

# REGIONAL SPOTLIGHT

Journal of Destination Management and Marketing

MAY WE LIVE IN LESS INTERESTING TIMES?  
CHANGING PUBLIC SECTOR SUPPORT FOR TOURISM  
IN ENGLAND DURING THE SOVEREIGN DEBT CRISIS.

Prof Tim Coles

Dr Claire Dinan

Fiona Hutchison

Centre for Sport, Leisure and Tourism Research,  
University of Exeter Business School.  
Streatham Court, Rennes Drive, Exeter, EX4 4PU.

MAY WE LIVE IN LESS INTERESTING TIMES? CHANGING PUBLIC SECTOR SUPPORT FOR  
TOURISM IN ENGLAND DURING THE SOVEREIGN DEBT CRISIS.

Highlights

- Examines radical change in public sector support for tourism since 2010
- Considers implications of abandoning long-standing regional scale in favour of localism
- Reforms intended to boost competitiveness and performance of sector in England
- Uncertain future ahead because public sector budgets cut as part of austerity plan

What's in a word? Well, quite a lot it turns out if it's 'region'. Shortly after the Conservative-Liberal Democrat 'Coalition Government' was elected in May 2010, it announced that regional development agencies (RDAs) in England would be disbanded (Cabinet Office, 2010 p.10). Introduced by Tony Blair's New Labour government shortly after it came to power in 1997, RDAs were to close by April 2012. According to some commentators, it was precisely because of their political connotations that the RDAs were doomed even before the election (Kite, 2010). Others contested their records of achievement in stimulating economic development. Allegedly poor returns on taxpayers' investment made possible savings from their closure all the more attractive in the drive to reduce the United Kingdom's public spending and spiraling sovereign debt (Taxpayers' Alliance, n.d). Where once the region had been advocated as the ideal scale of governance to respond to the effects of globalization and the hollowing-out of the nation-state (Webb & Collis, 2000; Fuller, Bennett & Ramsden 2002), this was no longer the case. Instead, according to the rhetoric, new times require new solutions and local communities were to be at the heart of the recovery. Harking back to the Enterprise Zones of neo-liberal policy in the 1980s under the Conservative Prime Minister, Margaret Thatcher, Local Enterprise Partnerships (LEPs) were to spearhead

economic development in England. Sub-regional in scale and to a large degree previously untested, LEPs were to focus on local economic strengths to leverage future investment and promote growth. Interestingly, LEPs would be permitted across existing local government boundaries and allowed to overlap (Mellows-Facer, 2011).

[Insert Figure 1 near here]

From the perspective of destination management and marketing, this shift in the preferred spatial scale of economic governance is significant. England had a complex and densely-populated landscape of public sector support for tourism in early 2010 and architecturally this was dominated by the region. Regional Tourist Boards had existed since the Development of Tourism Act in 1969 (Shaw, Thornton & Williams 1998 p.216) and they had been charged with implementing national government policy aspirations for tourism within parts of England (as well as Wales, Scotland and Northern Ireland prior to devolution). Within England, RDAs as the strategic lead for economic development not surprisingly worked very closely with RTBs during the last decade. In some cases, they directly invested in their activities while in others RTBs were progressively integrated within RDAs. Arguably, rather than a clear, well-structured field, the landscape had become a fractured bocage. In addition to RTBs, a number of destination-level groups had emerged at various sub-regional levels including individual resorts, localities (e.g The English Riviera Tourist Board in Torbay) and counties (e.g. The Cornwall Tourist Board, Visit Devon). In many cases, these local-level organizations built on the long and rich legacy of place brand equity creation by resort bureaux, associations and (regional) railway companies in the early twentieth century (e.g. on the South West of England, see for instance Morgan & Pritchard, 2000). More significantly in the spirit of the current age, such groups intended to capitalize on the benefits of public-private (sector) partnership working. However, they were for the most

part restricted to existing politico-legal boundaries because they relied heavily on local government funding and hence were accountable to local electorates. Nevertheless, destination management organisations (DMOs) became ever more visible before the 2010 election.

