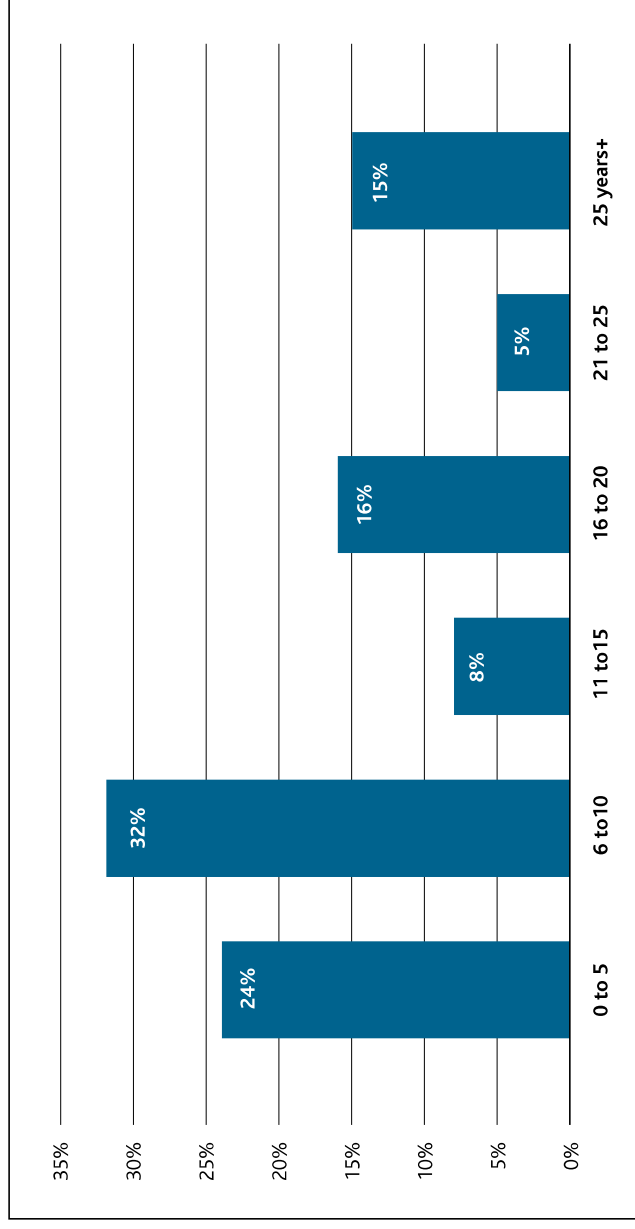
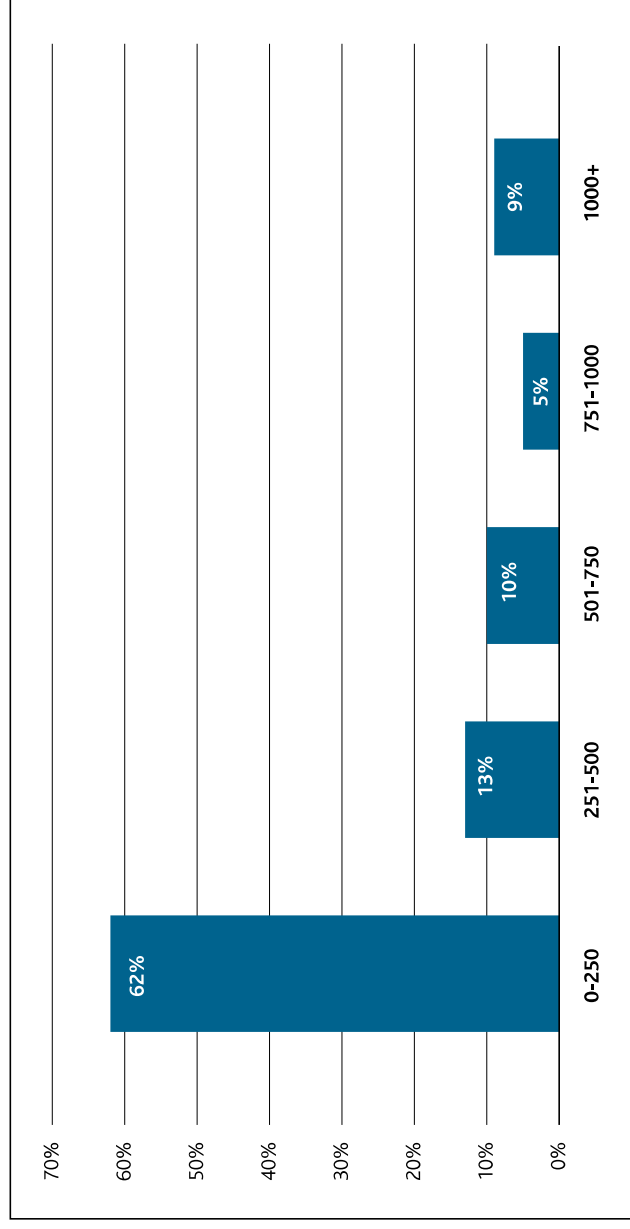


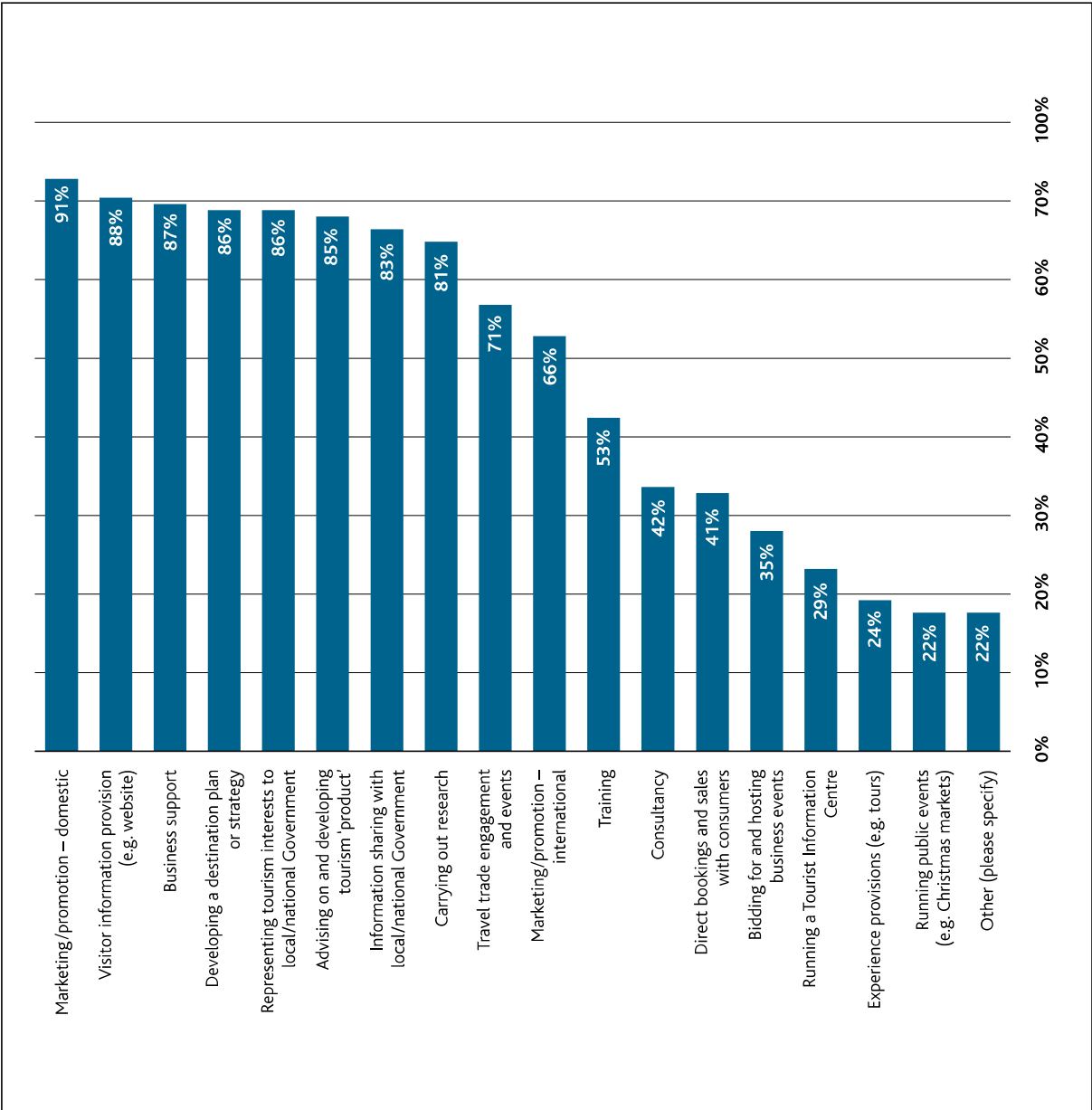
Figure 3: How many commercial members does the DMO currently have?



A wide range of activities are undertaken by DMOs – both within and beyond their areas

34. **DMOs undertake a broad range of work – 7 out of 10 DMOs carry out at least 9 different types of activity as part of their role.** I got a sense during the review that the wide range of activities a DMO is engaged in can sometimes be overlooked by important local decision-making bodies like the Local Authority or Local Enterprise Partnership. Whilst domestic marketing is the most prevalent activity, common across 91% of DMOs, visitor information provision (88%) and business support (87%) are also near-universal. 86% of DMOs also say they advocate for the sector with local and national Government, and develop destination plans and strategies for their area, though the survey did not provide any data on how effective or detailed these plans are. The figure on the following page sets out the wide range of activities that DMOs say they carry out.

**Figure 4: Which of the following does the DMO carry out as part of its role (since 2018)?
Select all that apply.**



35. **The importance of DMOs as communication channels is demonstrated by the prevalence with which they share information with local and national Government** (83% said they do this), and carry out research (81%), while the high proportion that play a role in advising on and developing tourism 'product' (85%) shows their sector expertise. Despite the near-universal prevalence of domestic marketing (and a majority of DMOs – 66% – also carry out international marketing), it would be wrong, based on these findings, to characterise DMOs as solely marketing organisations, even if for some this may be the most visible of their activities. Once again, however, it is important to remember that the data does not show the degree to which DMOs carry out each role, or how effective they are at doing it. Just because a DMO says it 'carries out research' or 'represents the national Government' it does not mean the research is in any way robust or that the DMO is an effective advocate. Performance is a theme that I turn to in the second Chapter.

36. **Of those DMOs that do carry out marketing and promotion, the majority (60%) stated that they measure campaign returns on investment**, with fully commercial and mixed private/public sector partnership DMOs more likely to do so than those based in a Local Authority tourism services department. Reported returns ranged from £3.30 generated from every £1 spent, to £75. Other DMOs

use alternative metrics to evaluate impact, including 'Click Through Rate' on their website, social media engagement, hotel occupancy, newsletter signups, partners engaged, inward investment leads generated and visitor spend/footfall, suggesting that most DMO marketing activity is tied to some quantifiable performance measure although it can be hard here to isolate the DMO's value add or the final outcome.

37. **I found that lower proportions of DMOs carry out activities which could be revenue-raising** – for example, providing training (carried out by 53% of DMOs), consultancy (42% of DMOs), and taking direct bookings from consumers from which the DMO might take a cut (41%). Similarly, a minority of DMOs carry out events work: around a third bid for and host business events (35%), and 22% run public events such as Christmas markets. Around three in ten DMOs run a Tourist Information Centre (TIC) for their destination (29%) though qualitative evidence suggests that a number of these DMOs faced a sudden drop in expected income when Coronavirus restrictions meant these sites had to close. Unfortunately, I was not able to get a sense from the data of the amounts raised by these activities.
38. **The lack of consistency in DMO roles is illustrated by the broad spread of answers garnered by the 'other' activity option, which around a fifth of DMOs provided a response for.** Answers ranged from networking and sharing best practice, offering wider marketing services for the LEP and Growth Hub (i.e. not just tourism marketing), representing the visitor economy as part of coastal energy development projects, advising on business planning applications, running an accreditation scheme, promoting inward investment, and handling requests from film location scouts. A number of these have the potential to be developed as further DMO income streams were more DMOs aware of them and able to dedicate resources to developing them.

DMOs engage with a wide variety of partners

39. **A significant majority of DMOs said they maintain strong and regular channels of communication with visitor economy businesses and organisations, as well as with wider local, regional and national bodies.** This is to be expected – many policy levers affecting the overall competitiveness and sustainability of destinations will be held by other bodies and so a DMO needs to be able to influence them effectively. At least three quarters of DMOs (75%) speak to 9 or more visitor economy sub-sectors more than once a month, with almost all DMOs speaking regularly to attractions (96%), accommodation businesses (95%), heritage venues (93%), cultural organisations (91%) and hospitality venues like bars and restaurants (90%). Three quarters of DMOs speak to transport providers (75%), showing how their engagement extends beyond the local tourism 'offer' specifically and into broader (though still relevant) commercial sectors. To be honest, if a DMO was not speaking with the commercial sector then it would probably not survive for long. This is their bread and butter.
40. **Beyond private business, DMOs also speak regularly to an array of local, regional, and national bodies:** 89% speak to their relevant Local Authorities at least once a month, and a similar proportion speak to DMOs in the same region (85%), as well as to the British Tourist Authority (82%) and other DMOs (71%). I was frequently told that inter-DMO engagement has increased as a result of the pandemic. The majority of DMOs also speak regularly to tourism membership associations (61%), with half engaging with the Tourism Alliance (50%). Just under half of DMOs engage regularly with national Government representatives, such as civil servants in the Department for Digital, Culture, Media and Sport (46%). The DMOs that do hold these relationships are more likely to be larger DMOs, legally incorporated as a limited company, rather than those operating as Local Authority tourism service departments. The 'other' answers were wide ranging, including local energy providers, UNESCO World Heritage Sites, Conservation Boards, film offices and European tourism networks.
41. **Beyond regular engagement, the survey provides some evidence of formal partnership working by DMOs with specific bodies,** including Local Enterprise Partnerships and Business Improvement Districts (18% of DMOs say they work in partnership with each of these, respectively). The Local Enterprise Partnership figure is interesting, as it is far lower than the % provided for 'regular engagement', which 64% said they do. This suggests to me that a lot of engagement may not be

yielding fruitful outcomes. Over half of DMOs (57%) work in partnership with ‘other’ bodies, and the descriptions provided under ‘other’ demonstrate represent a wide range of organisations both within and beyond the visitor economy. These include other DMOs, Combined Authorities, Universities, Councils (parish, county and borough), Forestry England, regional National Landscapes, and Chambers of Commerce – a breadth that illustrates just how many actors there are with the potential to impact the fortunes of a destination.

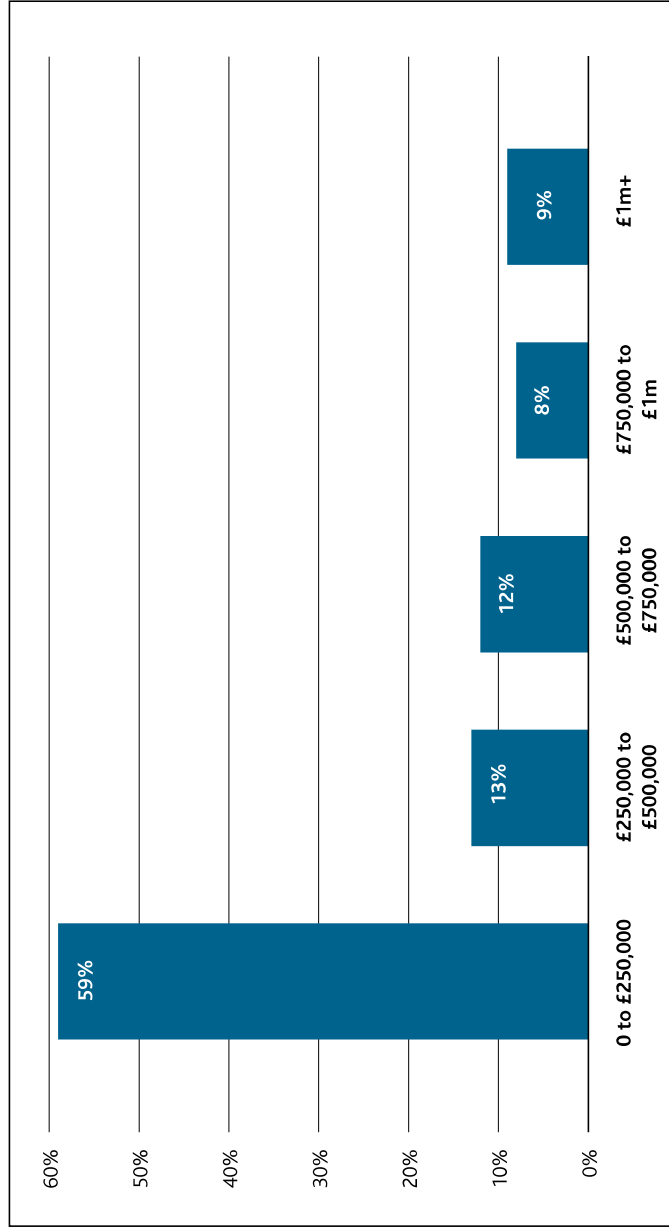
Findings from the DMO survey – Funding

Most DMOs rely on a combination of public and private sector income, though funding sources and levels vary significantly

42. **I asked DMOs how much income they received in 2020-21.** Across all DMOs, the *median* income expected was £196,000, but there was a significant range, with 40% expecting to receive over £250,000 and 8% over £1m. The *mean* average income was £410,000, and is skewed upwards by a small number of larger DMOs. This is shown on the graph on the following page, and again repeats the pattern outlined above of a small number of large DMOs and a large number of small ones. The median income from commercial sources was £50,000 (mean average £130,000) and the median income from public sources was £127,000 (mean average £280,000) – though 2020-21 was the first year where income from public sources was higher on average than from commercial sources. Types of commercial income include membership payments, commercial partners, product sales and consumer bookings.

43. **Local Authorities were the most common source of income from public sources – though Local Authority support comes in different guises.** Some DMOs receive it as part of a multi-year contract, others as an annual fee, similar to a membership fee. For around half of DMOs in receipt of Local Authority funding, it was tied to a Service Delivery Agreement which held them to outcomes, such as increased visitor numbers, increased spend and increased employment resulting from tourism activities.

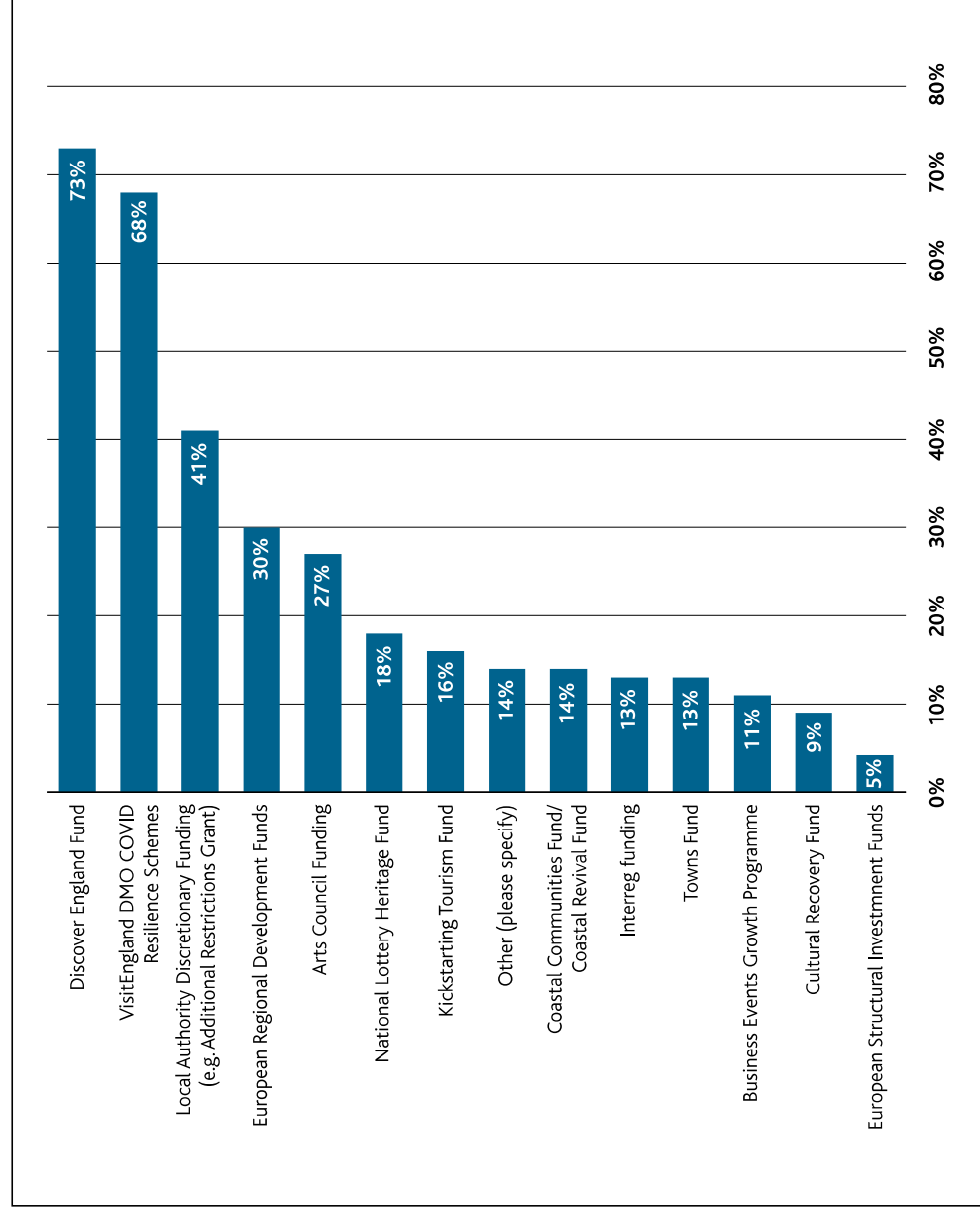
Figure 5: What is the DMO’s estimated income from all sources for the financial year 2020-21?