At a stroke then, the abolition of the RDAs sounded the final death knell of the RTB (even if the clapper had been swinging for some time). As the new Conservative Prime Minister, David Cameron, (2010) argued in a speech to industry leaders,

‘The old Regional Development Agencies [and hence RTBS] put bureaucratic boundaries over natural geography ..... Now if areas like this want to work together across those old, centrally-imposed boundaries they can.’

What is more, the Coalition Government’s tourism policy (Penrose, 2011 p.21, p.8) identified the need for ‘new industry-led local tourism bodies’ in the form of ‘smaller, highly focused, industry-led partnerships between tourism firms and government’. In short, the document proposed a greater role for DMOs. They would work collaboratively with the private sector, other DMOs and their respective LEPs in order to leverage investment, stimulate development, and contribute to other tourism policy ambitions set out in the document (table 1). The private sector is expected to contribute a progressively greater proportion of costs, preferably in their entirety because,

‘we shouldn’t expect taxpayers to pay for the marketing budget of any other sector of our economy, let alone an industry as large and successful as [tourism]’ (Penrose, 2011 p.19).

Somewhat direct and blunt in tone, the document also speaks of a sector,

‘.....surprisingly dependent on public funds for much of its destination marketing activity....’, ‘.....the danger of “free riding” by firms....’ and ‘.....widespread market failure of investment in collective destination marketing’ (Penrose 2011, p.19).

[Insert table 1 near here]

On one level, this restructuring of governance is presented by government as a great and liberating opportunity. As many academics and practitioners have recognized through countless surveys, visitors do not routinely recognize or restrict themselves to particular geo-political administrative boundaries in their trip experiences or travel behaviours. Destination brands are encouraged like the World Heritage Jurassic Coast which straddles two counties (Dorset, Devon) and two local authorities (West Dorset, East Devon). On another level, however, it has been interpreted as reckless and irresponsible. For the CEO of the British Hospitality Association, the lack of substance on how LEPs may operate and more specifically how supportive they may be of tourism (or not), is deeply unsettling because,

‘tourism is the economic driver of many regions of the country. As a result, it’s very difficult to see how effective LEPs will be .... and that’s a significant risk to the industry’s latent potential for regeneration and job creation in precisely those part of the country where it is most needed’ (Ibrahim, 2011 p.5).

Further criticisms have focused on alleged misunderstandings inherent in the document. For instance, the much greater use of private capital to substitute for public sector support may be possible in other sectors; however, this is believed to be unrealistic for a sector so

heavily dominated by SMEs. Others have noted anecdotally that a downturn is precisely when government should be investing (more) in its key sectors. Public sector support helps to maintain competitiveness, consolidate (international) market share, and protect both jobs and taxation revenue that are vital to recovery. Indeed, this is the sort of approach taken by the Federal Government in Germany (Bundesministerium für Wirtschaft and Technologie, 2012a, 2012b). Fundamentally then, these changes have to be read as nothing other than the embodiment of the current government's desire to cut the fiscal deficit. Unlike defence, education or health, tourism is not a statutory obligation for central or local government. As such, it is a relatively easy target in attempts to cut total public spending. As a result of the Comprehensive Spending Review in autumn 2010, budgets to VisitEngland, the national tourism body, been reduced by 34% and to an effective operating budget of £2.3 million (Hunt, 2010) while local government had its settlement reduced by 27% (BBC 2010).

Notwithstanding the logic of this approach, arguably the governance changes outlined in recent tourism policy are some of the most radical in a generation but where does this leave destination marketing and management in England? Recent detailed research on how the emerging landscape of public sector support for tourism demonstrates that the current *leitmotif* is, not surprisingly, uncertainty (Dinan, Hutchison and Coles, 2011): 60% of 35 LEPs and 86% of destination groups reported a lack of clarity. Only 59% of destination groups had engaged with their respective LEP; all destination groups currently rely on the public purse as their principal source of funding; and 67% have experienced a decline in this funding stream from 2010-11. Considerable doubts have been raised about the willingness or ability of private sector actors to contribute more to DMOs and this is compounded by a loss of capacity. Over 54% of destination groups recorded staff losses from 2010-11 commonly through redundancy and retirement. With them often went considerable institutional memory and tacit knowledge and, of course, practitioners can no longer rely on RTBs or

RDAs for support. Furthermore there has been little evidence of DMOs forming across geographical boundaries to reflect destination geographies more closely, and there has been only a muted dialogue between those DMOs falling within the same LEP territory.