44. **Other public sector funding streams were an important income source for DMOs in 2020-21,** with a quarter receiving public sector grants (25%), and 12% getting funding from their Local Enterprise Partnership. Examples detailed by DMOs included VisitEngland’s Resilience Grants – a specific scheme set up to address declines in commercial income revenues – the Kickstart Tourism scheme and the European Regional Development Fund.

45. **Many DMOs have a lot of experience issuing grants on behalf of the Government.** Over the past three years, two in three DMOs (67%) have bid for Government funding, and the median average of Government funding administered by DMOs over this period is £500,000 per DMO. This is a significant number, especially in the context of the Terms of Reference which come at DMOs from the perspective of 'what can/do they deliver on behalf of Government'. Over a third (38%) of DMOs estimated that they had administered more than £1m in Government grants since 2018.

Figure 6: Which national Government funding has the DMO had a role in bidding for/ administering over the last three years?



46. **Government grant funds designed for DMOs specifically were the most commonly cited – 73%** having bid for or administered the Discover England Fund¹⁴, 68% for various VisitEngland emergency DMO funding streams¹⁵ – but wider funding was again prevalent, including European Regional Development Fund money (30%), Arts Council funding (27%), National Lottery Heritage Fund¹⁶ (18%), and the Coastal Communities Fund/Coastal Revival Fund (14%).¹⁷ This suggests DMOs can be an important means of directing funding to wider sectors with visitor economy interests, such as culture and heritage, and can also play a role in administering funding for regeneration projects.

¹⁴ A £45m fund running between 2016 and 2020. The fund aimed to develop world-class English tourism products and itineraries for international audiences.

¹⁵ In 2020, VisitEngland reallocated £2.3m to support commercial DMOs whose membership income had fallen significantly due to the Pandemic, via the DMO Emergency Financial Assistance Fund, in May 2020, and two rounds of the DMO Resilience Scheme, in September and November 2020.

¹⁶ <https://www.heritagefund.org.uk/>

¹⁷ The Coastal Revival Fund focuses on regeneration of at risk coastal heritage such as piers, lidos and promenades. The Coastal Communities Fund focuses on the creation of sustainable economic growth and jobs.

The pandemic resulted in significant falls in commercial funding

47. **Seven in ten DMOs stated that their income had fallen between 2019-20 and 2020-21** (69%), with income levels remaining level for just over a tenth of DMOs (13%) and actually increased for 14%. Sub-analysis suggests that the DMOs whose income levels remained level or indeed increased were more likely to be Local Authority tourism service departments. Of those DMOs that had lost income year-on-year, three quarters had seen their commercial income fall (74%), while 23% had lost both commercial and public sector income. If we look at sources of commercial income – 79% of DMOs had received income from membership payments in 2019-20, falling to 66% in 2020-21, and 40% had raised revenue through consumer bookings, down to 31% in 2020-21. The same is true for Local Authority funding for DMOs: in 2019-20, 70% of DMOs received Local Authority funding, falling to 38% in 2020-21.

48. **Table 1 digs into this further, setting out DMO median income levels over time and for the future.** The table suggests that DMOs expect an ongoing shortfall in commercial income, driving a financial shortfall in the current financial year (2021-22).¹⁸ As you can see, median income has steadily fallen since 2017-18, and the balance between the commercial/public sector has moved more towards the public sector with the onset of the pandemic. Between 2019-20 and 2020-21, the median income for all DMOs fell by 29%, but commercial revenue fell by 64%. In 2020-21, DMOs also spent more than income received, which will have eaten into their reserves. An uptick in income is expected for 2021-22, but the total remains significantly below pre-pandemic levels. It is also worrying to see DMOs forecasting a decline in income from public sector sources, following a boost in 2020-21. All this has implications for the crucial question of DMO sustainability and hardly suggests they are on firm foundations.

Table 1: English DMO median financial income – historic and future

Financial Year	Median total income	Median commercial income	Median public sector income	Median overall expenditure
2021-22	£214k	£78k	£81k	£217k
2020-21	£196k	£50k	£127k	£251k
2019-20	£275k	£137k	£79k	£275k
2018-19	£315k	£160k	£97k	£300k
2017-18	£324k	£126k	£105k	£207k

49. **By comparing DMO income in 2019-20 with DMO expenditure, it is also possible to estimate profitability pre-pandemic.** This suggests that the greatest share of DMOs – 37% – were profit-making organisations, with a third breaking even (33%), and three in ten operating at a loss (30%). Breakdowns of the data suggest that the pandemic's effects hit hardest those DMOs which had developed strong commercial operating models, but were often highly reliant on membership fees for income. Indeed, DMO membership data demonstrates the pandemic's impacts on this important source of income, with over half of DMOs seeing membership levels fall over the past 18 months (55%). Analysis of DMO staff levels tells a similar story: around one in three DMOs had lost staff over the past 18 months (32%) with a median average of five staff members lost across all DMOs. However, staff levels remained constant for 53% of DMOs – perhaps due to the Coronavirus Job Retention Scheme, which was used by half of all DMOs.

¹⁸ Note that due to the use of median as the estimate of central tendency, the commercial and public sector medians do not sum to the overall median.

50. **Undoubtedly, the pandemic has hit DMO finances hard, but it is not the only hit they've suffered in recent times.** The next section contextualises the disadvantageous position that DMOs found themselves in at the start of the pandemic in comparison to both the English system of the past and the position in comparator countries.

Historical context

51. **The DMO landscape in England and its relationship with central Government has changed significantly over the last 50 years, but can broadly speaking be characterised as going through three phases.** The onset of COVID-19 could be described as a fourth phase because it has led to a shift in DMO priorities, changes in funding streams, and greater involvement of central Government/ VisitEngland, but it has not yet reached its conclusion. The first phase began in the 1970s.

Regional Tourist Boards – 1970s to 2002: a standardised regional framework

52. **Eleven Regional Tourist Boards were established in the early 1970s by the English Tourist Board, soon after its formation through the Development of Tourism Act 1969.** These Boards were companies limited by guarantee with mixed funding sources; roughly 10-20% came from the public sector with the rest derived from a mix of membership fees paid by tourism businesses and other commercial activities. Unlike the English Tourist Board they were not statutory entities but being in receipt of public funding meant they were at least in part accountable to the national government. The Boards covered large geographical areas and worked with smaller tourist boards. There was nothing like the current fragmentation we see now.
53. **The amount of core funding provided by the English Tourist Board to the Regional Tourist Boards, and the purposes for which it was provided, changed over time.** In 1998-9, for example, the nominal figure of £3.8m was provided to the Boards in order to deliver a range of regional and national programmes, and was allocated using a set formula.¹⁹ In 2002-03, the nominal figure of £5.5m was provided to the then nine Boards, but funding was allocated based on a system of regional bids to deliver the government's tourism strategy.

Regional Development Agencies – 2003 to 2012: responsibility for strategic tourism development

54. **In 1999, the government introduced nine Regional Development Agencies.** These were non-departmental public bodies responsible for supporting economic development and investment in their regions. They had a set of statutory objectives relating to economic development, business competitiveness and employment, but with no specific mention of tourism.
55. **Between 1999 and 2003, Regional Development Agencies did not receive funding from the national Government to support tourism, but this changed in 2003.** In 2003, the Agencies took on a strategic responsibility for tourism development at the regional level, with tourism related targets included in their monitoring frameworks. DCMS contributed £5.5m a year to the Agencies for much of the 2000s. Between 2003-06 this was ringfenced for passing onto the Regional Tourist Boards (who in turn could pass it on to local DMOs), but from 2006 this requirement was removed, leading to some Regional Tourist Boards being subsumed into the Regional Development Agencies, e.g. in the North East and North West.
56. **Both the Regional Tourist Boards and Regional Development Agencies sat above, and worked closely with, sub-regional DMOs.** They were also engaged with Local Authorities and tourism businesses. For example, from 2006, the North West Regional Development Agency worked with a range of sub-regional DMOs including those in Blackpool, Cumbria, Manchester, Liverpool and Chester.

¹⁹ See <https://publications.parliament.uk/pa/cm/199899/cmselect/cmcmds/506/9060909.htm>

In the South East the Regional Tourist Board (Tourism South East) remained post 2006, delivering for the South East England Regional Development Agency and working with DMOs including Tourism Berkshire, Tourism Surrey and the Isle of Wight Tourism Board.

57. **The Regional Development Agencies spent significantly more on tourism and leisure than they received in funding from DCMS.** In 2006-07, for example, the Regional Development Agencies outside London reported total spending on tourism of £36.8m, with only £3.6m of income coming from DCMS. Similarly the London Agency received £1.9m from DCMS but spent £23.9m on tourism support. Much of this expenditure is related to European Union or other grant funding and the Agencies were heavily involved in investing in tourism infrastructure. For example, the South West Agency invested £17m in the Eden Project and £12m towards the National Maritime Museum.

Abolition of Regional Development Agencies – 2012 to current: a patchwork quilt

58. **In 2010, the new coalition Government announced the abolition of the Regional Development Agencies and their replacement with Local Enterprise Partnerships.** A total of 38 Local Enterprise Partnerships were created in England, all part funded by the national Government but fundamentally they were business-led partnerships between local authorities and local private sector businesses. A key argument for their creation was to structure regional economic development bodies around 'functional economic areas' rather than public sector administrative regions. Local Enterprise Partnerships were tasked broadly with determining local economic priorities, driving economic growth and job creation and improving infrastructure and skills, but were not required to do this for the visitor economy specifically.
59. **When the Regional Development Agencies were phased out in 2012 and replaced by Local Enterprise Partnerships, DCMS funding for tourism via them was also withdrawn.** Furthermore, as Local Authority budgets were squeezed, they too withdrew funding for DMOs. DCMS estimates suggested that between 2009-10 and 2017-18, annual Local Authority spending on tourism fell by 56% a year, or £127m in real terms.²⁰ Many DMOs, having been able to partly rely on public funding for many decades, were now expected to fend for themselves.

60. **The Government's rationale for withdrawing public funding was set out in 2011 in a document entitled 'Government Tourism Policy'.²¹** The document recognised the need for 'strong and independent local tourism bodies to promote our different destinations effectively' and noted the existence of some capable and highly respected DMOs. However the document was critical of national Government funding for destination marketing ('unaffordable and unacceptable') and noted significant variation in DMO performance ('the worst are expensive talking shops which achieve very little, or 'civic pride' marketing organisations whose campaigns are better at massaging committee members egos than driving footfall and boosting sales for local tourism attractions'). It went on to lay out a vision for DMOs, stating:

- They should reflect the natural geography of an area's visitor economy rather than a local public sector or electoral boundary.
- That the government would 'allow' DMOs to come together into larger groups if needed to 'share more than just marketing' such as pooling back office functions, but that any groups would be entirely voluntary and not imposed by Government 'at any level'.
- That the government will 'accept' that destination boundaries might be messy as a result but that this was preferably to a 'bureaucratically-neat solution'.
- That the government will 'arrange' their funding to be more focused on sustainable, commercial partnership marketing and sponsorship deals'.
- They should be 'Destination Management – rather than simply Marketing – Organisations' with 'clear mandates to develop their local visitor economy according to whatever priorities they identify'.

²⁰ See <https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-england-2017-to-2018-individual-local-authority-data-outturn>

²¹ See [here](#).

- They 'must be strong partners with Local Authorities and Local Enterprise Partnerships in place-making'... 'but we will not create new institutional or bureaucratic structures to make this happen' as 'more centrally-imposed bureaucracy and process will not make bad DMOs more influential'.
- On Local Enterprise Partnerships in particular, the document noted that the DMO relationship would be 'especially important' as 'Local Enterprise Partnerships and DMOs should seek to work together to integrate destination management into wider economic strategies so that it can support the area's wider ambitions around driving enterprise, growth and employment'.

61. **In 2011, the Government predicted that 'scores of local Tourism Bodies' would be formed around key English tourism destinations.** This is what happened – as above, the survey found that over half (56%) of DMOs had been operating for under 10 years. The 2011 document went on to note that 'no matter how many local tourism bodies eventually emerge, we will also need a national body to develop and promote English tourism.' The document envisaged VisitEngland acting as a source of best practice and DMOs holding a majority of VisitEngland board seats.

62. **I would summarise the period from 2012 onwards as the government taking a 'hands-off' approach.** In the bullet point list above I have deliberately put some of the text in italics to draw out the tension between the thrust of the government's argument and what happened in practice. **By withdrawing funding and control over the DMO structure, the government effectively surrendered its ability to 'arrange' funding and 'allow' DMOs to band together if they wanted to.** The Government did not give DMOs 'clear mandates'. I shall come onto the consequences of the post-2012 changes in the next chapter, but it is clear from the findings of the DMO survey that it resulted in a fragmentation of the landscape. I am not convinced that destination management has benefited from there being 'scores of local Tourism Bodies'.

International context

63. **The key point I took from looking at what other countries do is that England appears to be the most 'hands-off' in terms of national Government engaging with DMOs at a local and regional level.** Many of the countries I looked at had DMOs at a regional level with a degree of state or national government funding in combination with private sector funding as well as clearer links back to the national Government in terms of accountability and strategic direction and some semblance of a coherent structure. For example in the USA and Germany we see regional entities funded by the states. In Japan we see a nationally led formal registration system for DMOs meeting a certain requirement. In Scotland and Wales we see the national Tourist Board playing more of a leadership and coordination role than in England. Across the board, the more localised a DMO, the more focused it is on marketing and the less a national or state Government is involved. I have summarised the key features of the countries I looked at in the table below.

Table 2: Key features of support for regional tourism / DMOs in comparator countries

Country	Key Features
USA	National • The National Travel and Tourism Office in the US Department of Commerce has statutory duties set by Congress, e.g. research and data collection, and official liaison to the Corporation for Travel Promotion (Brand USA). Regional • State tourism offices (e.g. Visit Florida) generally funded by the State Governor, and staffed by public sector employees. • Some operate at <i>arms length</i> from politicians, others follow their strategic direction.

Country	Key Features
USA (cont.)	Local • Composition and funding of local tourism offices (e.g. San Francisco Travel) varies from locale to locale. Some connected to local city/municipal Governments, some stand-alone private sector entities, some public/private partnerships. • Some State tourism offices work hand-in-glove with local DMOs, including by distributing grants to those willing to work within the tourism framework established by the state.
Canada	National • Destination Canada (the National Tourist Board) is set up by law as a crown corporation with specific statutory objectives including sustaining a profitable tourism industry, marketing Canada, supporting a cooperative relationship between the private and public sector and providing information about Canadian tourism to all parties across the tourism economy. Regional • Canadian Government support for regional tourism is largely distributed via 6 Regional Development Agencies. • These agencies have delivered pandemic-related business support to tourism businesses, e.g. a \$500m Tourism Relief Fund. • The Government of Canada sets a national strategic direction for tourism, and the Regional Development Agencies tailor the strategy/dispense support in a way appropriate for their respective regions. • Each of Canada’s ten provinces and three territories also develop and implement tourism strategies at the provincial and territorial level. • Provincial and local DMOs are either wholly funded through public funds or are a mix of public/private funding models Local • Provincial and local DMOs are either wholly funded through public funds or are a mix of public/private funding models. • Some are part funded by industry revenues (e.g. tourism taxes/hotel levies)
Germany	National • Around 100 DMOs (of municipal, regional and statewide size) are coordinated into the German Tourism Association. It is financed exclusively by membership fees and represents the interests of German tourism to policymakers and the public. It carries out activities such as quality initiatives and certifications in tourism. • The German National Tourist Board markets Germany as a destination abroad, in partnership with the marketing organisations of the federal states. It is 75% funded by the national Government. Regional • The <i>Länder</i> (16 Federal States) are responsible for the development of regional tourism. • Regional tourism bodies are predominantly funded by the federal state Government, but also from their own revenues and the private sector.

Country	Key Features
Germany (cont.) Local	
	- Many local DMOs exist to serve cities or particular regions, mostly financed by local businesses, governments and commercial activities. - The German response to my queries noted that individual city DMOs, like those in Cologne and Düsseldorf, focused almost entirely on managing and communicating the unique selling points of the city.
Japan	
National	- Structure established by the Tourism Nation Promotion Basic Law, introduced in 2007. - Prescribes the government to establish a Nation Promotion Basic Plan. - The national government provides consultation services, research and analysis and funding to support regional tourism.
Regional/Local	- The response to my queries described Japanese DMOs as 'control towers' for tourism destination development through regional marketing and management activities. - Local governments have a responsibility to formulate and implement measures that take advantage of the characteristics of the local area, as set out in the Tourism Nation Promotion Basic Law. - Funding is issued by both national and local governments to DMOs on a project by project basis. A 'Tourism Community Development Corporation Registration System' is used to formally register DMOs that meet certain requirements.
Scotland	
National	- VisitScotland is an Arms Length Body of the Scottish Government. It includes a regional team of staff acting as key contacts for different regions of the country (VisitEngland does not have an equivalent team). - As in England, the Scottish Government has provided DMOs with support funding during the pandemic, as well as bespoke funding for marketing activity.
Regional	- City region and regional DMOs exist, as do regional and pan-Scotland sector groups, e.g. Wild Scotland and Developing Mountain Biking Scotland. Some receive funding via enterprise agencies on a short term basis, in order to meet strategic goals – for example in the south of Scotland a new DMO has just been established with the help of the enterprise agency. - There is no formal structure tying the activity of DMOs to the Scottish Government.
Local	- Local Destination Marketing Organisations exist but do not receive core funding from the central Government. - Some Local Authorities have set up their own <i>arms length</i> bodies to market and manage tourism.

Country	Key Features
Spain	National • National Government is responsible for international marketing (via the National Tourist Board, TURESPAÑA) and general tourism policy. Regional/Local • Each of the 16 autonomous regions has powers to deliver their own regional tourism strategy, which they do in cooperation with the national body. • DMOs at a regional and local level do have access to public funding usually in the form of a fixed allocation within the administration's annual budget. This is then supplemented by private or public sector income (e.g. from businesses or local authorities).
Sweden	National • The national government sets overall tourism policy, markets Sweden via Visit Sweden and produces/disseminates tourism research and statistics. Regional • Sweden has 21 regional counties. They are not obliged to take part in national tourism development work but many do and structures exist for them to do so. • Around half of the 21 regions organise their tourism work in publicly owned/controlled DMOs with their own organisational bodies and boards. • Between 1 and 5 million euros a year is allocated to or through regional stakeholders for tourism development, and is added to via EU structural funds. Local • Local organisations working on tourism do exist, and will often develop their own plans based on the overarching regional plan.
Wales	National • VisitWales sits within the Welsh Government. It includes a regional team of staff acting as key contacts for different regions of the country (VisitEngland does not have an equivalent team). • No core funding is provided to DMOs by the Welsh Government but they have issued funding via specific projects or grants. Regional • Four regional tourism fora were established in 2014, meeting three to four times a year and bringing together key tourism stakeholders to drive the delivery of the tourism strategy for each region. Local • Destination Management Partnerships are a mix of public/private sector and have their own Destination Management Plans.²²

²² See [here](#)

64. **Analysis by the UN World Tourism Organisation, published in 2019²³ is particularly interesting, in that it focuses on institutional strengthening of DMOs and preparing them for new challenges, both key lines of inquiry for the review.** It talks about the need for a 'sound framework' to be set varying by 'level of action' (national, regional or local) but also notes that no one size fits all model can work due to the variation in the particulars of each destination. The Organisation for Economic Co-operation and Development (OECD) has also noted that 'for DMOs around the world, it is often a considerable challenge to generate the funding necessary to deliver strategic and operational benefits to a wide range of public and private sector stakeholders.'²⁴

Summary

65. **Several themes emerge from my summary of the DMO landscape in England.** It is fragmented and highly variable in terms of structure, funding models and levels of income, governance structures, geographical coverage, activities and levels of partnership working. The pandemic has had a significant impact, in particular on revenue from commercial sources but also on DMO size and priorities. There is no clear framework for what a DMO in England should do and the current situation in England is an outlier, both internationally and historically, with respect to the extent to which the national government is 'hands-off' in its involvement with DMOs. I was particularly struck by just how many DMOs have been created over the last 10 years, which points towards the key theme of fragmentation. I will now move on to analysing the strengths, weaknesses, performance and impact of the current model.

²³ <https://www.e-unwto.org/doi/book/10.18111/9789284420841>

²⁴ See <https://www.oecd-ilibrary.org/docserver/9074fc18-en.pdf?expires=1626273023&id=id&accname=guest&checksum=DF2DDC0D35E2B9D3C092A63DFED954BD>

Chapter 2: Analysis – An assessment of the DMO landscape

This chapter analyses the strengths and weaknesses of the current DMO landscape. Although there are many instances of good practice and of DMOs adding a lot of value in terms of both quantifiable outputs and wider outcomes, **I am in no doubt that successes exist *in spite*, rather than *because* of the absence of a coherent structure and lack of Government engagement.** Furthermore, good examples are generally the exception rather than the rule. In my view, the DMO landscape that has developed over the past decade is on the whole sub-optimal, and is ultimately holding regional visitor economies back from achieving their full potential. Throughout this chapter I have used quotes from my engagement, and highlighted those in blue that I found particularly compelling.

The landscape currently has many strengths

66. **Across the qualitative consultation process, and in conversations with stakeholders both in interviews and at regional roundtables, I heard time and again that DMOs are valued and necessary local institutions.** The continued existence and ongoing longevity of some DMOs following the withdrawal of structured Government support along with the fact that many developed organically themselves after this date demonstrates that they meet a local and particularly business need, and are often the only local bodies with the experience, knowledge and expertise to fulfil a destination management and or marketing role. I have included some quotes from my engagement to illustrate this, and do so regularly throughout this chapter.

"It feels clearly sensible for DMOs to exist, as we should have Place based marketing. DMOs are the ones who create the brand for each destination...if they didn't exist you'd need to invent them."

Former Tourism Minister

"A good DMO is greater than the sum of its parts. It speaks for the local industry, raises standards, supports training and skills, coordinates promotions and links into national structures for research and data gathering. None of these can be done by an individual commercial enterprise." Member of the public

DMO staff are passionate experts about their local areas

67. **An important, and frequently cited strength of the current set of English DMOs, is the local knowledge and expertise that DMO staff possess.** DMOs know their destinations, their brand and their tourism 'offer' better than anyone else, and are passionate about and committed to selling it to consumers whenever they get the chance. They can 'story tell' about their destination, tying together its key strengths to develop an appealing brand that at its best can appeal to a wide range of visitors (domestic and international), tourism businesses and other regional players. The written consultation responses in particular highlighted the dedication, expertise and drive of individual DMO staff.

"DMOs have a huge understanding of what their local product is, its strengths, and weaknesses, and who the regional players are – which businesses are dynamic/growing, which need support."

Tourism Representative Body

"DMOs are staffed by people with knowledge and passion about their area – they live there, they showcase it and make it work for businesses, residents, and the wider environment." DMO

"[DMO staff] are able to bring grass-roots experience to blue sky strategic thinking."
Cultural Development Partnership

"It's taken time/work/energy to get here – our city is the attack brand. When seeking marketing funding they don't have to argue for this – it's a united proposition." DMO

DMOs are an important source of, and conduit for, information and intelligence

68. **Because of their local knowledge and expertise, DMOs are regarded as important conduits and channels of information between their local visitor economies and local, regional and national Government.** More than half of the written consultation respondents identified DMO prowess in gathering intelligence, and disseminating information, data, research and policy as a key strength. DMOs provide an easier route for VisitEngland and national Government to share information with the vast number of small and medium size enterprises that make up the tourism sector – a role that came to the fore during the pandemic. In turn, DMOs themselves fed crucial intelligence on the business impacts of restrictions to control the spread of the virus back up the chain to the Government, sometimes they were the only source of timely and reliable local data. Government officials that I have spoken to have been full of praise for the contribution of DMOs during COVID.

Good practice: DMOs and data during the pandemic – North of England Business Barometer

Over 2020 and into 2021, Natwest Group supported the development of a barometer, which was a survey issued over a number of waves to tourism businesses across the north of England in order to measure the ongoing impact of the pandemic on employment, revenue and business confidence.

The barometer was coordinated by Marketing Manchester and its distribution was facilitated via a network of nine Destination Management Organisations and Tourist Boards working collaboratively. The results were fed directly into the Department for Digital, Culture, Media and Sport, where they were shared with the Tourism Minister and contributed directly to decision-making.

The Barometer is a great example of how DMOs can act as a conduit of information between the national Government and the many small and medium sized enterprises making up the tourism sector.

69. **Even before the pandemic, DMOs provided an important means for the Government to obtain on-the-ground intelligence on fast-moving issues of national importance.** For example, Visit Wiltshire fed back valuable Salisbury football data after the Novichok incident, as did Marketing Manchester after the Manchester Arena bombings. Both DMOs then went on to receive bespoke funding from the national Government as part of a wider recovery package to address post-incident declines in football via confidence-boosting campaigns. It is important to note that this intelligence is provided to the Government free of charge.

"They do provide a vehicle – not perfect – for us reaching that vast tranche of SME base. The value that we managed to achieve during this last year...getting the message out to people" VisitEngland

"If there is an event where the Government needs to use DMOs (e.g. ministerial visit; after major events like flooding), we have that point of contact." DCMS

70. **DMOs regularly provide an important and efficient mechanism for the Government to administer funding directly to a local visitor economy** as we saw in Chapter 1 – from marketing campaigns like 2020's Enjoy Summer Safety campaign²⁵, to DCMS funds like the Culture Recovery Fund, to wider infrastructure and regeneration funds like the Towns Fund, Coastal Communities Fund and historic European funds.

DMOs have gained the trust of the private sector

71. **It is perhaps the way that DMOs marry elements of the public sector with the commercial drive of the private sector that sets them most strongly apart from other local bodies and institutions.** This private sector knowledge and expertise – along with the groundwork they put into building relationships with fee paying members and delivering returns for them – gives them credibility with tourism businesses, who often view them as trusted sources of information, support and research on everything from staff development to the latest consumer trends.

"It is critical to ensure [DMOs] are delivering – as fundamentally with all investors (public/private) you haemorrhage credibility if you do not deliver." DMO

"DMOs provide value to their members by sharing information, customer research, rules and regulations from Govt – during the Pandemic, it's been how businesses have accessed support. [We get] emails from businesses without a DMO link – without a DMO/association link, they struggle to access support." Tourism Alliance

"Businesses do not like looking to Local Authorities for money/assistance. DMOs like [Visit X] are nimbler entities." DMO

Good practice: Supporting businesses during COVID-19 – Experience Oxfordshire

Experience Oxfordshire dealt with over 10,000 business enquiries during the course of the pandemic, with many being forwarded onto them by the Local Authority. The DMO went on to signpost these businesses to critical Government funding packages as well as advice.

In the written consultation, Experience Oxfordshire received praise from respondents for their actions during the pandemic, with one commenting that they represented 'an example of resilience and entrepreneurialism working against all the odds'.

72. **DMOs themselves, particularly those that lean towards 'management', often highlighted how this hard-won commercial credibility enables them to play an active role in working with their business members and partners to develop the area's tourism offer.** They offer support, advice and guidance so that businesses can grow and in turn, further add to the strength of the destination's offer. This is particularly the case in areas where particular skills and knowledge are often lacking amongst the private sector – for example, product development, encouraging direct online bookings, and targeting new markets, such as international visitors or business travellers.

"There are lots of food and drink businesses which have started and new accommodation providers – but a DMO has a role to nurture those businesses and bring them into the fold." DMO

"Only a select amount of the county's product is promoted to consumers...lots of businesses [that aren't DMO partners] miss out on the business advice/support that would help them grow." DMO

²⁵ A campaign launching in July 2020 focused on encouraging people to take advantage of hospitality and tourism businesses that were reopening following relaxation of COVID-19 pandemic restrictions. DMOs were invited to bid into a funding pot to amplify the campaign.

At their best, DMOs play an important role in advocating for the tourism sector

73. **My engagement highlighted the important role many DMOs play in supporting their members – and local tourism industry more broadly – by advocating on its behalf.** Advocacy takes place with wider stakeholders, with many DMOs speaking as the ‘voice’ of the visitor economy to Local Authorities, community groups, and Local Enterprise Partnerships. Having the backing of the private sector is seen as most important in enabling them to fulfil this role but it is not necessarily the case that all DMOs are being heard to the same extent.

“[Good DMOs should be] advocating and communicating with other stakeholders (the Council, Local Authorities) about tourism development and infrastructure – e.g. arguing the case for transport, walking/cycling infrastructure, and marketing activity, while being seen to be unbiased by political decisions. They should be the voice of the commercial sector.” Arms Length Body

“Kin to a public sector organisation but...not run by the public sector so are more responsive to the industry.” Member of the public

“DMOs should also be engaging with local communities so they accept visitors – there’s lots of hesitation. A DMO should be able to do this – they’re a representative as much of the visitor to the area as of the business in the area.” Tourism Representative Body

DMOs have clear strengths in convening and cultivating cross-sector relationships

74. **Many stakeholders pointed me towards the way that DMOs are able to connect, convene and cultivate relationships between the tourism industry and other sectors** such as transport providers, cultural and heritage organisations, and higher education institutions. Their local knowledge means that their networks can be especially strong, and this can enable DMOs to add value by linking contacts who otherwise would have struggled to find each other.

“ACE wants culture to play a role in attracting more/different visitors, and this requires the cultural sector to work with different – especially private – partners. DMOs have been/are key for making that succeed.” Arms Length Body

“DMOs are like the glue sticking everything together, and align their objectives with the competitive market forces at work in the sector. They develop good partnerships with the sector and others” Tourism Representative Body

“[There’s] absolutely a role for DMOs – they face from the city to the world, and back into the city, to say ‘raise your game – standards, cleanliness’. They play both roles – the best face forward, and telling home truths.” Local Government

Good practice: A DMO makes the difference by using local connections to turn a good event into a great even – Bristol Cathedral

One excellent example of a DMO using its connections that was shared with me during my initial engagement was provided by VisitBristol (now Visit West).

They had been asked by an international client for inspirational venues for their gala dinner event, after it became difficult to deliver this highlight of their annual programme at their first choice venue due to complex logistics. Spending time with the organisers, the DMO discussed options that could provide not only that ‘wow’ factor that was needed, but which would also deliver against their very specific criteria. They connected the organisers with Bristol Cathedral, drawing on their network and experience as they searched for alternatives. A private dinner within the Cathedral was subsequently negotiated, this being the first time the Cathedral had been used for that purpose by the DMO’s convention bureau.

Not only did it prove to be an incredible and well-received experience, but the success also enabled the Cathedral to use the temporary kitchen infrastructure needed to deliver such an operation for other events, enabling them to generate further income.

75. **The DMOs regarded as the strongest tend to be those that connect their commercial member needs with public sector decision makers.** In my experience, these DMOs are often those that cover a geographical area that aligns well not only with the consumer proposition (both for visitors, and for business members) but also with the relevant local Government boundaries – be that City, District or County Council, or Mayoral Combined Authority – and, on occasion, with that of the Local Enterprise Partnership.

"Because the funding is often driven by local authorities, the geographies represent local authorities which are not necessarily natural tourism market geographies and that is a challenge." DMO

"For a DMO to be at its best then it needs to fit within [the] wider local economic strategy led by the Local Enterprise Partnership." VisitBritain

When DMOs collaborate with each other, they can achieve economies of scale

76. **The evidence I took suggests that cross-DMO collaboration is welcome both to DMOs themselves and more widely,** as a way of sharing local best practice, developing new product offerings, and achieving economies of scale (for example, by amplifying a united voice and message for advocacy). However, some noted that DMO collaboration is often driven by the dedication of individual staff members, happening in spite, not because of, the current DMO landscape. Others noted that DMOs can tend towards competition, especially when funding opportunities are limited – creating a DMO vs DMO mindset that exacerbates existing fragmentation.

"With so much DMO experience...you either fight the system, or find a way to collaborate and benefit from the relationship." DMO

"Collaboration and cooperation happens by accident rather than by design as they don't have a strategic network with aligned objectives. Quite a lot...is informal and relationship-driven; coincidental rather than driven from the centre." DMO

"The tension is that DMOs tend to be in competition with each other too – sharing best practice has its limits. It's similar with funding applications – why would DMOs share that information when they're in competition for funding." Tourism Representative Body

77. **The Discover England Fund initiative received almost universal praise for the role it had played in encouraging DMOs to come together.** This was a five-year, £45m product development fund administered by VisitEngland. It brought DMOs together as projects and catalysed a collaborative, rather than a competitive, mindset. The Fund put DMO competitive expertise to good use in developing market-focused products and enabling them to achieve greater market reach – and, in time, attract more visitors – than they would have done alone. The Fund also serves as another good example of the point referenced above about some DMOs being able to act as recipients of Government funding – without a DMO network, VisitEngland would have been severely challenged to deliver a product development fund of this scale. It also shows that with the 'carrot' of Government funding, less fragmentation occurs; as a result of their experience working together on the fund some DMOs have combined.

"DEF as a principle has been a good exercise. It needs refining, but it gets DMOs to collaborate on a market rather than competing – if you grow the market, all will benefit – a bigger cake." DMO

"The Great West Way is a good example. DMOs need to realise that it's in their interests to grow the cake vs the slice, and cooperate sensibly/tactically for greater strategic gain."

Tourism Representative Body

Good practice: An excellent example of collaboration – The Great West Way

The Great West Way was one of the first initiatives to receive support from the £45m Discover England Fund, with the shared ambition of creating one of the world's premier touring routes between London and Bristol. The touring route can be travelled by road, water, bicycle or on foot and promotes an extraordinary variety of visitor experiences alongside many of England's most iconic tourist attractions including Bath, the Cotswolds, Stonehenge and Windsor.

The Great West Way has attracted investment from 270 businesses, including Bristol Airport, has taken 450 bookable products to international and domestic markets, has a network of 90 Official Tour Operators promoting Great West Way itineraries in 16 countries.

The initiative is led by Great West Way Ltd but brings together a wide range of DMO types including Business Improvement Districts, inward investment agencies, community interest companies, limited company DMOs and DMOs operating out of Local Authorities. It works with over 1,500 businesses directly and 5,000 indirectly via DMOs. There are 26 investing DMOs in total and the project is a great example of what can be achieved at scale with DMOs working collaboratively together and with VisitEngland.

In support of the Government's sustainable tourism ambitions, the team are now working on developing the Great West Way's credentials as a carbon neutral touring route.

78.

The pandemic was also cited as an important driver for DMO collaboration. For example, DMOs worked together on intelligence gathering surveys to ensure a consistent approach to data-gathering between regions. Another good example is in the South West, where the Great South West Tourism Partnership, formed of DMOs in the region as well as business representatives, came together on a weekly basis to share impacts and insights with the Government and VisitEngland. The group also developed a recovery plan for the region – an impressive achievement, considering the South West is one of the most fragmented areas when it comes to DMO coverage.

"They have also developed a partnership in the South West, rising above regional politics/challenges with shared objectives/aims for the region...they came together due to C19, to do research, respond to the Pandemic, and develop a headline recovery plan for the region, at a Local Enterprise Partnership/regional level. They recognised that longer-term issues were shared and could be resolved by joint working – productivity." Tourism Representative Body

79.

I also came across a small number of examples of DMOs in a region coming together to rationalise and standardise back-office functions. For example, Visit East of England has, for the past three years, run internal systems for itself, Visit Norfolk and Visit Suffolk, saving the respective councils and Local Enterprise Partnership over £160,000 compared to when the DMOs operated out of Local Authority tourism service departments. This rationalisation has meant the area has been able to dedicate more energy to skills work and recruitment in the sector, as well as to marketing the region – leading to the region moving up rankings in VisitBritain's consumer sentiment survey. Similarly, earlier this year Visit Bristol and Visit Bath DMOs merged to become Visit West: a single organisation that maintains two discrete consumer-facing brands for the cities and their surrounding areas.

"All local DMOs with a joint marketing budget to promote the region as a whole with a new brand – 'Unexplored England'...the first time all the local DMOs and local authorities have worked together on a tourism promotion." Local Enterprise Partnership

"They now have weekly meetings across the East of England – 14 DMOs, which work well." DMO

"The...city brands will be retained – but behind the scenes there'll be one membership programme, one advertising programme, and standardised travel trade and business development delivered across the region. They've already launched a convention bureau, to take advantage of big opportunities offered by the universities/new businesses. [It] removes duplication and means two cities [work together to support] the surrounding area." DMO

Good practice: A strategic focus can yield results – Ipswich

The All About Ipswich DMO has a seat on the Ipswich Vision board alongside the MP, the local authorities, the Business Improvement District, the university, the Local Enterprise Partnership and the Chamber of Commerce. The grouping around strategy has successfully attracted £25m from the Town Deals Fund to revive the area, including over £2m to enhance digital provision in the town centre and wide region.

This is viewed as having potential to dramatically improve the reach of the DMO and improve the experience of visitors to the area. By working with local partners through the Vision coalition, the DMO will have brought substantial investment and development at no additional cost to members.

DMOs can provide some evidence to illustrate where they add value

80. **DMOs were eager to provide examples of where their activity has added value to their members and partners, as well as to wider regional bodies – and, indeed, to the experience of visitors themselves.** Despite an often-cited lack of detailed quantitative evidence about where a DMO had added value – which I examine in later on – there is nonetheless a significant body of anecdotal best practice examples of DMOs going above and beyond in their roles, often driven by the strengths, skills and personal dedication detailed above. This is particularly the case in relation to the role DMOs can play in winning major events for their area, for example by putting together a delegate package involving hoteliers, attractions, restaurants and so forth that can make the idea of hosting a conference in that destination more attractive. The role played by London and Partners during the 2012 Olympics is a very strong example of this. DMOs can also provide evidence of how many users there are of their business support products. For example, Visit Cornwall told me they've had over 1,000 businesses attend their business support webinars which help with subjects such as diversification and embracing technology. Businesses up and down the country praised their DMO as adding value as part of the review. These included the likes of Paultons Park, Beamish Museum, Chatsworth House, Castle Howard and Thameslink. But perhaps the best evidence of DMO impact is their continued existence in spite of the Government's 'hands-off' approach over the last decade.

However, much about the current DMO landscape is unfit for purpose

81. **Before looking at the weaknesses of the current landscape, I think it is worth reflecting on two points relating to the strengths listed above.** First, I did not find the strengths present in a consistent way across the country; they are present to varying degrees only. Second, where the strengths are present, they exist in no small part due to the energy and enthusiasm of DMO staff themselves. The National Government cannot take credit. Below I have set out what I consider to be the weaknesses of the current landscape, based on the evidence gathered.

The complexity and variation of the DMO landscape holds it back

82. **The current landscape is overly complicated.** There is little consistency. To be clear, my criticism is not about the fact that there is variation at all – this must always be the case because of how varied England's tourism offer is – but rather the fact that the current landscape is such a patchwork quilt that it can be extremely difficult to get one's head around and it lacks coherence. Perhaps the most

telling indication of this is the consistent difficulty I experienced in trying to get a clear answer from people as to what a DMO is and what they do. It felt at times as if I was being asked to come up with a definition myself. The fact that there are multiple answers to the 'What is a DMO' question is in my view a problem and many consultees impressed upon me the need to bring a degree of coherence to the landscape as part of the review process.

"The biggest problem is the definition of a DMO. Do you mean a Destination Management Organisation or Destination Marketing Organisation?" Local Government

"Intellectually there should be a definition of what a DMO does and what it delivers, but that hasn't been the case in the past...the policy has not been to establish tightly what a DMO is." VisitBritain

83. **The complexity and variation is confusing not only for DMOs themselves, but also for their users** including potential business members, potential visitors (both domestic and international – who have to navigate multiple destination websites to plan a visit) and other sectors, such as arts, culture and heritage – who, evidence suggests, find the current DMO landscape so mind-boggling that they don't know how to engage with it, or what they could gain from doing so. In turn, this makes it even harder for DMOs to do their jobs as conveners, brokers and advocates of the visitor economy. Public sector policy makers – at all levels of Government – were also clear in their evidence that definition is needed as the current landscape is so confusing as to cause disinterest. Some of the examples of duplication and fragmentation are particularly bewildering. For example, why was I told that both Lincolnshire Council and Visit Lincoln are both undertaking destination marketing activity? Why does Devon have a Visit Devon, a Visit Dartmoor, a Visit Exmoor, a Visit South Devon, a Visit Totnes, Destination Plymouth and Exeter City Council getting involved?

"Larger businesses at a national level will find that all DMOs are competing to get national partners, but there's no way for a larger business to partner with DMOs on a national campaign."
Tourism Representative Body

"[Historic England] teams don't see DMOs as a natural partner for work. Anecdotally – it's not that DMOs have nothing to offer us, it's that Historic England doesn't think to seek them out. There's a mutual lack of connection, meaning opportunities aren't taken." Arms Length Body

"Alton Towers – they sit in three areas – that's crazy, you don't want to pay membership 3 times – you want something more strategic." DMO

"[We're] based in North Devon. So fractured, nothing ever gets done. Wouldn't bother us if [DMOs] weren't there. It's completely different in Cornwall – more engagement. In North Devon, [we] feel very isolated." Business owner

The lack of structure and extent of fragmentation exacerbates inefficient competition and weakens the power of the sector's voice

84. **The head-scratching complexity of the DMO landscape is in no small part due to its organic development over the last decade.** In the last ten years, the number of DMOs 'mushroomed' across the country but with no clear structure or strategy to follow – often leading to overlap, fragmentation and DMOs pointing in different directions. This has led to a competitive mindset among DMOs, making it harder for DMOs to collaborate and share best practice examples that would encourage regional spread, strengthen businesses, and increase the overall competitiveness of England. Moreover, fragmentation has resulted in DMOs often reliant on the goodwill and commitment of a small number of staff (remember – 62% of DMOs employ five or fewer staff members).

"The structure of DMOs doesn't work. No two are the same – everything from one-person bands, to totally subsidised teams of 30+, to a public sector/commercial funding blend. It makes the landscape very complex and hard to unpick – you can't say what's good/bad/in between due to their localised construct, funding, and role." DMO

85. **I got a sense from larger DMOs engaged in more than just 'marketing' that it was particularly frustrating to see smaller DMOs continually spring up within their region.** One consultee described it as 'whack-a-mole', another that a shiver goes down their spine when a new 'Visit such and such' springs up. The reason? Brand dilution and more confusion for everyone. Local Authorities, inward investors, national tourism brands (e.g. major hotel chains, Merlin) and so on get confused about who to work with, and who to invite to the decision-making table. A significant number of written consultation respondents pressed on this, outlining their view that there are too many DMOs and this inhibits effective and efficient coordination.