Some of this uncertainty is perhaps to be expected given the current turbulence in society and economy in the UK and no doubt, over time, there will be a normalization of the situation as relationships between LEPs and DMOs unfold. However, none of this should deflect from the fact that government has considerable targets for the further growth of, and productivity gains from, the tourism sector (table 1) and at present DMOs appear to be in an invidious position as the *de facto* delivery partners. It seems almost axiomatic to invoke the management cliché that DMOs are being expected to achieve more with less resource. Still further constraints are being applied and will be so for some years to come as a result of the 2010 Comprehensive Spending Review. However, this leaves destination managers and marketers in England with a conundrum. Policy views marketing as a key means to promote tourism just as long as it is not reliant on public funds. Put another way, then, one of the more pertinent questions for future research is just how far these multiple quasi-independent, non-government bodies subscribe to, and are able to contribute to, the government's vision for tourism development? Thus, the future does not appear especially bright at the present time but England may not be on its own in the need to reform. Since a great many members of the Eurozone have to cut public spending, this raises the question of whether they too will elect to cut public sector support for tourism? Thus, it will be interesting to learn how far the situation in England is reflected elsewhere and conversely what lessons DMOs can learn from how market failure is interpreted, understood and addressed in other states.

Robert Kennedy once made the pithy observation that ‘we live in interesting times’. Keen observers will know that, somewhat ironically, this is not an especially optimistic comment. Rather, the origins lie in the Chinese curse ‘May you live in interesting times’ because more tranquil, sedate and peaceful conditions are more enriching and enhancing (Anon, 2012). As we discovered during our research (Dinan et al. 2011), a great many practitioners in destinations around the country are wishing for a duller, more predictable state of affairs.

## REFERENCES

- Anonymous (2012). May you live in interesting times. Retrieved February 1, 2012, from The Phrase Finder: <http://www.phrases.org.uk/meanings/may-you-live-in-interesting-times.html>.
- British Broadcasting Corporation (BBC) (2010). Spending Review 2010. Key points-at-a-glance. Retrieved April 24, 2012, from BBC Website: <http://www.bbc.co.uk/news/uk-politics-11569160>.
- Bundesministerium für Wirtschaft and Technologie (BMWi) (2012a). Tourismuspolitik. Online document. Retrieved March 21, 2012, from BMWI website: <http://www.bmwi.de/BMWi/Navigation/Tourismus/tourismuspolitik.html>.
- Bundesministerium für Wirtschaft and Technologie (BMWi) (2012b). Wirtschaftsfaktor Tourismus Deutschland. Kennzahlen einer umsatzstarken Querschnittsbranche. Retrieved March 21, 2012, from BMWI website: <http://bmwi.de/BMWi/Navigation/Service/publikationen,did=474112.html>.
- Business, Innovation and Skills, Department of (BIS) (2011). LEP Map. Retrieved May 12, 2011, from BIS website: <http://www.bis.gov.uk/assets/biscore/economic-development/docs/l/leps-map-revised-april-2011-pdf-format.pdf>.