"[The DMO] has to deal with confused structure on a day-to-day basis – for example, new DMOs setting themselves up and duplicating work)...as well as funding, we also need clarity in terms of what a DMO is." DMO

"[DMOs are] missing out on coordination and structure...a piecemeal approach, all fishing in each other's ponds." VisitEngland

86. **The lack of structure also inhibits DMOs' potential to influence and deliver national policy objectives.** As it stands, the current landscape is too variable and fragmented for the Government to be sure of a consistent approach from place to place – making it harder to rely on DMOs as a delivery partner for events and funding on a national scale, and meaning that funding available can sometimes be seen as going to the 'usual suspects' – the 'strongest' DMOs. More worryingly, the fragmentation and ensuing competition also diminishes the collective voice of the visitor economy, making it harder for DMOs to make themselves and their members heard when important decisions are being made locally, regionally and nationally and preventing a collective response or a strategic approach which would deliver economies of scale.

"An individual who can lead and is visionary will direct things and write bid proposals – if they can't do this, they don't get funding. This needs addressing to even the playing field – currently successful DMOs build on their success, while others languish." DMO

"Structuring DMOs so they could connect to economic decision-makers, with funding and strategies would be game-changing, gaining more than would be lost." Arms Length Body

"The fundamental issue isn't about marketing – it's about data, understanding the industry and getting them to work collectively together and the small interventions government needs to make to push this on strategically." DMO

DMOs are beset by funding struggles, with funding models skewing priorities

87. **DMO funding – or the lack of it – was one of the key challenges raised across my engagement.** The consultation identified that DMO funding models are at least as complex and confusing as the structures the funding goes to support, with many respondents feeling unqualified to comment, or unclear as from where exactly DMOs get their income. The quantitative evidence suggests that this is likely due to the many different DMO legal and corporate structures and sources of funding across the private and public sectors. It is, of course, positive that many DMOs rely on private sector income – since it demonstrates commercial buy-in and allows businesses to pool resources for a common good and achieve economies of scale. However, over-reliance on membership income as public sector funding has tailed off not only left commercially-focused DMOs vulnerable when the pandemic hit, it has also led to what was described to me as the 'doughnut effect': many DMOs stated that they spend too much of their time tactically chasing membership income at the expense of the core of what they are there to do.

"The Board spends too much time trying to survive, especially over the last 12 months. The Board has had some exhausting and rough rides with funding." DMO

"[DMOs] end up chasing funding and being at the behest of existing funding models." VisitEngland

88. **Further, if funding predominantly comes from membership subscriptions, then that will skew the DMO's priorities towards what those members want.** This is fine for those that pay, but what about the smaller enterprises who cannot afford to pay the top rate of fees? Can the DMO give 'impartial' advice to potential visitors? And if the Government wants to level up, should it be satisfied that DMOs are only promoting part of their destination? Furthermore, too much time chasing funding means too little time on bigger, longer-term strategic agendas which, if addressed, would benefit the whole destination and yield long term results. Key questions, like how do we extend the tourism season to boost productivity, or how do we become a more sustainable destination, can go unanswered. A DMO cannot spend time developing a 10 year vision if it is forever worried about its survival going into the next year, and starts that year not knowing its budget.
- "The industry wants the DMO to do what it wants (marketing). The membership body limits potential to drive bigger agendas."* DMO
- "DMOs sometimes do not seem interested in the skills of the sector, instead focussing on marketing. As a result...they are not thinking about the future of the sector."* Local Enterprise Partnership
- "DMOs are always looking to make money, and that can distract them from the bigger picture, rather than focussing on economic growth."* DMO
- "Within DMOs the top businesses have a much bigger voice, like the top 6 in the League, and everyone else has a smaller voice, leading to volatility in county tourism."** Former Tourism Minister
89. **Respondents were clear, though, that they did not expect Government funding to replace private sector funding.** I got the sense from many that commercial income should be the predominant source, just that the balance at the moment was not quite right. What DMOs lack is a firm foundation from which to build and they struggle to get that from the private sector. It was an interesting point of reflection to me that DMOs with a healthy public/private income split were generally more stable and more strategic. For them it feels less like they are operating in quicksand. It was also interesting how many said that they did not need funding for domestic marketing as that is the bread and butter and – pandemic aside – the private sector will be able to cover those costs.
- "[The DMO] are chasing funding but they are a social enterprise and think it is important to be publicly and privately funded....being held to account is good and [we] wouldn't be advocating for full funding by the public sector, just some core funding."* DMO
- "Some DMOs are so small that they can't do the research and business development needed to expand and develop market intelligence and training – they focus on marketing, with buy-in from the commercial sector."* Arms Length Body
- "Knowing resource was coming would sustain security to look forward 3-5yrs when planning campaigns, and allow for product development."* DMO
90. **From a funding perspective, much comparison was made by consultees between the present landscape and that under the Regional Development Agencies, where Regional Tourist Boards could rely on core funding.** It was interesting for me to look back at the past and see that the national Government only provided a small % of overall funding under the old models. In 2006-07, for example, DCMS provided £5.5m to the Regional Development Agencies on Tourism, but £61m was spent by them on tourism overall – showing what can be leveraged from a small amount. There was a sense of loss in relation to the demise of the Regional Development Agencies which, although not perfect, did bring a degree of clarity to the system as well as some strategic focus.
- "RDAs allowed DMOs/destinations to have a skills/capacity audit of what was needed to build up tourism competence locally. They could recruit to provide perspective/voices strategically, rather than tactically, and could gather compelling evidence to build up investment cases for e.g. all-weather playgrounds or boutique hotels – they had a sense of what the locality needed to develop/ bloom."* Tourism Representative Body

"Regional Tourist Boards, pre-RDAs, were smooth/strong – not perfect, but gave a sense of purpose to e.g. skills agendas, channelling Govt funding, getting the sub-region to collaborate. They facilitated/enabled." Tourism Representative Body

"We are only here following the fall of the RDAs because of luck and survival instincts." DMO

91. **Another consequence of spending too much time chasing short-term funding is too little time spent looking at opportunities for income generation over the longer term.** One area that suffers here is events, which have a long time frame before they 'pay off' and generate returns. This is because of the time it takes to bid for, organise and run events, many of which only take place on an annual basis. The pay off can be significant though, not only in terms of the money spent at the event itself but also the onward consequences for inward investment. A great example was shared with me about World Mobile Congress and Barcelona. As a result of the event being won for that city and hosted there annually, the city now has a thriving telecoms industry. With some exceptions, DMOs lack the skills and understanding of the events industry to know the value they can add, lack the time and space to develop those skills, and are often reacting to queries that come in rather than going out proactively to assess potential opportunities and bring them in. And more broadly, DMO staff commitment and passion can sometimes mean that activities that could be generating income – for example, advising on planning applications, or carrying out research – is often done for free. A more ruthless, commercial mindset that put a deserved price tag on these activities could increase and diversify DMO income streams.

"DMOs could be more commercial, considering consultancy, event management, producing itineraries, content..." Tourism Representative Body

"Business events take longer to get the traction they need. Takes a bit of warming up, but there is a pay-off. It is a slow burn with sound economic principles that underpin it. DMOs need to pay the bills immediately – they therefore don't have the bandwidth to invest."

Local Enterprise Partnership

"Currently Government relies on DMO goodwill and unfunded effort. DMOs overdeliver and shout about what they do, masking the problem." DMO

92. **The issue of skills within DMOs is also exacerbated by current funding models.** This is of particular concern in relation to digital skills, a key emerging area that the tourism sector must make the most of if England is to remain competitive. Digital skills and knowledge are low in general across the tourism sector, and are not helped by DMO staff themselves lacking the expertise and the resources to help support businesses and upskill them. I lost count of the number of times I was told that DMO websites were 'poor' and I got a sense many DMOs were not sufficiently equipped to embrace opportunities like the online business to business platform TXGB or marketing via mediums such as TikTok. Furthermore, if a DMO does not know what its annual budget is going to be at the start of the year, it stands to reason it is going to struggle to attract and maintain skilled staff.

"The danger, especially digitally, is that businesses wait for people to come – they need to look at the travel trade/US markets – the DMO connects them to these, improving productivity and providing reasons to visit the UK." DMO

"Go to Devon – no websites or poor websites." South West Roundtable

DMOs need greater incentives to support Government priorities

93. **While DMOs do recognise Government priorities, and some of the best are already pursuing work to support them, this is not the case across the board.** Many are aware of the gains that could be made by carrying out strategic work, but stressed the need for the 'carrot' of funding to incentivise them to do so – else the funding models snap them back to focus on maintaining private sector income and supporting those members that pay their bills. This is what other countries with a strong tourism offer do – they administer public funding to a limited number of especially strong DMOs operating at a

sufficiently large level to make an impact. As I set out in Chapter 1, England is a relative outlier in terms of how 'hands-off' its national Government is.

"A DMO can translate what's happening centrally and understand what's being done locally at a grassroots level. At the moment there's a gap between what comes out of Govt and what happens on the ground." DMO

94. **Over 35% of those responding to the written consultation stated that the perceived absence of a national strategy or coordination function for DMOs does not help DMOs in delivering on national priorities.** The current lack of structure leaves DMOs feeling unmoored, and all pointing in different directions. The Government's Tourism Recovery Plan is a clear statement of strategic direction, and thus offers an opportunity to get the engagement and buy-in of DMOs, but the Government must do more than just publish a document. DMOs are going to struggle to work with them in partnership to deliver the Plan under the current model. A puppet master cannot operate if half the strings are broken. Furthermore, the Government will continue to face calls for a 'tourism tax' or 'visitor levy' as a way of raising public investment in the visitor economy if it does not plug the funding gap, which it has said it will not do in the Tourism Recovery Plan – rightly in my view given World Economic Forum analysis that the UK is one of the least price competitive tourist destinations in the world.²⁶

"There's a lack of strategy in England, a common focus on what we're trying to achieve nationally. The lack of strategy means there's not a harnessing of resources to point people in the same direction. An England strategy should be the starting point on what DMOs are trying to achieve." DMO

95. **One area that emerged from the consultation as ripe for collaboration was the sustainable tourism agenda.** There are many facets to this, including conservation of the natural, historic and cultural heritage, addressing the UK's 'balance of trade' deficit which sees UK nationals spend far more abroad than inbound visitors spend in the UK,²⁷ moving towards more sustainable business practices and understanding changes in consumer demand. DMOs are very keen to get going on this agenda, and it seems obvious to me that the Government is going to struggle to corral the vast number of businesses in the sector to engage on it without them, but currently DMOs cannot focus on it.

"The Council is committed to net zero. We can get our members involved and provide feedback about systems that don't work. The DMO can also be an advocate for skills – we piloted a productivity programme." DMO

"We know we need to present ourselves as sustainable; having that as a pillar of work means that they then look for partners doing this. You could have a number of strategic pillars saying as a country this is what we need to work on." DMO

96. **Place-shaping is also a strategic area where DMOs feel they could do more, with the right support; this would contribute in turn to levelling up.** DMOs know their local area better than almost anyone else, and are aware of the challenges it faces, particularly in places with high deprivation and poverty. They have the connections needed to build stronger skills networks, encourage inward investment, and support areas to regenerate, bringing visitor spend back to the destination – but at the moment, they can't dedicate the energy and resource to doing so, nor are they always able to influence the relevant decision-makers.

"The visitor economy should be working hand in glove with direct inward investment into [the county]. Through visitors, they are encouraging people to live and work here, as well as visit – that will support levelling up agenda. Today's visitor is tomorrow's investor." DMO

"LEPs are currently working out what levelling up means for them...the lack of HMG clarity on its priorities means that LEPs – or DMOs – can shape them and provide some of the solutions themselves." Local Enterprise Partnership

²⁶ <https://www.weforum.org/reports/the-travel-tourism-competitiveness-report-2019>

²⁷ <https://skift.com/2020/05/06/the-winners-losers-of-a-staycation-world-ahead/> suggests the UK would add 1.1% in GDP if all outbound tourism were converted to domestic.

97. **Another promising area is that of inclusive tourism.** This is important to levelling up, and the Government's Tourism Recovery Plan, rightly in my view, sets out an ambitious vision for a more accessible and inclusive tourism sector. This is particularly relevant in light of COVID, which has seen many of England's visitor destinations enjoy vast numbers of first time visitors who would normally go abroad. Again, I sense DMOs are keen to engage on this, and work with businesses to make their products more accessible, but struggle to do so due to the ever present threat of a balance sheet that does not add up.

98. **The written consultation in particular identified an issue with the diversity of DMO governance and staffing structures.** Around 10% of respondents felt compelled to raise (without prompting) that Boards could sometimes lack a diverse set of perspectives and thus feel unrepresentative of the sector. Gender and ethnic diversity were raised, but I think diversity was referred to more broadly than that. There was a sense that Boards across the visitor economy were composed of the 'usual suspects', drawn from a narrow pool, and did not take on a broader set of perspectives, including potentially new consumers. This may be why the groups to whom I spoke that are working to increase audience diversity and access for minority groups like Tourism for All, and MOSAIC Outdoors could cite only limited examples of working with DMOs. I think there is a clear opportunity for DMOs to become more diverse and inclusive, which would in turn help building welcoming destinations that cater for all visitor needs.

"Some want advice/guidance, some are more involved. It's patchy and hard to quantify. National Parks have seen a rise in ethnic minorities across the country. [We] can't measure impact in places, but see new and diverse audiences coming in." Tourism Representative Body

Robust quantifiable evidence on DMO impact is lacking

99. **Bar a few, the majority of DMOs were unable to provide reliable, consistent evidence on where and how they could prove their own value add.** When pushed, DMOs tended to fall back on visitor footfall data, but this is going to reflect many factors and does not isolate the impact the DMO had. Other common measures include website traffic, social media engagement and ad clickthrough rates but these do not provide a measure of conversions. DMOs have my sympathies on this though. The only way you can really tell if someone has been influenced by a marketing campaign for example is to ask them, and I have my doubts about the extent to which people are reliable witnesses here. Perhaps this is why some DMOs talked about their role in bringing events to a destination, because here you can more clearly distinguish the role of a DMO. The problem, though, is that so few DMOs involve themselves in the event industry. This is why, for me, the best evidence of DMO value add is the continued existence of DMOs themselves. It demonstrates the market failure rationale for their existence perfectly.

"ACE really struggled with lack of DMO data expertise/experience. Culture is data rich, talking about audiences, while DMOs talk about visitors – these are different people in terms of evidence. They were unable to get enough data to demonstrate an impact, or plan for the future. At a local level, there's a role for DMOs to capture this data effectively." Arms Length Body

"A Destination Marketing/Management Organisation doesn't have a tangible product, which makes it difficult. [We] look at ad clickthrough rates, website traffic, social media engagement etc. and ask businesses to tell the DMO where the business came from. As an example, Kathy Lettes did a Telegraph piece...a five-star B&B has had 5 bookings as a direct result." DMO

"We do have [data], but it's out of date. The STEAM report – and the last one was done in 2015. It showed something like 6,000 people employed in the sector and worth £420m, which seems massive but it's an important sector here." DMO

100. **One reflection on evidence I had is that DMOs are in somewhat of a 'Catch-22' situation.** The sector lacks the skills, experience and funding to gather robust evidence and deploy it. They are not provided with a framework that brings consistency across the country, due to the lack of coherence /

structure across the landscape. The paucity of evidence in turn makes it harder to justify giving them funding to actually go out and get the evidence. It is particularly frustrating for the pandemic to arrive just as the Discover England Fund was about to bear fruit and generate returns on investment. The promising early results were cut off by restrictions on inbound travel, limiting the products' target audiences. However, I think the quality of the products created will bear fruit as the sector recovers.

"[DMOs are] so focused on short-term goals, due to funding constraints, they almost can't see the benefits of long-term investment due to the lifecycle of political reality. They need to be confident enough to base investment decisions on evidence and data"

Tourism Representative Body

Engagement with regional and national decision-makers needs to be more strategic

101.

I heard a significant amount of evidence that – despite the best efforts of DMOs – it is a challenge to get the voice of the visitor economy heard when important decisions are being made locally, regionally and nationally. Engagement with Local Enterprise Partnerships in particular was often noted as an area of difficulty. This was ascribed to overlapping remits and local tensions. Many DMOs expressed frustration at what they saw as Local Enterprise Partnerships being unwilling to listen to DMOs and take on board their arguments for the importance of the visitor economy. DMOs and other contributors working in tourism often felt that the visitor economy was dismissed as a 'low productivity' sector compared to e.g. aerospace – rather than considering how to support the visitor economy to deliver higher productivity gains and regional growth. This suggests that the two thirds of DMOs who speak to Local Enterprise Partnerships on a regular basis may be knocking on a locked door. There were a few limited instances of Local Enterprise Partnerships working with DMOs once they had been convinced of the visitor economy's local value – suggesting that the lack of quantitative evidence on DMO impact may be hindering their engagement with wider decision-makers – and causing a 'chicken and egg' scenario.

"Even good LEPs lack an understanding of the cultural economy or the visitor economy more broadly, compared to Local Authorities. They see it as cream teas on the Isle of Wight which harks back to the 1950s." Local Government

"Worryingly, few LEPs seem to appreciate tourism's economic significance or invest in it proportionately, or have meaningful relationships with DMOs/businesses."

Tourism Representative Body

"Covid will hopefully change the ranking of where the visitor economy is in LEPs' minds as they now see the impacts on the local economy when these businesses are shut." DMO

"Where DMOs work closely with LEP Growth Hubs there is an improved business support offer for businesses in the sector and duplication is avoided allowing resource to focus on the gaps in provision." Economic development agency

102.

Even though two in five DMOs operate as Local Authority tourism service departments, Local Authorities were similarly seen as unresponsive to their area's visitor economy. This was sometimes ascribed to the fact that tourism is not a statutory service, so Local Authorities have no obligation to fund it. In turn, this means that Local Authorities do not involve DMOs in discussions about developments that would have wider implications for the visitor economy. This constrains DMOs' potential to influence more strategic, longer-term 'management' issues, the levers for which often sit with the relevant Local Authority (for example, transport infrastructure, licensing laws, or public realm assets like beaches). This could stem from the ongoing confusion over a clear DMO definition – the consultation analysis showed that Local Authorities in particular felt there needed to be a clearer definition of DMOs – as well as constraints on local public sector resources. From the DMO perspective, I got a sense that some did not wish to be so closely tied to their Local Authority as it risked being subject to changing political winds.

"Right now the country understands the value of tourism in a way it never has before....we understand its value at the moment. [I'm] willing to bet in a year we will be back with challenges of how to prove the value of tourism to LAs." VisitEngland

"DMOs' advocacy role with LAs/LEPs is most important – they should talk to LAs about relaxing licensing laws and advocate for LA changes that best support the recovery of the visitor economy." Tourism Representative Body

"DMOs are always a secondary actor in the place...they need to get their relationship with other organisations right. Places with weak LAs/public/private sectors struggle – how to have a DMO, let alone work well with their DMOs." Arms Length Body

103. **Mayoral Combined Authorities (MCAs) on the other hand, appeared to be able to foster more positive and productive relationships with DMOs in their area.** Cited examples included Greater Manchester and the West Midlands – perhaps unsurprising, given that in both cases the DMOs' boundaries map closely on to those of the MCA, and in both cases the DMOs work out of, or in close partnership with, the MCA. The devolved control which MCAs have over policy areas with visitor economy relevance – e.g. transport, skills, inward investment – seems to allow scaled-up collaboration with DMOs in a way that is more difficult for Local Authorities and Local Enterprise Partnerships to achieve. In turn, this allows DMOs more influence over strategic place-shaping work, ensuring that the visitor economy is recognised when important decisions are being made, and able to contribute to levelling up and increased productivity ambitions over a broader regional geography.

"The DMO model would work more successfully if it mirrored other Government structures, and its structure will be fine as long as it has power/influence and a clear governance mechanism." Local Government

"[The DMO] doesn't just do tourism, they support inward investment marketing and wider comms on the overall [area] economic strategy." DMO

"The mayors are useful – they bring huge amounts of soft power and we're lucky that our current mayor has business credibility which helps with private sector investing here." DMO

104. **Universities and education providers were also cited as a regional stakeholder group with whom DMOs could build stronger relationships.** This was both in terms of strengthening the sector skill base, offering training, and promoting tourism as a long-term and attractive career option, and also in terms of collaborative research – for example, DMOs working with their local universities on sustainability initiatives or wider place-shaping projects. While there are limited pockets where this is already happening, fragmentation and lack of resources makes it hard for universities to engage consistently with DMOs, and vice versa.

"A place based approach is vital. All tourism interests are place-based. The DMO should be a powerful hub that draws on other powers – universities, governance, private and voluntary sectors etc." Member of the public

"Universities is a key area that could be developed." Local Government

"[We] advocate very strongly, and run a visitor economy week with colleges in the region looking at training and skills and highlighting opportunities; they identify funding gaps for e.g. digital skills needs." DMO

There was criticism about the lack of formal structure/engagement between DMOs and national Government, particularly VisitEngland

105. **I encountered widespread frustration amongst DMOs with respect to their engagement with the British Tourist Authority, particularly the VisitEngland branch.** The lack of any formal relationship between DMOs and the National Tourist Board was the main complaint, with DMOs feeling disconnected, unmoored from, and indeed unaware of, the national Government's tourism policy. This

was often contrasted unfavourably with the structures employed for other sectors – for example, Arts Council England and its National Portfolio Organisations – which were felt to set clear remits and strategic objectives for the organisations delivering on the ground. In contrast, evidence suggests that many DMOs feel unclear about what VisitEngland expects from them and how that fits with a wider strategy. The relationship with the National Tourist Board was also compared unfavourably to the position in Scotland – which was regarded by multiple consultees as a better resourced and structured operation – and to the past – with many DMOs not feeling connected to a national strategy since the days of the Regional Development Agencies.

"There can be a barrier between DMOs understanding what VisitEngland does and how to engage with them – and VisitEngland being close enough to see what's happening in destinations." DMO

"There is no clear steer from either VB or DCMS about what DMOs should be doing, what their function is and how it fits with the wider strategy for tourism." Local Government

106.

It is important to stress, however, that respondents also praised the role VisitEngland played during the pandemic. In particular, DMOs pointed to the swift distribution of funding under the two DMO resilience schemes, the regular pan-DMO calls and the introduction of a dedicated DMO Slack channel that was introduced to share advice and guidance. The VisitBritain branch also received praise, with some DMOs making good use of the international network of staff and offices to promote their brand to international audiences. Furthermore, many DMOs praised VisitEngland's research and data function, often relying on it for information on domestic and international consumers. But again, close relationships were often seen to rely on individuals' commitment, rather than a formal structure.

"[VE] ran a 'meet the press' event which was very useful, as was the ability to take logos/brands from the Escape the Everyday campaign and use them. [But] the 'big' DMOs get heard – [the DMO's] real interaction with VB/VE began via us setting up a meeting." DMO

"With VB/VE we work in places/spaces we couldn't without them. There's a consumer filtration process...but you get out of a relationship what you put in – [the DMO] works hard with VB/VE – there's no clear/formal liaising process so it may not work for others." DMO

107.

There was also some sympathy with VisitEngland's position. There was widespread recognition that VisitEngland cannot engage with over 150 DMOs on an equal basis. There are too many. This links back to my reflections above about the complexity and fragmentation of the landscape – but also reflects VisitEngland's funding position. Consultees cited its lack of funding over the past decade, especially in comparison to Scotland and Wales, as preventing it from fulfilling a role that DMOs would like to see – acting as a point of contact between DMOs and national Government, providing a framework for and bringing coherence to the landscape, and working with DMOs to ensure their strategic plans align with national priorities. From some DMOs I also got the sense that they themselves lacked the time and resources to engage with VisitEngland, linking back to my earlier points on funding and prioritisation.

"VisitEngland, on the other hand, are a shadow of a national tourist board and are not on the same level whatsoever as Scotland and Wales. That weakens sub-regions...and leads to DMOs 'thrashing about' trying to get business." DMO

"My impression is that Visit Britain and Visit England are in a similar situation to my local DMO i.e. undervalued and underfunded." Tourism Representative Body

108.

One final reflection here is that some in the sector looked to VisitEngland to act as a 'super advocate' for the tourism sector, but I think this is a misreading of their role. VisitEngland is an Arms Length Body of Government, directly accountable to Parliament and Ministers, and has a statutory responsibility to encourage people to holiday here and improve tourist amenities and facilities in England. VisitEngland has a statutory role to advise the Government on tourism policy but it is not a lobby group. This can be a positive for DMOs, in that there is an organisation well placed to ensure

their views and needs are incorporated into national policy making, but it does mean VisitEngland need to be discrete, and to give advice that balances an array of competing priorities. In my view DMOs themselves need to be the 'super advocates' for the tourism sector although for all the structural and funding reasons I've set out, I realise there are barriers to achieving this.

Events are an under-appreciated and under-resourced sub-sector

109.

The events industry is vital to the overall fortunes of the tourism sector. This is recognised in the Government's Tourism Recovery Plan, which notes that business events alone are worth over £31.2 billion a year in direct visitor spending, not to mention the £165 billion of trade transacted at these events each year. A particular strength this sub-sector can offer is its ability to fill up accommodation stock in the off-season, making it an important ingredient in any attempt to improve the sector's year-round economic productivity. Business visitors are also liable to return with their families for another visit.

110.

However, I found it to be a largely unappreciated sub-sector by most DMOs. There are some exceptions to this, such as those in Manchester, Liverpool, Birmingham, Newcastle and London, but on the whole it felt as if leisure tourism was the predominant focus. This is partly reflected in the grant funding administration data described in Figure 6 in Chapter 1 – with only 11% of DMOs making use of VisitBritain's Business Events Growth Fund. I recognise that this is likely to be driven by the structural and funding issues I outline above, which do not incentivise or facilitate a focus on activities that do not offer an immediate return (although there are business tourism activities with the potential for a quick return like incentive travel), nor do they give DMOs the time and space to upskill staff. However, when DMOs do engage they can add significant value as they are the best placed body to enhance an event by packaging together an offer for delegates that the event venue alone cannot provide. A DMO can bring hotels together to offer a discount, get local dignitaries involved to provide a welcome, bring universities or museums in if the event has relevance to their areas of expertise and so on.

Ultimately the DMO landscape is not fulfilling its potential

111.

The greatest sense of frustration I encountered was at the sense of a missed opportunity. I refer both to the opportunity to fully realise the potential of England's many potent attack brands, and the potential of DMOs themselves to act as advocates, conveners, and shepherds, operating at the spearhead of growing regional tourism. I have outlined the reasons for this above, now I want to dwell a little on its consequences.

112.

So long as DMOs are not packing their full punch, England's offer beyond London will struggle to get onto people's radars internationally. I do not mean to underplay the impact of the pandemic on London's visitor economy, and as the Government's Tourism Recovery Plan makes clear any recovery solution must involve London, but I do think it is worth reflecting on its pre-pandemic dominance. In 2019 London received 22 million inbound visitors. The next most visited English city was Manchester, with 1.6 million, many times lower.²⁸ Our gateway cities, our regional National Landscapes, and our world-class coastline need the resources and support to raise overseas awareness of everything they have to offer, and fully unleash their potent brands on international audiences. I do not think this needs to come at the expense of London though. **I want a DMO landscape able to grow the size of the entire pie – that is the essence of levelling up.**

113.

Furthermore, structural barriers holding back tourist activity outside of London are likely to remain. So long as DMOs do not have a consistent 'seat at the table' on decisions relating to transport and infrastructure, the needs of the visitor economy will remain unrepresented. Issues that have long held international tourists back, such as the bewildering complexity of rail network ticketing, will persist. Furthermore, so long as DMOs lack the time and resources to assess and articulate issues such as seasonality and sustainability, insufficient attention will be paid to them. Key arguments, like today's tourist being tomorrow's investor, will continue to be under appreciated.

²⁸ <https://www.visitbritain.org/town-data>

114.

In the current DMO network, the Government therefore lacks a fully functioning policy lever to support its tourism agenda. The Government has set out clear objectives around levelling up, Net Zero, and economic recovery. Tourism has huge potential to support this, not least because of how the visitor pound brings income and jobs to local communities across the country. Yet with the current DMO landscape, the Government can only rely on a subset of DMOs – and only then for them to do certain things. Most of the time I get the impression key decision-makers look elsewhere, such as to Local Authorities, because of the flaws in the current landscape that I set out above. It's past time for that to change.

Chapter 3: A way forward – Recommendations for change

It was clear from my engagement over the course of the review that all parties, not just DMOs, felt that the current landscape in England is inefficient and ineffective, when looked at as a whole. The extent of variance and fragmentation, the lack of coherence and structure, and the consequences of the national Government's 'hands-off' approach all act as a drag on the ability of DMOs to achieve their full potential.

From my discussions with Ministers, I believe the Government is serious about the swift recovery of the tourism sector and maximising its (huge) potential to contribute to the levelling up, productivity and sustainability agendas. However, for this to happen it needs DMOs to be at their best.

What does success look like?

Do we need DMOs?

115. **DMOs are here to stay.** I think it's always a good idea to start from first principles and I sought to do that over the course of this review by asking the question of whether or not DMOs are needed at all. But the question is moot. There will always be DMOs. The market forces and nature of the tourism industry make it so. That's why they exist across every region and destination in the world with a developed tourism industry and it's why they continue to operate in England despite the "hands-off" approach taken by the national Government following the abolition of the Regional Development Agencies. The real fundamental questions are instead threefold: what does a high-performing DMO deliver, under what conditions does that arise, and what is the role of the Government in creating and maintaining those conditions?

What does a high-performing DMO look like?

116. **Below I have set out what I consider to be the key features of a high-performing DMO.** This is compiled based on the many examples of best practice that were shared with me over the course of the review, and also following my reflections on all the evidence gathered. Some of England's DMOs are hitting many, or most, of these criteria, but there are many DMOs that are not, for the reasons outlined in Chapter 2.
- a. **The DMO will be actively involved in destination *management*, not just marketing.** Being entirely or almost entirely a marketing organisation is fine and answers an understandable business need. However, I am trying to look at DMOs from the perspective of the national Government and their ambitions for growing tourism in every nation and region, and I believe they stand to gain far more by working with those DMOs that look at destination development in the round.
 - b. **Effective destination management is built around the consumer.** This is vital. The consumer does not think about where they visit in relation to bureaucratic or administrative boundaries, be they constituencies, local authorities or Local Enterprise Partnership Areas. The DMO must also be able to articulate the characteristics that make their destination unique and attractive, be able to differentiate that from others and combine it into a compelling brand.

- c. **The DMO must have a clear strategic and long-term vision for how to develop their destination in line with its key strengths and ensure it remains competitive and sustainable.** This plan should have the support of relevant stakeholders. They must also keep pace with changes in consumer behaviour and preferences, to remain competitive.
- d. **The DMO will act as the 'broker' and/or 'convener' for the visitor economy in the area they cover.** They will bring the full range of organisations in their geography with a stake in their visitor economy and the ability to influence it together, and mobilise them around a shared vision or strategy for enhancing the destination for visitors and business members. This should reflect and represent the local community as well as the diversity of their visitor economy. They should be true public, private and community partnerships, should be able to mediate competing interests and should have a degree of independence from local competing political interests.
- e. **The DMO will be a strong and trusted advocate for their visitor economy.** This means they will have the trust of all relevant stakeholders in the destination to articulate the needs of the visitor economy. They will be able to provide strong evidence and market research to back up their assertions, including on the specific value they are able to add and the issues holding the destination back from reaching its full potential. DMOs should be able to articulate the return on investment of every pound spent. They should have a seat at the table in decisions that will affect their visitor economy: for example those around transport, inward investment, skills programmes, and application for central Government capital grants.
- f. **The DMO should be well integrated with the country's overall tourism strategy.** They should understand what the national Government is seeking to achieve and orientate their strategies to deliver that (in a way that makes sense for their own visitor economy). They should have the capacity to deliver Government grant-funded or other projects if required and the national Government should be able to rely on them for an informed and up-to-date assessment of the situation on the ground. These points also apply to Mayoral Combined Authorities.
- g. **The DMO will be outcome-focused and sustainable.** They should have substantive delivery plans and be focused on their delivery. Presently, a large swathe of DMOs spend a disproportionate amount of time seeking funding to survive and should become more adept at raising commercial revenues. Furthermore, too often smaller DMOs lose sight of the bigger picture and simply become vehicles to boost individual egos, creating unhealthy and unproductive fiefdoms.
- h. **The activities they undertake should match the development needs of the destination.** As we have seen, there are many different activities DMOs can and do undertake, from marketing providing support to businesses, to developing products and itineraries, providing information to visitors or acting as a convention bureau. What a DMO does precisely needs to be based on local needs first and foremost.

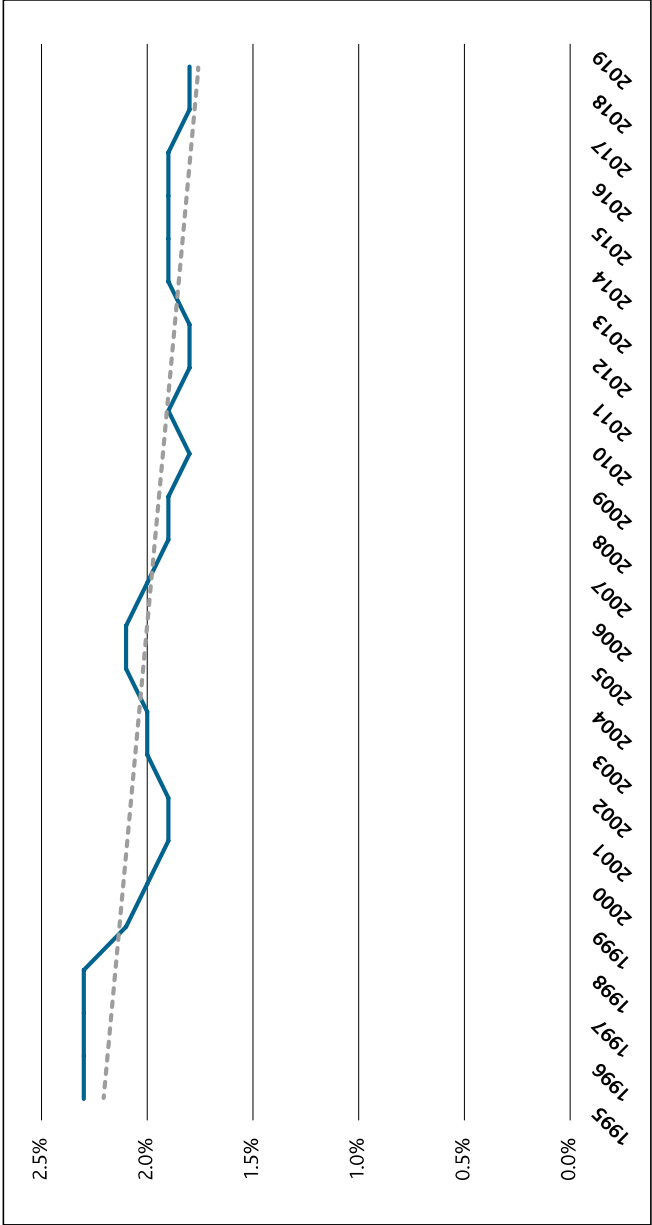
117.

My first set of recommendations focuses on what I think the Government needs to do to 'level up' DMOs across England so that the country is covered by a DMO network performing as set out above. I want to see DMOs excelling across England, driving forward growth in regional tourism. This is undoubtedly a shared ambition between government, local communities and the tourism industry and I believe DMOs can provide the local leadership that is needed to fulfil the tourism sector's potential.

Recommendations for Government

118. **It is in the Government’s interest to have high-performing DMOs.** As I set out right at the start of this report, the visitor economy makes a huge contribution to the UK’s overall social and economic life. The number of jobs it supports is substantial, as is its impact on the country’s overall wellbeing. Tourism is an internationally competitive industry, and the UK should be striving to at a minimum to retain its market share, but this hasn’t happened over the last decade with the UK slipping down the overall visitor rankings. For example, between 2011-12 and 2018-19 the UK’s international arrivals grew by 27% – obviously good news but ultimately slower than the world average (29%) over that period and slower than many competitor countries such as Germany (33%).²⁹ Market share has also declined, as the chart below shows. The story of English tourism in recent times is one of decent performance, but also of unfulfilled potential. If DMOs, as a crucial cog in the tourism ecosystem, are not functioning at their potential best, then this will affect the sector as a whole. Given how much the UK has to offer, we should not be satisfied that France gets more than double the number of international visitors we do each year.

Figure 7: UK share of total inbound world arrivals 1995 to 2019



119. **The pandemic has highlighted how important England’s DMOs are to the Government.** There were many examples pre-pandemic of the Government working with DMOs – with two out of three DMOs having administered or bid for Government funding in recent times and an average of £500,000 pushed through them over the last three years – but the pandemic has seen the Government rely more heavily than usual on DMOs for information, intelligence, and business support. The national Government needs DMOs as an intermediary between them and the 230,000 tourism businesses across the country. However, this review has found that the DMO landscape is fundamentally not cohesive enough to support Government policy in all parts of the country consistently and effectively. Equally it was not lost on me that the overall lack of cohesion means that the advocacy of DMOs for their visitor economies is far less effective than it could be – their collective voice is diluted by the fragmentation.

120. **I am convinced that the national Government can and should be playing a greater role than it currently does to support DMOs.** Many DMOs certainly have the appetite to reach the performance level I set out above, but I do not think they alone can solve the problems of fragmentation, funding, structure and performance that I found in my review. Indeed, if DMOs were to try and solve this problem themselves without Government intervention I am convinced it would only exacerbate the differences, not heal them, as the last decade has shown. And where would they get the money from?

²⁹ Source: World Bank Figures: https://data.worldbank.org/indicator/ST.INT.ARVL?most_recent_value_desc=true

121. **I am also convinced that a wholesale change in approach is needed, rather than small tweaks. This will require the Government to provide funding.** It is essential, however, for DMOs to continue to receive the lion's share of their funding from the private sector but an over-reliance on this means priorities will ultimately always be skewed towards destination marketing and away from destination management. Furthermore, there will not be a sufficient focus on longer term issues and revenue raising activities. The Government also cannot expect DMOs to lean into national priorities if it is not going to work collaboratively with them or help them recover from their fragile state as they emerge from the pandemic. Incentivising strong DMOs with core funding seems the most effective way of achieving this.
122. **However, if the Government decides to play a greater role, it must be careful.** It is certainly conceivable that Government intervention could exacerbate existing issues, or create new ones, if mis-handled. In particular, it must appreciate that the diversity and breadth of England's offer is a fundamental strength and not impose a uniform one-size-fits-all solution that treats every destination as having the same needs. It must also appreciate that the consumer should come first and so should not try to fit DMOs neatly into existing administrative structures. Finally, if it decides to provide funding it must also hold DMOs to account for delivery. My recommendations are designed with these considerations in mind.
- Recommendation 1:** The Government should bring coherence to England's DMO landscape via a tiering approach, using an accreditation process to create a national portfolio of high performing Destination Management Organisations that meet certain criteria. I would also suggest a move away from the confusing 'DMO' term and call these nationally accredited Tourist Boards.
- Recommendation 2a:** The national portfolio should then be split into two tiers – a top tier of accredited Tourist Boards acting as 'Destination Development Partnerships' or as leaders of them (these could be described as 'hubs') and a second tier of accredited Tourist Boards acting as members of these Partnerships ('spokes').
- Destination Development Partnership status could be awarded to either an individual accredited Tourist Board covering a large enough geography (e.g. a city region) or to a coalition of willing accredited Tourist Boards within an area that come together under a lead Board.
- Recommendation 2b:** The Government should then provide core funding to each Destination Development Partnership. The funding should be focused on activities that ensure their destination remains sustainable, competitive and responsive to high level strategic challenges identified by the Government such as those around sustainability, skills, inclusive tourism and levelling up. The Destination Development Partnership would be expected to pass down a degree of funding to accredited Tourist Boards amongst its coalition and work collaboratively with them to deliver a shared vision.
- Recommendation 3:** DMOs that do not meet the national accreditation criteria should be automatically considered as part of a 'third tier'. These are likely to be small, localised Destination Marketing Organisations and the Government should minimise its engagement with them.
123. **I have deliberately presented these recommendations together as they interlink and should be considered in the round.** At the outset I should note the key point that a nationally accredited Tourist Board could be either the leader of a Destination Development Partnership or a member of one. To illustrate this point, I'll use the example of the North East, following feedback from participants at the North East Roundtable about the willingness of DMOs in that area to collaborate. Under my recommendation Newcastle Gateshead Initiative, were it to fulfil all the relevant accreditation criteria, could end up badging itself as an accredited Tourist Board, and leader of the North East Destination Development Partnership.³⁰ Visit County Durham might also badge itself as an accredited Tourist Board and also describe itself as a *member* of the North East Destination Development Partnership. The Alnwick Tourism Association (Visit Alnwick), which concerns itself for the most part with tourism promotion, would continue to do so, but without being accredited.

³⁰ Recommendation 4 sets out my views on who should do the accreditation.

Tiering

124.

Support for a tiered approach to labelling and structuring DMOs was a consistent feature across all the evidence gathered. A greater distinction between marketing and management was a particularly strong request, and many representations were received citing the National Portfolio Organisation model adopted by Arts Council England as one that could be mirrored for DMOs. A plea for some degree of coherence and structure, without eroding what works well, came from all sides – DMOs, National Parks, politicians and representatives of all levels of government, businesses and so forth.

125.

At the top of the tier would be individual accredited Tourist Boards, or coalitions of them, acquiring the status of a Destination Development Partnership. Destination Development Partnerships must be built around a proposition and destination that makes sense to the consumer. I see these as being ‘hubs’ and would expect them to cover the whole of England. At a minimum level they should be the size of a county or city region, but they could conceivably cover a larger region. There are already a number of regional coalitions, of varying purpose and structure, in operation such as Visit East of England. However, this is not a case of going back to the past model of Regional Tourist Boards. In some parts of the country, like the North West, it’s not going to be possible anymore for the likes of Manchester and Liverpool to join together under one big coalition – they have both proven over the last decade that they are powerful brands in their own right, capable of packing the kind of punch I would like to see from the top tier.

126.