- Cabinet Office, The (2010). The Coalition. Our Programme for Government. Retrieved October 19, 2011, from Cabinet Office website:  
<http://www.cabinetoffice.gov.uk/news/coalition-documents>.
- Cameron, D. (2010). PM's Speech on Tourism. Retrieved June 22, 2011, from Number 10 website: <http://www.number10.gov.uk/news/speeches-and-transcripts/2010/08/pms-speech-on-tourism-54479>.
- Dinan, C.R., Hutchison, F. and Coles, T.E. (2011). The changing landscape of public sector support for tourism in England: Insights from Local Enterprise Partnerships and Destination Management Organisations (DMOs) in England. Retrieved May 25, 2012, from University of Exeter, Centre for Sport, Leisure and Tourism Research website: [www.ex.ac.uk/slt](http://www.ex.ac.uk/slt).
- Fuller, C., Bennett, R.J. and Ramsden, M. (2002). The economic development role of English RDAs: the need for greater discretionary power. *Regional Studies*, 36(4), 421-428.
- Hunt, J. (2010). Letter on the Spending Review Settlement to Chair of Visit Britain. Retrieved May 12, 2011, from DCMS website:  
[http://www.culture.gov.uk/images/publications/Rodrigues\\_Visit\\_Britain.pdf](http://www.culture.gov.uk/images/publications/Rodrigues_Visit_Britain.pdf).
- Ibrahim, U. (2011). Tourism and LEPS, *Tourism Society Journal*, 146, 5.
- Kite, M. (2010). 'Coalition announces plans to abolish Regional Development Agencies' The Daily Telegraph 12/06/2010. Retrieved, October 19, 2011, from the Daily Telegraph website: <http://www.telegraph.co.uk/news/politics/7823449/Coalition-announces-plans-to-abolish-Regional-Development-Agencies.html>.
- Mellows-Facer, A. (2011). Local Enterprise Partnerships. Retrieved May 12, 2011, from Parliament website:  
<http://www.parliament.uk/briefingpapers/commons/lib/research/briefings/SNEP-05651.pdf>.

Morgan, N. and Pritchard, A. (2000). *Power and politics at the seaside: The development of Devon's resorts in the Twentieth Century*. Exeter: University of Exeter Press.

Penrose, J. (2011). *Government Tourism Policy*. Retrieved April 20, 2011, from DCMS

website:

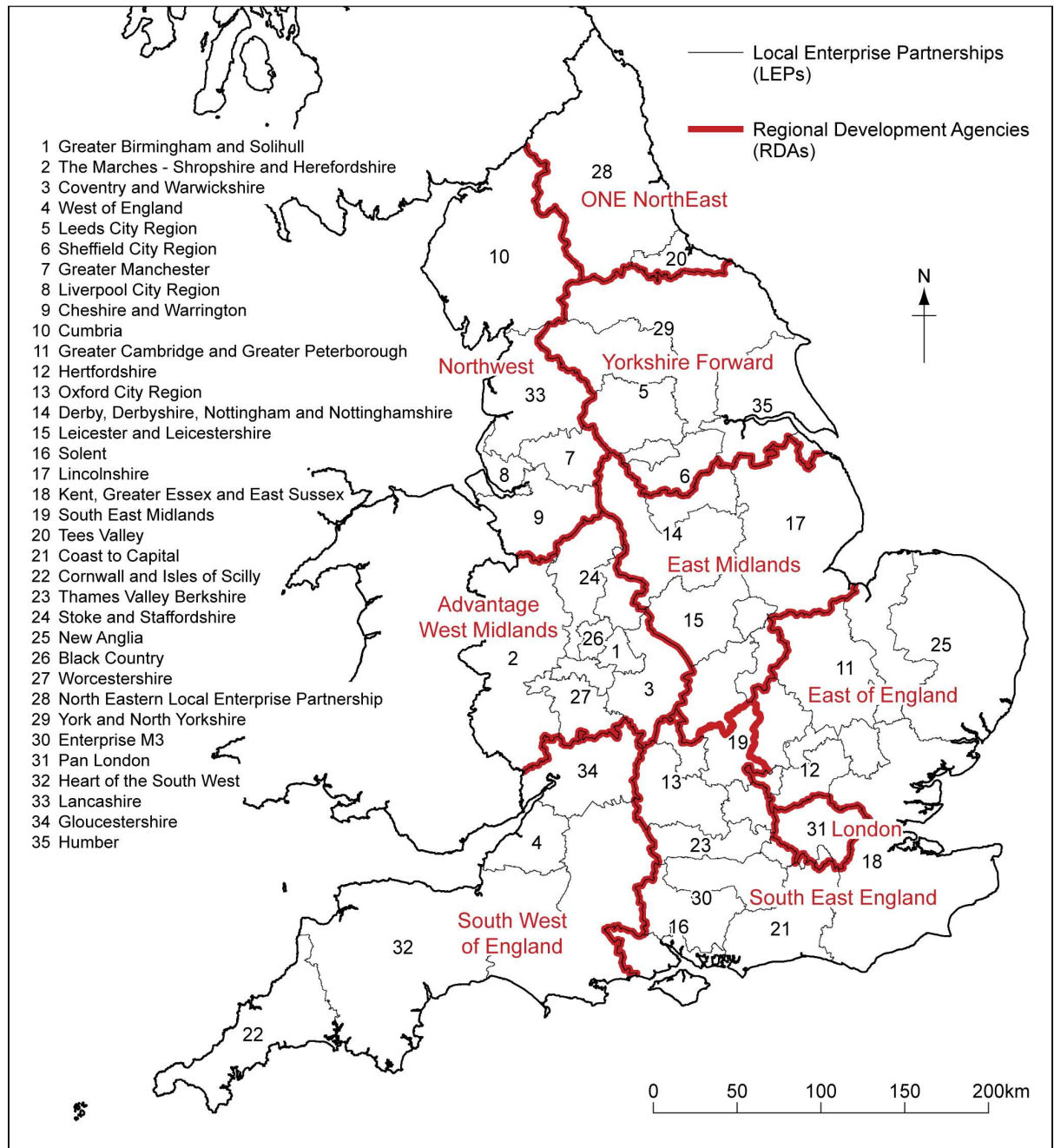
[http://www.culture.gov.uk/images/publications/Government2\\_Tourism\\_Policy\\_2011.pdf](http://www.culture.gov.uk/images/publications/Government2_Tourism_Policy_2011.pdf).