Destination Development Partnerships should receive multi-year core funding from the central Government to undertake specific activities. These activities should include:

- **Developing a Destination Development Plan**, outlining regional priorities for the visitor economy in the area covered and addressing Government priorities as well as the themes outlined in the UK Government’s Tourism Recovery Plan such as:
 - **Regional growth** (with tourism growing across a region rather than just in the honeypots, with visitors staying longer and spending more)
 - **Levelling Up** (encouraging dispersal to lesser-known destinations; promoting sector employment)
 - **Destination sustainability** (visitor management, encouraging positive and avoiding negative environmental impacts, conservation of England’s cultural, natural and historic heritage)
 - **Productivity** (providing longer-term skills and careers, addressing seasonality, improving digital and transport connectivity)
 - **Accessibility/inclusion** (attracting more diverse audiences, improving accessibility across the area)
 - **Targeting key international markets**
 - Encouraging **inward investment** in the visitor economy
- **Advocating for the destination’s visitor economy.** The Partnership would be responsible for ensuring the visitor economy is integrated into wider economic strategies, for advising on infrastructure developments such as transportation proposals or new attractions and for encouraging inward investment into visitor economy sectors. The Partnership would act as the main conduit of information between the national Government and more local DMOs.
- **Partnership working.** The Partnership would be expected to work particularly closely with accredited Tourist Boards within their area, and would need to engage all relevant partners (including local government, Local Enterprise Partnerships, universities, commercial businesses, cultural organisations) in the development of their Destination Plan.
- **Bidding for funding / advising on funding bids.** I would expect the Partnership to work with accredited Tourist Boards in bidding for funding opportunities made available by the national Government. Recent examples of funds that might be appropriate include the Towns Fund and

the Discover England Fund. If another party was a more appropriate bidder, such as the District or County Council (e.g. for something like the Levelling Up Fund), I would expect the Partnership to advise on any bid with relevance to the visitor economy.

- **Product development.** I would expect the Partnership to drive regional tourism product development, working with accredited Tourist Boards, other stakeholders and potentially other Partnerships to provide a cohesive visitor offer in the form of travel itineraries, integrated transport passes, new visitor experiences, and so forth. The Discover England Fund offers a strong platform for this in every region of England, and has been a catalyst for collaboration across the visitor economy.
- **Engagement on major events or projects.** The Partnership should act as a champion for bringing major events – business, cultural, sporting and so on – to the region. They could also advise on the application of major national events to the area's visitor economy, such as the forthcoming Festival 2022 or the Queen's Baton Relay for the Commonwealth Games. They could provide strong support to bids for opportunities such as the UK City of Culture competition. They should be expected to work closely with MeetEngland at a national level to share and service event enquiries, ensuring these remain within England rather than being lost to competitor countries. There is no room for a parochial outlook across the DMO landscape.
- **Data collection and sharing.** The Partnership would be expected to collect and analyse data on the visitor economy, acting as centres of excellence, working with VisitEngland to ensure a robust and consistent approach. They should be able to articulate crisply the area's volume and value in terms of visitor spend, number of jobs supported by the visitor economy and its wider impact. The Tourism Data Hub referenced in the Tourism Recovery Plan (and referred to in Recommendation 6 below) could help with this.
- **Business support.** As part of their advocacy and information-sharing remit, and working in partnership with accredited Tourist Boards, Partnerships would be expected to inform the development of and encourage participation in VisitEngland business support initiatives (such as Taking England to the World or the TXGB business to business platform), as well as source and share wider skills and development opportunities for businesses.

127.

In the second tier would be a range of accredited Tourist Boards, all members of a Destination Development Partnership. To become accredited, a DMO would need to meet certain criteria, which should be set by the National Government; VisitEngland would be well placed to assess and award accreditation. If a DMO is unable to demonstrate the criteria or does not wish to then they would not be able to receive the accreditation. Criteria might include:

- Being able to demonstrate the resources and performance history to deliver the Destination Development Plan led by the Partnership under which they would sit.
- Having strong existing connections to commercial sector partners and wider regional bodies such as LEPs and universities.
- Having a coherent and compelling visitor offer and brand narrative, and a strong track record of promoting it to domestic audiences.
- Being able to roll out and signpost business support programmes
- Understanding the needs and opportunities of their local visitor economy, and being able to advise on planning decisions and events in response to these.
- A commitment to sharing intelligence with their Partnership, and working in collaboration with them.

128.

In the third tier would be the remainder of unaccredited DMOs, which I largely anticipate as being those with primarily a marketing focus. These organisations have their place, clearly as they continue to exist with the support of local businesses, but there has got to be a formal distinction between management and marketing. I do not think small, local Destination Marketing Organisations have the capacity, scope or, in some cases, desire, to carry out work to support the national

Government's overall tourism policy, nor do they have the heft to really drive forward a destination's visitor economy across all its facets. It is the case across the world that local, marketing-focused DMOs are largely left to their own devices and I think it's fine for that to be the case in England too. These DMOs could always aspire to become an accredited member of the national portfolio and achieve official Tourist Board status and the Destination Development Partnership sitting above them could nurture them to reach this stage. It may also be the case that some of these organisations wither, as businesses gravitate towards accredited Tourist Boards.

Figure 8: Approximation of current incoherent DMO landscape

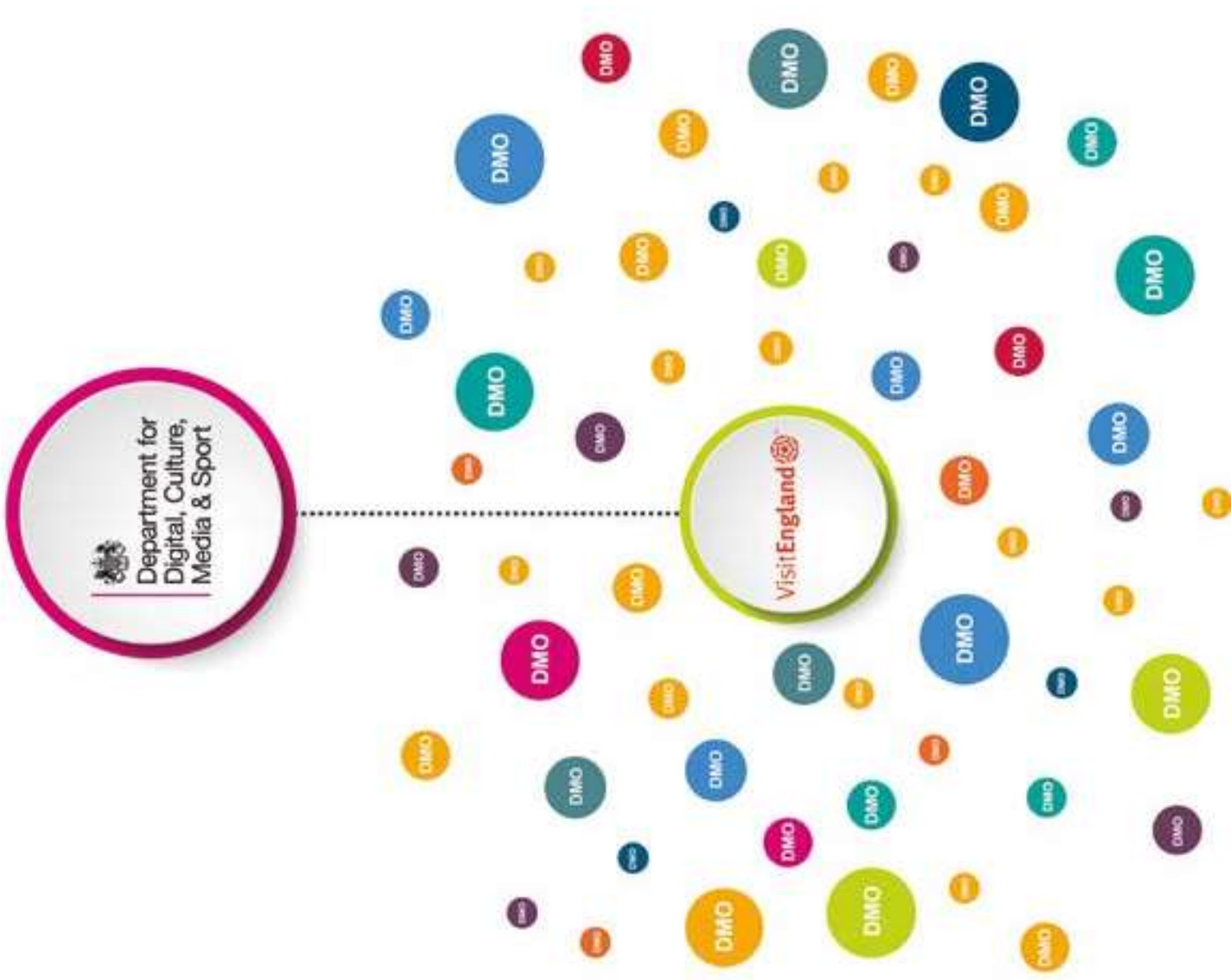
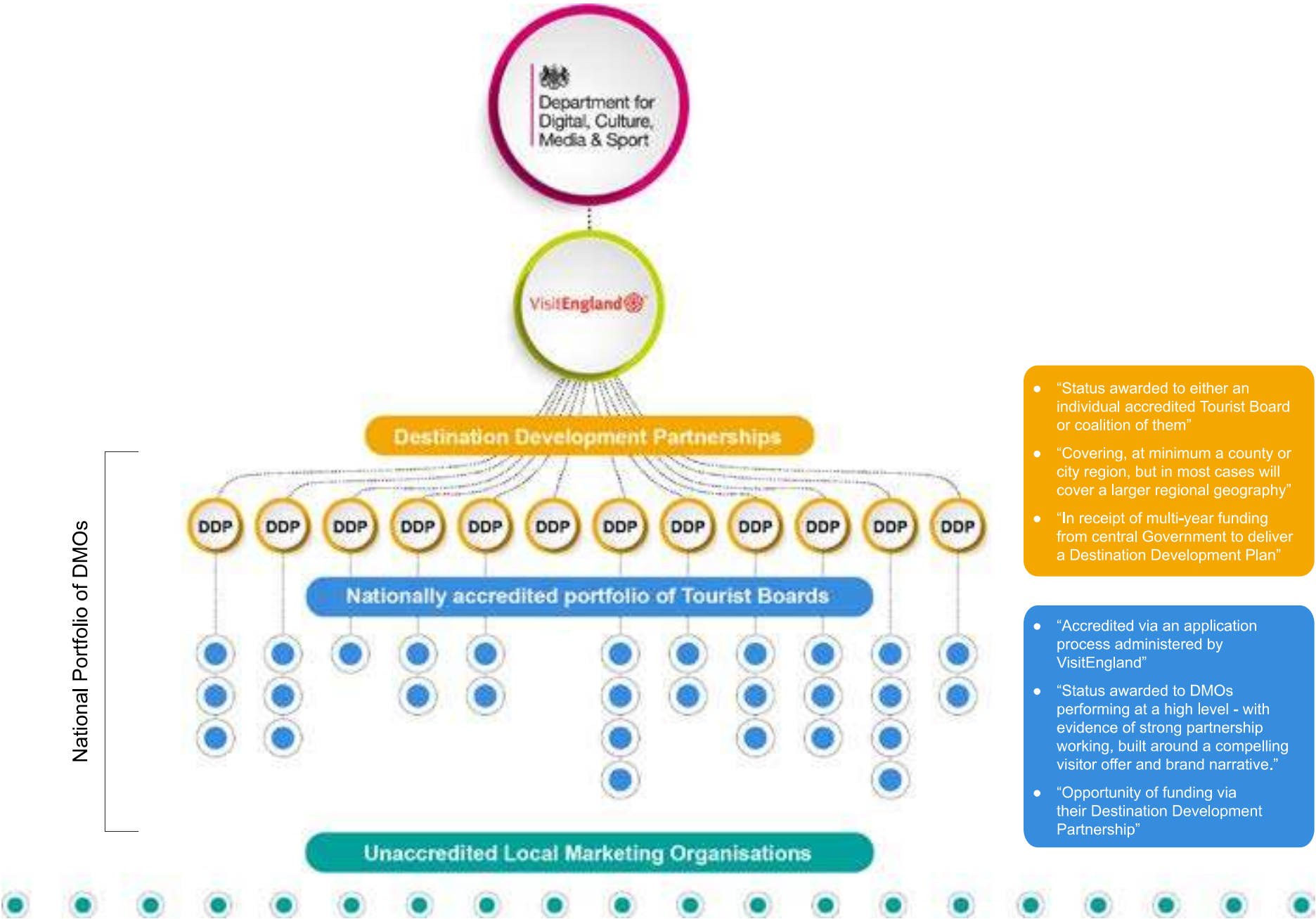


Figure 9: Approximation of what the DMO landscape would look like under my proposals



How my tiering proposals would work in practice

Funding

129. **I envisage Destination Development Partnerships being able to receive multi-year core funding as a grant from the central Government in order to deliver the activities I outline above.** In Recommendation 4, I set out why I think this should be accessed via an application process administered by VisitEngland. As part of the process, I would expect the Partnership to demonstrate an ability to secure commercial sector funding and for Local Authority funding to continue, albeit more likely on an ad-hoc project basis. I do not think the core funding should be able to be used for marketing activity; this should come from the commercial sector. Funding settlements would need to be multi-year, three at a minimum, to give certainty and reflect the time it takes to develop destinations and tourism products.
130. **I do not envisage a direct core funding relationship between national Government and the second tier of accredited Tourist Boards,** but I certainly envisage the Destination Development Partnership allocating a portion of its funding to the accredited Tourist Boards that make up its membership, if doing so was appropriate in order to deliver the Destination Development Plan in collaboration. A similar handing down of funding occurred under the old Regional Development Agency model. Ultimately I see the funding from the central Government as a means of shoring up the foundations from which the lead Tourist Board for the Partnership and the accredited Tourist Boards sitting within and beneath it can build on and leverage to reach their full potential.
131. **It would be for the Government to determine the amount of funding to provide each Partnership, should it agree to implement my recommendations.** The amount given should be as needed to deliver the objectives outlined above. In the main I expect this to be staff costs, e.g. a DMO bringing in someone to proactively go after event leads, engage the international travel trade or be focused on developing business skills, but there will also be other costs for running events, upgrading back office systems and so forth. The Government will need to devise an equitable formula that allocates funding fairly to each Partnership however. I do not think it is the case that each Partnership will end up getting the same amount, as each will cover geographies of different sizes and have different challenges. The Government may then wish to consider discrete challenge or project funds that Partnerships can bid into, akin to the Discover England Fund.

Bidding and accreditation process

132. **Acquisition of Destination Development Partnership status should be achieved via an application process administered by VisitEngland.** I would expect DMOs to self-select their geographical footprint, given how vital it is for DMO structures to be built around the consumer and the importance of local knowledge in determining that. However, there should be a minimal size expectation of roughly county/city region size, a push for regional coalitions, and the economic value of the local visitor economy should also be a factor. It was apparent to me over the review, particularly during the regional roundtables, that there was a lot of appetite in a number of areas for strong regional coalitions of DMOs with their horizons set beyond just marketing. But it was also apparent that a number of areas, particularly the city regions, felt they had effective attack brands and identities that could be diluted through collaboration. The flexibility I've proposed recognises this, and mitigates a 'one-size-fits-all' model that would be sub-optimal. Fundamentally Partnerships should sit at the biggest logical geography and I would anticipate a maximum of between 20 and 25.
133. **I would expect VisitEngland to ensure that there is minimal geographical overlap in responsibilities between Partnerships.** They should also seek to ensure full coverage of England, and push bidders to consider expanding their geography if areas are uncovered: for example a city might be asked to expand to cover an entire city region. From a visitor perspective, I would be keen to avoid introducing 'hard borders' between Partnerships. There will likely need to be a degree of 'fuzzy borders', but designed in such a way as to reduce any parochialism and encourage collaboration between Partnerships, for example in product development.

134. **Transportation hubs should be a key consideration in any Destination Development Partnership.** Transport infrastructure and connections are vital components of the visitor economy. Airports, for example, can be important contributors to DMOs as they understand that a strong visitor brand with international appeal will increase their own business.
135. **Whilst VisitEngland would be well placed to design a framework for what an accredited Tourist Board might look like, they may not be the best body to actually accredit these organisations.** The Government would need to decide who is most appropriate to conduct this role. It may be that the Destination Development Partnership accredits Tourist Boards based on a nationally consistent framework. I anticipate there being around 40 accredited Tourist Boards making up the national portfolio. I consider it essential that there would be a focus on consolidation during this process. Taking Devon as an example – as one of the most fragmented parts of the country – I would not want to see Visit Devon, Visit Exmoor, Visit Dartmoor, Visit South Devon, Visit Totnes, the tourism department of Exeter City Council, Destination Plymouth and so forth all receive accredited status.

Governance and accountability

136. **I would anticipate Destination Development Partnerships having governance arrangements that fully reflect their regional economies.** Fundamentally, the provision of government funding necessitates the need for a structure that can be held to account for how that money is spent. Key partners will include local government, relevant Local Enterprise Partnerships, universities, cultural and heritage organisations, National Landscapes and so forth. Representatives from accredited Tourist Boards within the geography should also play a role. It will also be critical that there is no opportunity for Partnerships to become inward looking talking shops for DMO professionals and local government agencies. I believe the best method of ensuring that is to have at least 50% of the main governing board made up of private sector representatives to ensure this critical voice is represented.
137. **Destination Development Partnerships would need to be held to account for delivery.** VisitEngland should administer the process and they should also be responsible for monitoring and assessment. Target outputs, outcomes, and Key Performance Indicators for measuring progress against these would need to be included in any plan and could include quantitative measures around increasing visitor spending, accommodation occupancy all year round, visitor dispersal, visitor satisfaction and business engagement in sector training or skills programmes. Both Partnerships and accredited Tourist Boards would need to recognise that what is awarded could also be removed if these outputs are not delivered to time, and public money is not used effectively.

Advantages of a tiering system

138. **The approach I suggest seeks to strike a balance between bringing a degree of coherence and structure to the English DMO landscape, whilst also avoiding the imposition of an inflexible 'one size fits all' approach from the top down.** It would provide the national Government with a smaller, more strategic and more accountable group of DMOs with which to work, and would start the process of pointing them in the same direction. The Government focuses on the top tier. Over time I think it would reduce the number of DMOs operating by reducing churn in the system, putting existing DMOs on a more sustainable funding footing and thereby reducing the openings available and incentives for new DMOs to form. My hope is that the proposals would be able to fully unlock the potential of those DMOs that understand destination management is about more than just bringing the visitor into a place and that tiering would encourage gravitation towards those with accredited status.
139. **This is not about creating a new bureaucracy.** It became clear to me over the course of the review that whilst the current landscape is not one anybody would have designed, we could not start afresh either. My aim is to recognise and build on what works well hence why I have not recommended that the Government creates new DMOs or an awkward, forced arrangement whereby they would be embedded in local government. I believe the recommendations are in keeping with best practice internationally, and what was reported throughout the review to have worked well in the past, without

turning the clock back completely. The emergence of city regions as strong 'attack brands' is one reason why we cannot just go back to Regional Development Agencies and Regional Tourist Boards, as is the emergence of Local Enterprise Partnerships and Mayoral Combined Authorities. However, I do think the English landscape has lost something in no longer having the regional role that these used to fill and what I am trying to do ultimately is set up a series of DMOs of appropriate size and statute to pack the most substantial punch.

140. **The proposals should help drive up collaboration, efficiency and accountability.** There would be a clear flow of strategic direction – from national Government to VisitEngland, then to Destination Development Partnerships and down to accredited Tourist Boards within the national portfolio. It is entirely plausible that the Partnership could run all back office functions for the accredited Tourist Boards within its area, building on good developments we've seen along these lines in recent years such as in Bath/Bristol and the East of England. This could also include investment in digital technologies that would otherwise be difficult to achieve without economies of scale.
141. **A clear, robust accreditation process would help DMOs fulfill their potential as champions, advocates and leaders for their visitor economy.** Organisations such as the Arts Council, Historic England and Local Enterprise Partnerships would have a single point of reference for collaboration, advice and insight. Businesses and consumers should also experience greater clarity. Commercially a Destination Development Partnership also helps answer the question posed by larger businesses in the sector, such as airports, train companies or large hotel chains, of 'who do I speak to?'; these businesses do not want to manage relationships with multiple organisations across a relatively small geographical landscape.
142. **DMOs would now know what the Government wants from them, and the Government will gain a valuable network through which it can confidently deliver tourism policy.** But this will only be the case if the Government is willing to support the proposals with funding for the sorts of activities I outline (whilst also insisting that other activities, like marketing, be funded from other sources). Put bluntly, the Government is not going to get 230,000 tourism businesses engaging in the Net Zero agenda without acting through DMOs but unless the Government is willing to recognise it has a part to play DMOs are not going to lean in to their agenda. Fragmentation will persist and DMOs will remain overly focused on their members' priorities. Furthermore, the Government has promised as part of its Tourism Recovery Plan to consult on a Tourist Accommodation Registration Scheme in England. This is a good example of something that the current DMO landscape would struggle to deliver successfully, due to its overall lack of consistency and comparable performance from area to area.³¹ I note that in other policy areas there are similar networks to what I am proposing that the Government has at its disposal and uses, such as the Growth Hub network or National Portfolio Organisation model deployed by Arts Council England.
143. **Nothing in the new structure would prevent individual DMOs or Partnerships working together on areas of shared interest, i.e. developing a touring itinerary.** Indeed, I expect that the new structure would encourage this kind of partnership working across England, since Partnerships would provide a clear channel through which to initiate and continue it. If two or more Partnerships felt that collaboration on a project might be of mutual benefit to both, then they could do so and pool some of their budget to fund it. We have seen good examples of this sort of collaboration in recent years through the Discover England Fund, such as the England Originals project bringing together historic cities on a thematic basis or the Growing Manchester as a Gateway project which connects DMOs across the North.
144. **Further, there is nothing in the proposed structure that would restrict DMOs from engaging in other activities.** We've seen in places like Manchester and London that the DMO is part of a wider organisation dealing with matters such as inward investment outside the visitor economy, promoting universities and so forth. My intention is that the proposed new structure would only make such activities easier to carry out, and as such are to be encouraged.

³¹ It would also have the benefit of significantly improving a destination's understanding of all the accommodation businesses in its destination – meaning a better evidence base and ability to engage with them.

145. **By bringing in a source of sustainable funding I would hope to free DMOs from constantly chasing money in order to ensure their survival.** With a degree of certainty as to budget at the beginning of each financial year, DMOs would have the breathing space to enable staff to focus on all aspects of destination management, to tackle the barriers holding the destination back and to ensure the destination remains competitive and sustainable. It would enable them to attend to the destination in its entirety, not just to the interests of the highest paying members. The pandemic has also highlighted the fragility of an entirely, or almost entirely, membership fee based model and this could be the case for some time as businesses rebuild their resources.
146. **Finally, I do think it is important to move away from the 'DMO' acronym.** 'Tourist Board' is one option but I am not wedded to it. It is a phrase that already exists in common parlance and it is used to describe VisitEngland/VisitBritain at a national level. Its main strength, as far as I'm concerned, is that it would give policy makers and the public a much greater sense of what the DMO is and does, although I do appreciate it has a somewhat archaic and stuffy feel.
- Recommendation 4:** As it is England's National Tourist Board, with the statutory responsibility for growing tourism at an England level, the Government should charge VisitEngland with responsibility for creating, maintaining and supporting this new tiered structure. It should receive sufficient funding and resources to do this.
147. **The proposed tiered approach will require significant effort to put in place and oversee. In my view, VisitEngland is the best positioned body to lead this.** VisitEngland is the trading name of the English Tourist Board. Its powers and functions are set out in the Development of Tourism Act 1969, and include all that would be needed to deliver the proposed framework. VisitEngland staff have the expertise needed to oversee the proposed structure, as well as the most applicable statutory duty – in their case it is encouraging the growth of English tourism. No new legislation would be needed to put the new structure in place, which is welcome so as to ensure their speedy implementation. However there is a case to be made that over time these changes could be embedded in law so as to ensure a longer term period of stability for tourism and the DMO landscape, by making it harder for a new administration to cancel the programme.
148. **The proposals would benefit VisitEngland.** As written evidence demonstrated, there are far too many DMOs at the moment for VisitEngland to engage fruitfully with. The consistency and standardisation of a tiered structure would enable VisitEngland to engage with those most relevant to their own objectives, and all DMOs would know where they stand relative to one another. VisitEngland would be able to double down on the successful engagement they have had with DMOs over the course of the pandemic, through schemes such as Good to Go.
149. **Nevertheless, the Government should not expect VisitEngland to deliver and support the new tiered system from within its current resources.** Under its current budget, it is largely limited to a business support and research/analysis role. Once these valuable activities, such as running quality assessment schemes or the Great British Tourism Survey, are accounted for there is not much left. A consistent theme across all consultees was a sense that VisitEngland is underfunded and under supported relative to Scottish and Welsh comparators, and has been so for some time. There is merit in this – VisitScotland's annual report and accounts for 2020 show it got a resource grant-in-aid from the Scottish Government that year of £54.36m³² whereas the equivalent for VisitEngland for 2019-20 was £14.9m (with £5.45m of that for the Discover England Fund which has subsequently been discontinued).³³ There was a recognition that VisitEngland could not play the national coordination and leadership role for which DMOs are crying out, because it is not currently resourced to do so.

³² See page 55 of: <https://www.visitScotland.org/binaries/content/assets/dot-org/pdf/annual-and-corporate-reports/annual-report-2020.pdf>

³³ See page 28 of: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/945843/CCS001_CCS0620685730-001_BTA_ARA_2019-20_Web_Accessible.pdf

150. **The government should therefore ensure that VisitEngland has the budget to play its part in delivering this new framework.** By this I do not just mean the process of administering applications for accredited Tourist Board and Destination Development Partnership status and then monitoring and evaluating. There are other ways in which VisitEngland could add value. In particular, VisitEngland could provide the means by which best practice across the country is shared and discussed, they should be playing a lead role on ensuring standardisation in data and evidence, and they should be the go-to source for advising on articulating the Government's tourism policy and priorities for England. The VisitEngland business events team could also support Destination Development Partnerships by acting as a central bureau for event enquiries, information and referrals, and by collaborating on a strategic plan for winning events in England.

Recommendation 5: The Government must also change its approach, in order to maximise the success of the new system. There is currently insufficient appreciation of the importance and promise of the visitor economy at the top of government, leading to unfilled potential in DMOs and the wider tourism landscape. In practice, responsibility for tourism policy cuts across multiple departments, creating a confusing picture. Practical measures to address these issues could include elevating the Tourism Minister to a Minister of State position and either reallocating responsibilities from other departments to sit under that Minister or making the Minister responsible for the activities of teams within multiple departments – this latter suggestion is an established practice already in other policy areas which cut across Whitehall departments.

151. **There was a strong sense throughout the review that tourism is not given the prominence it deserves by the UK government (of all colours).** This sense came from former Tourism Ministers, DMOs themselves, businesses and others. In particular, it was felt that tourism and the visitor economy more generally was taken for granted – an industry that will grow by itself and does not require government intervention. That mindset has to change across the Government.

152. **COVID, however, has helped focus minds.** The impact of the pandemic on the visitor economy has been significant and interventions such as the VAT cut and the furlough scheme have been crucial. The Government's recently published Tourism Recovery Plan is a promising development, as is the decision to commission this review, and I think the Government understands that if it wants to maximise tourism's contribution to the levelling up and sustainability agendas it has to be more 'hands-on'.

153. **However the sector needs to hold the Government's feet to the fire.** Whilst the current Tourism Minister was widely praised by contributors to the review for his handling of the pandemic, many noted he was one of four in recent years – which the sector has taken as a sign about the seriousness with which they are viewed. I have already referred to the paucity of the VisitEngland budget compared to Scotland's, and similar comparisons can be made between VisitBritain's budget and its competitor tourist boards, for example Tourism Ireland spends double what Britain does in the USA. Many contributors praised the 2019 Tourism Sector Deal as an important development, but noted there was limited funding attached to it and that some headline proposals, such as Tourism Zones, had not been implemented.

154. **Although the DMO landscape can be confusing, who is responsible for what in Government when it comes to tourism policy can be confusing too.** Just as it is hard for a tourism business to know who they can pick up the phone to in the current fragmented landscape, it can be hard for DMOs to know where to go in Government if they want to impact tourism policy. Whilst 'tourism' currently sits within DCMS, responsibility for the policy levers affecting tourism policy are spread far and wide across Government – the Treasury leads on taxation, the Home Office on visas, the Department for Transport on all forms of transport and inbound travel, the Department for Business on consumer protection... the list goes on. The Minister responsible for tourism does not control many of the policy levers. As a practical step to make it clearer who is responsible for what, the Government should consider bringing together teams with responsibility for tourism policy together under one Minister. It was interesting to see both Scotland and Wales recently move responsibility for tourism policy into new departments. One model might be the Cities and Local Growth Unit, which spans two Departments and co-locates policy

teams responsible for economic growth. The Tourism Recovery Plan's stated intention to create an inter-Ministerial group for Tourism is a welcome proposal but in my experience not enough on its own to meet the challenge of cross-departmental collaboration within the national Government; there needs to be a structure of officials sitting beneath it with clear lines of accountability to deliver Ministerial decisions.

Recommendation 6: In order to help DMOs and Local Authorities take decisions on how best to develop the visitor economy in their local area, the Government should improve access to quality data by introducing the proposed Tourism Data Hub as a matter of urgency.

155.

The Tourism Recovery Plan includes a commitment to explore the benefits of a Tourism Data Hub, first referenced in the Tourism Sector Deal in 2019. As the Plan describes, such a Hub could help address the dearth of reliable and robust data found on the tourism sector throughout this review – particularly at a local and regional level. The Hub's intention to provide real-time data on consumer behaviour, bookings, and longer-term trends would be a massive game-changer. This in turn could be used to provide Destination Development Partnerships and accredited Tourist Boards with useful insights for planning their regional and local activities. With this in mind, the government should prioritise the development of such a Data Hub at the earliest opportunity.

Recommendations for DMOs

156.

DMOs themselves also have a role to play in addressing the barriers preventing the DMO landscape as a whole from fulfilling its potential. Even though my main recommendations relate to the Government, it cannot just be left to them. The review raised a number of themes and issues that warrant critical reflection from those DMOs themselves that find themselves accredited. Given the torrid time tourism has faced since the pandemic began, it was heartening to find across the country a huge amount of passion and commitment from people working in DMOs. There is no shortage of enthusiasm, but that alone will not be enough to create the conditions that will allow regional tourism to recover and thrive.

Recommendation 7: DMOs must accept that they also have a role to play in driving forward change; it cannot just be left to the Government. To maximise the success of the new structure I have outlined, DMOs will need to take a less territorial approach, have a greater focus on collaboration, and recognise that the current fragmentation is holding them back from acting as effective advocates for the visitor economy.

157.

At the centre of this recommendation is my finding that the fragmentation and confusion of the DMO landscape does itself no favours. A consistent theme across the review, whether I was engaging with public sector policy makers (at all tiers of Government) or private sector businesses, was that the DMO landscape was too opaque, duplicative without apparent good reason and overly confusing. Speaking as a former MP and Government special advisor, I know how important time is to public sector decision makers. The hard reality is that if something takes an age to explain, especially with a subject like DMOs where the benefits are not immediately visible to the general public, then it is going to switch policy makers off.

158.

One issue DMOs will need to address is that of geographical overlap. Whilst I am generally all for competitiveness, I also recognise that intra-region competitiveness in particular can ultimately harm and hinder growth, especially when it overly dilutes a brand and presents confusion from the outside looking in. I lost count of the number of times I was told by people coming from all sorts of perspectives that there are currently 'too many' DMOs within England, 'too many' duplicating and that fundamentally consolidation is needed. I have not recommended that this be engineered by the national Government, with them deciding which DMO covers which area, because I do not think the Government is best placed to know what the right geography is in every part of the country and because local knowledge is so vital. However, I would expect the criteria for any national accreditation scheme to be designed so as to encourage collaboration and join-up. I also hope for a rationalisation

of the landscape to follow, with players across the visitor economy gravitating towards the accredited Tourist Boards and Destination Development Partnerships, and away from the unaccredited.

Recommendation 8: DMOs should seek to diversify their income streams, and should share and learn from examples of best practice. This will enable them to best leverage the core funding I propose and I would expect a commitment to diversification as being an accreditation criterion.

159.

The pandemic has exposed the fragility of the DMO funding landscape, in particular for those relying most heavily on commercial revenue sources like membership fees. With this in mind, I would recommend that maintaining, growing and diversifying commercial income streams should be a key focus for accredited Tourist Boards. This could give them an extra string to their bow, and support the overall delivery of their strategic vision. If the Government does introduce a core funding approach for Destination Development Partnerships I would expect that this does not erode or detract from the commercial acumen and rigorous evidence praised as a core strength of many DMOs.

160.

The sector is awash with best practice on commercial income generation, and DMOs may consider some of the following as potential areas to look at:

- **Commercial membership:** moving beyond a transactional relationship to a longer-term (even multi-year) model that builds a sense of 'belonging' among members, encouraging local collaboration and making renewal more likely.
- **Consultancy services:** for example, advising on planning applications and inward investment cases.
- **Training:** developing and running training programmes for businesses and wider stakeholders as necessary.
- **E-commerce and product sales:** using the VisitEngland led TXGB platform, which connects tourism suppliers to domestic and international distributors, to drive online sales of the region's product offering, bringing revenue directly to the organisation.
- **Product offering:** developing and selling consumer experiences (e.g. city walking tourism or running Christmas markets).
- **Acting as a film desk:** Film and TV tourism is a growing market segment for the UK and providing scouting and coordination services for filmmakers could prove a major opportunity area, with substantial dividends going forward.

161.

The new structure could help with commercial income generation. For example, Destination Development Partnerships could consolidate back office functions across accredited Tourist Boards in their area, freeing staff up to do more proactive activities. Partnerships could also collate and share best practice and organise training for DMO staff. They could also consider providing DMOs with a degree of 'seed funding' from their Government grant to test innovative approaches.

Recommendation 9: DMOs should have a rigorous focus on keeping the skill sets and expertise of their own staff up-to-date, particularly with respect to digital skills, so as to ensure their destination's offer continues to be sustainable and competitive.

162.

The success of any new structure will rely heavily on accredited Tourist Boards and Destination Development Partnerships employing skilled staff, who have the knowledge and tools they need to ensure their destination remains competitive and sustainable. It's clear that DMO staff are passionate and knowledgeable but I also found concerns with the supply of skilled staff (exacerbated by the pandemic) and an over reliance on particularly brilliant individuals. My hope is that the relevant Destination Development Partnership will allocate a portion of its funding to skills development within the accredited Tourist Boards themselves. In particular, there should be a focus on:

- **Digital skills** – if DMO staff are not equipped to maximise the potential of opportunities presented by emerging technologies such as Augmented and Virtual Reality and 5G then destination competitiveness could suffer. DMOs also need to understand how consumer decision-making and

consumption is shifting online, and should be just as comfortable with TikTok and Tripadvisor as with creating paperback destination guides.

- **Selling internationally** – Through the Discover England Fund, VisitEngland has worked with DMOs to increase their knowledge and awareness of the international travel trade. Initiatives such as Taking England to the World could be looked at as a model for upskilling small and medium enterprises and the TXGB platform should be utilised to its full extent.
- **Promoting the industry** – DMO staff should also feel comfortable going into schools, colleges and universities to promote the tourism industry as a great sector for realising talent and growing a career, countering misguided preconceptions about the industry as being one just for jobs for the summer. There are some good examples of this already, for example the work undertaken in Liverpool engaging colleges in the city region.

Recommendation 10: DMOs should have more diverse boards that fully represent their communities as well as their businesses and visitors.

163.

Whilst not a dominant theme, I was struck that issues around the diversity and inclusion of DMO boards emerged as an area of concern in the anonymous written consultation exercise. Simply put – the governance structure of a DMO should reflect the visitor economy it represents. That means reflecting both consumers and businesses and there must be a significant role for the private sector. Different perspectives can always add value, but particularly in tourism where you must look at a destination from the perspective of a visitor. I was struck by comments noting that whilst it's great that DMOs 'live and breathe' their region, this can sometimes blind them to a destination's shortcomings from the perspective of a potential visitor. DMOs should reflect on this recommendation and respond accordingly.

Recommendations for Local Enterprise Partnerships and Local Authorities

164.

My final set of recommendations focus on two groups that will be essential to the success of DMOs going forward, and which were much discussed over the course of the review. I have focused on Local Enterprise Partnerships and Local Authorities as they quickly emerged as two key cogs in the wheel. As we have seen, for a DMO to be at their best they must be well integrated with bodies and organisations that hold levers associated with their plan for the destination. I do not think it is a coincidence that the DMOs which were regularly cited by contributors to the review as high performing are those working in sync with the Local Enterprise Partnership and the relevant Local Authorities.

Recommendation 11: Local Enterprise Partnerships must realise the value of tourism, ensure the visitor economy is fully integrated into their economic strategies and play their full role as partners in the activities of their local accredited Tourist Board and Destination Development Partnerships. They should recognise that DMO type organisations are best placed to drive growth in regional tourism and they should actively support them.

165.

I am aware that the Government is undertaking its own review of Local Enterprise Partnerships (LEPs). I am not privy to the findings of that review, however. I am also aware that the Government intends to bring forward a white paper on levelling up and devolution later this year. As such, I have sought to be more general in my recommendations here, on the assumption that things might change.

166.

One finding is crystal clear to me though – wherever the Government ends up on LEPs, they should not recommend that they take on the functions of DMOs. Some respondents advised me to align DMOs and LEP areas, but these were almost always DMOs that were closely integrated with their LEP and aligned geographically. I am not sure that the rest of the country aligns or works in this way. For example, from a consumer perspective it would clearly be ludicrous to build a DMO around 'Enterprise M3'. The foundation stone of any DMO must be what makes sense to the consumer. If that aligns with LEPs, great, if it crosses multiple LEP boundaries then that needs to be worked around. I think artificially fixing DMO boundaries to match LEPs would be a mistake. Similarly fixing LEP boundaries around DMOs would also be a mistake as LEPs cover more than just the visitor economy.

167. **The key point of LEPs is that they need to be more consistently engaged in the visitor economy.** The visitor economy is here to stay, makes a substantial economic contribution and employs millions. To an extent, I think the pandemic experience has woken LEPs up to its value, and there was evidence provided of LEPs that were really well engaged such as in the North East or in London where the LEP contributed £1m to the recent London domestic recovery campaign. However, the overwhelming message was of the visitor economy being underappreciated. For the reasons I have outlined, I think the complexity and fragmentation of the DMO landscape makes it harder for LEPs to engage, but this is not the only problem. Too many in LEPs tend to unfairly dismiss the sector as low productivity and low growth. However, one phrase that emerged during my engagement sticks in my mind – today’s visitor is tomorrow’s investor. One respondent provided evidence that for their county, 19% of future inward investors started as tourists. They liked what they saw when they came on holiday or visited as a business traveller and decided it was a place for them to build a business.
168. **The question is how to achieve this.** To an extent, I think that if the recommendations for Government are implemented, then this will greatly assist levels of LEP engagement. They will know who to engage with and what they can get, as there will be new Destination Development Partnerships advocating for the visitor economy with clarity. However, I would advise the Government when designing the scheme, and DMOs when bidding for it, to strongly consider the potential for ‘cross-pollination’ between the LEP and the DMO in order to ensure fully-integrated partnership working, and take the opportunity to eradicate any duplication or overlap within their own structures and committees.
- Recommendation 12:** Local government – be that a District Council, County Council, Mayoral Combined Authority or any other formulation – must also realise the value of tourism and should strive to play their part in supporting their accredited Tourist Board and Destination Development Partnership. They should accept that for DMOs to be at their best, they need to be public/private/community partnerships, not based solely in a Local Authority but working in close partnership with them. They should also involve their DMO in any policy decision-making affecting the visitor economy.
169. **For a DMO to be at their best, they must work closely with their Local Authority.** The reasoning is simple – the Local Authority holds a number of key policy levers that affect a destination. For example they can run a number of visitor attractions, will look at issues such as local public transport, roads or cleanliness and are important for engaging businesses on issues such as alcohol licensing.
170. **However, I do not think DMOs can be at their best if based entirely within a Local Authority.** As with LEPs, this runs the risk of a DMO that does not have the consumer front and centre and is therefore designed around artificial administrative boundaries rather than boundaries that make sense as a consumer proposition. Furthermore, a Local Authority led organisation may be overly bureaucratic, putting off engagement from the private sector, and becoming subject to changing political winds; there was much criticism of this during the review.
171. **I appreciate how difficult it is for Local Authorities to engage, especially with tourism not a statutory requirement, but I would strongly recommend they do not lose sight of the importance of the visitor economy.** In particular, where they do fund DMOs it is imperative that the funding isn’t withdrawn following this review. The activities I am proposing be funded by the central Government are not intended to replace the sort of activities that Local Authorities are best placed to lead. My hope is that, should the recommendations be implemented, Local Authorities will have more clarity about what DMOs are and how they can work in partnership together. They should also have a very useful source of advice and intelligence when it comes to deciding how to use the policy levers they have which have an impact on the visitor economy.

Next Steps

172. **It is now incumbent on the Government to appraise the findings of my review and the recommendations and decide whether or not to proceed with them.**

Annex A: Terms of Reference

1. Purpose

This review aims to examine and assess how Destination Management Organisations (DMOs) across England are funded and structured, and how they perform their roles, in order to establish whether there may be a more efficient and effective model for supporting English tourism at the regional level, and if so what that model may be.

2. Objectives

The review will need to examine the extent to which the current DMO landscape:

- is economically efficient, effective and sustainable (with regard to funding, structure and performance)
- best enables the government to meet its leisure and business tourism policy objectives at a national, regional and local level
- engages within the wider local and regional economic landscape, and the current focus on English devolution and levelling up

Depending on the findings of this examination, the review will then need to make recommendations, to government, the tourism sector or both as appropriate, on:

- whether DMOs might be structured or funded differently, and if so how any proposals might maximise post-COVID-19 recovery and long-term success
- what the role of DMOs should be, bearing in mind existing other local structures such as Local Enterprise Partnerships, Mayoral Combined Authorities, local authorities and other similar local/regional bodies; and where these might intersect
- how DMOs should best engage with, and be engaged by, VisitEngland, VisitBritain and DCMS, as well as wider government/public bodies where relevant (e.g. Arts Council England; UK Sport)

3. Scope

This independent review will produce a detailed examination of the DMO landscape in England, focussing on a) current funding models; b) organisational structures and c) performance levels (both in respect to before the COVID-19 pandemic ('the pandemic'), and since the start of 2020).

It will then try and establish whether the status quo is the most efficient, economically justifiable way of organising local and regional English tourism sectors, in order to maximise opportunities for supporting policy priorities on a local, regional and national scale, and, where relevant, internationally. These priorities include sector recovery, levelling up, and economic growth, as well as various local and regional priorities that are likely to differ from area to area.

Finally, it will then make recommendations on DMO structures, roles, funding model and engagement with other local and national bodies, based on the findings of the preceding steps. We anticipate that these recommendations could be for both the government at a national, regional, and local level, and the tourism industry.

The review will need to be placed in both a historical and an international context. This includes examining and evaluating the approach taken in England between 1999 and 2010, when regional promotion was carried out by government-funded Regional Development Agencies. It will also need to consider the tourism sector landscape in Scotland, Wales and Northern Ireland, as well as the approaches taken in comparator/competitor destinations globally.

The structure of the national tourism boards, VisitEngland and VisitBritain, will only be in scope of the review where it is relevant to the structures and funding of DMOs.

4. Stakeholder engagement

The review will aim to speak to as many of the estimated 150 DMOs in England as possible in the timeframe given, ensuring consultation with a diverse and representative spread of these organisations in terms of geographical location, size and nature of funding streams.

The reviewer will also need to engage with other local bodies/structures with an overlapping interest in the sector: these are likely to include Local Enterprise Partnerships, Mayoral Combined Authorities, where relevant, regional convention bureaux, and local authorities.

The reviewer will need to speak to a representative sample of tourism stakeholders. This includes commercial business representatives (e.g. hotels, attractions, event venues, hospitality venues etc), and wider organisations with an interest like heritage organisations, the National Parks, local transport bodies. This engagement will help to establish the views of wider stakeholders who have worked closely with DMOs both pre- and during the pandemic – as well as those who have not worked with DMOs before, or who may have started to do so only recently.

Finally, the reviewer will also need to consider the views of key stakeholder bodies in the sector, such as VisitBritain, VisitEngland and member bodies of the [Tourism Industry Council](#), an industry-led board composed of representative organisations from the tourism sector that advises the Minister for Sport and Tourism. It may also consult wider Arm's-Length Bodies and Executive Agencies (e.g. [Arts Council England](#); [UK Sport](#)) to understand local funding structures in place across government for other sectors (such as ACE's [National Portfolio Organisations](#)).

5. Governance

The review will be led by the current [Chair of VisitEngland](#), Nick de Bois, acting in an independent capacity. Mr de Bois will receive administrative support from a secretariat based in DCMS. Mr de Bois will report directly to the Secretary of State.

In recognition of VisitEngland's independent statutory role to advise the Government on tourism in England, Mr de Bois will be able to draw on the advice, insight and expertise of staff working for VisitEngland during the review as required. However, the review will be considered independent and not the official view of VisitEngland. Wider VisitEngland employees and/or Board members will not be able to access any information that DMOs or other contributors share with the review team – including Mr de Bois in his independent capacity – during the consultation process. VisitEngland's response to the review will be compiled and signed off independently of Mr de Bois, before he formally considers it in his role as Review lead. The final report with recommendations will be delivered to the Minister for Sport and Tourism and the Secretary of State.

Mr de Bois will be able to convene an experienced advisory panel to assist him with his review. He will speak to people, organisations and destinations across England and more widely to gain a fuller picture of the country's diverse tourism industry (we currently envisage that this engagement will take place remotely, though there is the potential to explore a limited number of in-person meetings where deemed appropriate). The final report will draw on existing evidence and that submitted by interested parties during the course of the review to make recommendations to the government and industry.

Any recommendations would need to have regard to existing legislation, DCMS spending commitments and wider government policy, particularly the focus on Levelling Up our regions.

The response to the government recommendations will be led by the DCMS Secretary of State and the Minister for Sport and Tourism.

6. Report and timing

The reviewer will be tasked with conducting their review over spring 2021, before evaluating their findings and submitting a written report, including their recommendations, to the Secretary of State by summer 2021. The final report will be published on gov.uk and laid before both Houses. The government will respond to the review's recommendations in due course, with the response led by the Secretary of State and the Minister for Sport and Tourism.

7. Context

7.1 DMOs

Destination Management Organisations (DMOs) are a common feature of local and regional tourism landscapes worldwide, and play an important role in the English tourism ecosystem. There are an estimated 150 DMOs in England, although these vary substantially in terms of activity, size, geographical area covered, funding models, structure and the degree to which they work with both the central government and the British Tourist Authority (BTA, trading as VisitBritain and VisitEngland).

DMOs are not the only local/regional organisations involved in place-based tourism policy and promotion – Local Enterprise Partnerships (LEPs) and local authorities can also play a role, as can Business Improvement Districts. It is not a statutory requirement for local authorities to fund tourism.

It has been suggested that the sheer variety and number of DMOs can make local tourism coordination and collaboration at a strategic level, in support of government policy objectives, more challenging, leading to duplication of efforts or, worse, a lack thereof, with subsequent impacts on the productivity and competitiveness of country's tourism sector, even pre-COVID-19.

7.2 COVID-19

The government recognises that the tourism sector has been among the worst-hit industries by COVID-19 and that DMOs have been particularly hard hit, especially those reliant on commercial income.

Many DMOs have been at risk of closure at a time when their business support role has become more important. At the same time, the government is aware that DMOs will have an important role to play in supporting the English tourism sector recover in the medium and long term, in line with government priorities around economic recovery and Levelling Up.

The pandemic has thrown issues with the current DMO landscape into sharper focus. So far, VisitEngland have made £2.3m available to support the survival of commercially reliant DMOs until March 2021, so that they remain viable to support government work on sector recovery. However, the government recognises that this is a short-term solution. The government also recognises that some DMOs have been forced to fold, while others have had to take cost-saving measures.

At the same time, the pandemic has highlighted strong examples of standardisation, collaboration and more agile working among DMOs.

7.3 Devolution in England

The government has set out a clear commitment to level up all areas of the country, and wants to devolve and decentralise to give more power to local communities. It intends to bring forward the Devolution and Local Recovery White Paper in due course, which will cover how the UK government will partner with places across the UK to build a sustainable economic recovery and set out our plans for future devolution arrangements. This work, combined with the fragility of the current DMO landscape, suggests now is a good opportunity to carry out a full-scale examination and assessment of the English tourism sector, to understand how it works currently and whether there is potential for it to work differently, in order to help strengthen the domestic sector through short and medium-term COVID-19 impacts, so that it can play a role in longer-term recovery.

Annex B: Methodology

Below I have provided further detail on the methodology I used to gather evidence for the review. In particular, I have provided further detail on the following:

- The one to one virtual meetings I held with stakeholders in March and April 2021.
- The online survey for DMOs, that ran between 24th March and 16th April 2021.
- The written consultation exercise, open to anyone, that ran between the 18th March and 4th May 2021.
- The nine in-person roundtable discussions I held in June 2021.

One-to-one virtual meetings in March and April 2021

I have provided a list below of who I met during my initial engagement. There was no set script or questions underpinning these meetings. Their primary purpose was to begin exploring the themes in the terms of reference, and to build my understanding of the DMO landscape and both its strengths and weaknesses. Common topics included what does and does not work well, why do we need DMOs, funding and fragmentation, the pandemic and examples of best practice – both within England and internationally.

Politicians

Andy Burnham – Mayor of Greater Manchester Combined Authority
 John Penrose MP – former Tourism Minister
 Tracey Crouch MP – former Tourism Minister

DMOs

Bury St Edmunds and Beyond
 Cumbria Tourism
 Experience Oxfordshire
 Liverpool City Region Visitor Economy Board
 London and Partners
 Marketing Manchester
 National Coastal Tourism Academy
 Newcastle Gateshead Initiative
 Visit Bristol/Visit Bath
 Visit Cornwall
 Visit East of England
 Visit Herefordshire
 Visit Isle of Wight
 Visit Kent
 Visit Lincoln
 Welcome to Yorkshire
 West Midlands Growth Company

Arms Length Bodies

Arts Council England
Historic England
VisitBritain and VisitEngland

Other

Association of Leading Visitor Attractions
Davies Tanner
Former Head of Tourism Policy at DCMS
Holiday Homes Association
LEP Network
Local Government Association
Mosaic Outdoors
Peak District, Northumberland and Exmoor National Parks
Tourism Alliance
Tourism Management Institute
Tourism for All

Online survey of DMOs, running between 24th March and 16th April 2021

The online survey was issued to 178 organisations taken from a list of English DMOs provided by VisitEngland. The survey was anonymous and asked a series of questions about size, structure, staffing, governance, membership, funding position, income streams and sector engagement.

In total I received 168 responses, of which 98 were completed and 5 were flagged as spam. Not every respondent answered every question and the average progress completed across responses was 75%.

Whilst the sample captured may not include each and every DMO in England, the total number of complete responses can be taken to represent a fairly accurate picture of the current landscape and I have felt comfortable in drawing conclusions about the landscape based on the survey.

Written consultation, running between 18th March and 4th May 2021

I wanted to make sure everyone had a chance to contribute their views as I knew that in the tight timeline available I would not be able to meet as many people as I would otherwise have wanted to. That is why I ran an online public consultation inviting responses from anyone. The consultation questions, along with the privacy notice associated with the data gathered can be found on gov.uk here: <https://www.gov.uk/government/consultations/independent-review-of-destination-management-organisations-dmos-consultation>

The consultation received 289 non-duplicative responses via the online portal, 18 via the DMO Review mailbox that I set up at the start of the process and 38 via other routes. In total there were therefore 345 submitted responses. Of these, 76 came from DMOs, 230 came from 'other organisations' such as tourism businesses, Local Enterprise Partnerships, Local Authorities or academics, and 39 came from members of the public.

My initial intention was to undertake analysis of the responses myself, in conjunction with the DCMS secretariat supporting me on the review, but the volume of responses received and the detail provided proved too substantial. DCMS therefore issued a tender inviting bidders to come forward to undertake the analysis. The contract was awarded to Llewellyn McLaren Consulting and they did a first rate job in turning around, in short order, a detailed report on the findings. I have drawn on it heavily in this document, and also deployed quotes submitted as part of the consultation.

Nine in-person sector roundtables in June 2021

The purpose of the roundtables were twofold – first to examine the key themes that had emerged from the initial stages of consultation and second to begin considering the policy implications for the Government. I wanted to make sure I was on the right track and also start thinking about solutions. Attendees for the roundtables were selected to ensure a broad spread of representatives – including DMOs, Local Enterprise Partnerships, Local Authorities, the private sector and academics. I worked with the Challenge Panel and DCMS Secretariat to develop a list of invitees.

Prior to the roundtables a short paper was issued to attendees introducing the key themes I had identified by that point, so as to serve as the basis of the discussion. There were nine themes in total and at each roundtable I spent half the session looking at two of the themes in detail. The themes were:

1. The huge variance in the size, model, and focus of DMOs across England means they are not as economically efficient, effective and sustainable as they could be.
2. DMOs do much more than just marketing. What should DMOs do, and how should this be supported?
3. Funding security is the number one problem identified by DMOs – agree?
4. The role of DMOs, and the importance of the visitor economy more generally, is poorly understood, leaving DMOs sidelined in decision-making.
5. Regional tourism is weaker because it has no top-down structure set nationally.
6. Why aren't Government priorities for tourism higher up DMOs' agendas?
7. DMOs are insufficiently integrated with wider local and regional economic structures to enable a fully coordinated approach to regional visitor economies.
8. How should DMOs be held to account?
9. Do major events (conferences, cultural/sporting events, filming etc) offer a missed opportunity for DMOs?

I have also listed below who the attendees were at each roundtable and its location.

East of England (Cambridge)

- Cambridge and Peterborough Combined Authority LEP
- Discover Newmarket
- Ely Cathedral
- Greater Yarmouth Tourism BID
- Knebworth House
- Shorthouse Russell Agency
- The Graduate Hotel
- Thameslink
- Visit Cambridge
- Visit East of England
- Visit Suffolk

East Midlands (Bakewell)

- Chatsworth Park
- D2N2 LEP
- Derby QUAD
- Derbyshire County Council
- East Lindsey District Council
- East Midlands Chamber
- Heights of Abraham
- Leicester and Leicestershire Place Marketing Organisation
- Marketing Peak District and Derbyshire
- National Forest Company
- Nottingham Castle Trust
- The Stay Company
- University of Lincoln
- Wicksteed Park

London (Greenwich)

- Greenwich Foundation for the Old Royal Naval College
- London and Partners
- Night Czar for the Mayor of London
- Royal Museums Greenwich
- South Bank Employers Group
- Visit Greenwich
- University of Greenwich

North East (Newcastle)

- Alnwick Gardens
- Arts Council England
- ASM Global
- Beamish Museum
- Newcastle Gateshead Initiative
- North East LEP
- North of Tyne Mayoral Combined Authority
- Northumbrian Water
- Northumbria University
- Sage Gateshead
- Visit County Durham
- Visit Northumberland

North West (Ribble Valley)

- ACC Liverpool
- Browsholme Hall
- Cumbria Tourism
- Jodrell Bank Discovery Centre
- Lake District National Park
- Liverpool City Region Visitor Economy Board
- Liverpool John Lennon Airport
- Marketing Cheshire
- Marketing Lancashire
- Marketing Manchester

South East (Portsmouth)

- Brighton Dome
- Coast2Capital LEP
- Experience Oxfordshire
- Gosport DMO
- Great Sussex Way
- Paultons Park
- The Hotwalls Studios
- Tourism South East
- Visit Hampshire
- Visit Portsmouth
- West Sussex+ DMO

South West (Tiverton)

- Brend Hotels
- Cornwall and Isles of Scilly LEP
- Great Western Railway
- National Trust
- Professional Association of Self-Caterers
- SS Great Britain
- South West Tourism Alliance
- West Dorset Leisure Holidays
- West of England Combined Authority
- Visit Cornwall
- Visit Exmoor
- Visit Devon
- Visit Gloucestershire
- Visit West
- Visit Wiltshire/Great West Way

West Midlands (Shrewsbury)

- Birmingham Airport
- Black Country Living Museum
- Canal and River Trust
- Culture Central
- Eat, Sleep, Live Herefordshire
- Ironbridge Museum Trust
- Marches LEP
- National Exhibition Centre
- Shakespeare's England
- Severn Valley Railway
- Visit Shropshire
- West Midlands Growth Company

Yorkshire (Hull)

- Discover Harrogate
- Castle Howard
- Hull City Council
- Hull and East Yorkshire LEP
- Make it York
- The Deep
- Visit Hull and East Yorkshire
- William's Den
- Wykeland

Annex C: Challenge Panel Members



David Curtis-Brignell MBE FTS

David started his career in local government working in British resorts. He then spent nine years at the English Tourist Board working alongside the Regional Tourist Board network and travel trade before moving into the commercial world, holding senior positions in global international hotel companies, travel and tour operators.

In 2015, he was invited by Visit Kent to set up the new DMO Visit Herts. He became Deputy CEO for the GoToPlaces group, working in Kent and Hertfordshire developing new projects, including “The Big Weekend”.

David served two terms as Chairman of The Tourism Society, co-founding British Tourism Week and then chairing VisitEngland’s English Tourism Week for ten years. In October 2020 he established Tourism Reimagined as a platform to support business recovery and is a frequent contributor to publications and an industry speaker. He was awarded an MBE for services to tourism in the 2020 Queen’s Birthday Honours.



Michael Hirst OBE

Michael is Chairman of the UK government’s Events Industry Board, established to grow the number of international business events held in the UK, and immediate past Chair and Executive Committee member of the Business Visits & Events Partnership, representing Britain’s business and cultural events’ industry. Michael serves on the Tourism Industry Council and is a director of the Tourism Alliance, the body that brings together all the major tourism organisations in the United Kingdom.

Michael was appointed an OBE in 2004 for his services to tourism in Britain and was awarded the 2013 Joint Meetings Industry Council Unity Award, recognising individuals who have made a significant contribution to the advancement of the international Meetings Industry. He was awarded the 2008 IHIF Lifetime Achievement Award for his distinguished career in hospitality, leisure and tourism.



John Hoy FRICS

John spent 13 years as the Agent & General Manager for the Knebworth Estate before leaving to join The Tussaud’s Group – initially at Warwick Castle as Head of Operations and then General Manager of Madame Tussaud’s London.

In 2003, he was appointed the first Chief Executive of Blenheim Palace, where he drove significant change until he left at the end of 2016. John now advises a number of heritage and leisure clients, including spending two years at Castle Howard as Chief Executive.

John sat on the VisitEngland Advisory Board from 2011 to 2019, and is currently the chair of Silverstone Heritage Limited and of the Culture and Visitor Economy Sub-Group of the Oxfordshire LEP.



Kate Kennally

Kate joined Cornwall Council in January 2016 after a decade as Chief Executive at Barnet Council. With a background in people services, she is passionate about improving the life chances of the people of Cornwall through economic growth and through empowering communities to get involved in the delivery of public services.

Kate has accelerated the transformation and improvement of Cornwall's Council services, with an emphasis on adult social care and delivering the conditions for inclusive growth beyond Brexit. This has resulted in a reconfiguration of roles and responsibilities within Cornwall, with public amenities devolved to local communities and the Council gaining new 'strategic' powers from the Government to deliver the infrastructure, homes, skills and jobs to create a more prosperous and sustainable Cornwall.



Frank Rogers

Frank was appointed Chief Executive of the Liverpool City Region Combined Authority in November 2018, having previously taken up the position of Interim Head of Paid Service in 2017.

Frank oversees the Combined Authority's work across a range of key policy areas including transport, strategic investment, housing and employment and skills.

In 2015, Frank was appointed as Merseytravel's Interim Chief Executive being confirmed in the permanent dual role of Chief Executive and Director General two years later, before taking up his current dual role leading the Combined Authority and Merseytravel. He joined Merseytravel in 2006, as General Manager.



Sarah Stewart OBE DL

Recently retired following a wide-ranging career in marketing and business development, Sarah was Chief Executive of NewcastleGateshead Initiative 2010-2019, a successful public/private partnership operating as a DMO for leisure tourism and business events and as an inward investment agency. During this time, NGI bid for and delivered major sporting and cultural events, including the Great Exhibition of the North (2018).

Her early career was with Procter & Gamble, Price Waterhouse and Sage Group plc and was followed by a successful freelance career. Former non-executive roles include Deputy Chair of Port of Tyne and International Centre for Life. Member of the VisitEngland Advisory Board (2011-2019). Sarah was awarded an OBE for services to the North East economy in 2016 and is now Chair of Gateshead College.



Nigel Wilkinson

Nigel has been Managing Director of Windermere Lake Cruises Limited since 2004. He is also Managing Director of Winander Leisure Limited, and Director of Winander Group Holdings Limited, Lakeland Motor Museum Limited and Rushbond plc.

Windermere Lake Cruises Limited carried over 1.6 million passengers in 2019, making it one of the most popular paid visitor attractions in England, according to the most recently published Visit England Visitor Attractions Survey. Nigel joined the Board of Cumbria Local Enterprise Partnership in 2017 and chairs its Visitor Economy Sector Panel and its Finance, Audit and Resources Committee. From 2007 to 2017, he was a director of Cumbria Tourism.



Kate Willard OBE

Kate is the Thames Estuary Envoy and chairs the Thames Estuary Growth Board. In addition, she is senior advisor to Esken and an independent consultant working on a diverse portfolio of infrastructure and growth projects. With a background in culture and creativity, Kate has lived and worked in Hungary, France and Belgium, as an independent regeneration expert with the European Commission on major transnational projects in employment, social cohesion and regional development.

Whilst living and working in Hungary, Kate also established the first UK-Hungarian cultural partnership trust, Brouhaha Magyarország and was CEO of the UK's first rural regeneration company (Rural Regeneration Cumbria). Kate is a Churchill Fellow and Fellow of the Royal Society of Arts (FRSA).



Baroness Laura Wyld

Laura Wyld's career has spanned business, public life and the voluntary sector.

Appointed as a non-executive board member of DCMS in 2020, she is also currently a non-executive board member at Ofsted and a freelance communications and strategy consultant.

She is a Member of the House of Lords and sits on the Public Services Committee, and was also a member of the Regenerating Seaside Towns Select Committee.

Annex D: Acknowledgements

A large number of people have made this review possible, enabling me to get it done in what was an extremely challenging timeframe.

First of all I want to extend my thanks to the small team of DCMS officials which has supported me throughout the review. They have provided the exemplary support, expertise and passion to help deliver this report that I have had the pleasure of witnessing in many other professionals across the tourism sector during this review. To have completed this task in such a tight time scale and under the conditions imposed during the pandemic I am very grateful to the personal efforts of David Martin, Xanthe Dennis and Jamie Haworth.

I also want to thank Anna Adrien, my Executive Assistant in my capacity as Chair of the VisitEngland Advisory Board, who has organised my diary and stepped in as emergency note taker, and also Edwin Poon at DCMS, who undertook the detailed analytical work on the quantitative data I gathered.

Second, I would like to thank those members of the Challenge Panel which I set up to help me make sense of all the evidence coming in. They have been a great help in acting as a sounding board throughout the process, informing opinion, probing and testing my recommendations, and participating in the series of roundtables across the country.

Third, I want to thank those DMOs and attractions which took the time to host me in-person, and to facilitate the series of regional roundtables I held in June. Organising large meetings is never easy, but doing so in a pandemic is even more difficult. It was great to be able to meet people in person again, and I am grateful to all the venues for facilitating that in a safe way.

Fourth, I want to thank Llewellyn McLaren Consulting, who DCMS commissioned to provide me with an analysis of the qualitative data I gathered through the written consultation exercise. Their work was first-rate, and done at breakneck pace.

Fifth, I want to thank Lord Mendoza for taking the time to meet me at the start, and near the end, of the process to discuss his experience of running an independent review.

Lastly, I want to thank all those who took the time to contribute, be that in one-to-one meetings with me, as respondents to the various consultation exercises I undertook or as attendees at the regional roundtables. The response from the sector to the review has been enthusiastic, engaged and substantive.

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