Shaw, G., Thornton, P. and Williams, A.M. (1998). The United Kingdom: market trends and policy responses. In A.M. Williams and G. Shaw (Eds.), *Tourism and economic development: European experiences*, 3<sup>rd</sup> edition (pp.199-220). Chichester: Wiley.

Taxpayers' Alliance (n.d.). RDA Grants. Research Note 71. Retrieved October 19, 2011, from TA website: [www.taxpayersalliance.com/rdagrants.pdf](http://www.taxpayersalliance.com/rdagrants.pdf).

Webb, D. and Collis, C. (2000). Regional development agencies and the 'New Regionalism' in England. *Regional Studies*, 34(9), 857-864.

Figure 1: The location of LEPs with respect to former RDA boundaries in England



Source: adapted from BIS (2011)

Table 1: Policy aims from the *Government Tourism Policy, 2011*

Basic Aims	Headline proposals, to:
Co-fund the most ambitious marketing campaign ever to attract visitors in the UK in the years following 2012	<ul style="list-style-type: none"> <li>• Modify existing, long-established Tourist Boards to become smaller, highly focused, industry-led partnerships between tourism firms and government ...funded through long-term partnership marketing campaigns</li> <li>• Broaden the UK tourism offer by creating alternative destinations which will match London</li> <li>• During 2012, to bring together tourism ministers at a World Summit</li> </ul>
Increase the proportion of UK residents who holiday in the UK to match those who holiday abroad each year.	<ul style="list-style-type: none"> <li>• Consult on move to first bank holiday in May</li> <li>• Work with Highways Agency to ensure Brown Signs as informative as possible to road users</li> </ul>
Improve the sector's productivity to become one of the top 5 most efficient and competitive visitor economies in the world.	<ul style="list-style-type: none"> <li>• Give industry and consumers responsibility for hotel 'star rating' quality schemes</li> <li>• Help to improve staff and management skills across the entire industry</li> <li>• Help the industry prepare for changes in technology</li> <li>• Create an industry task force, led by senior figures from across the UK, to cut red tape</li> <li>• Make tourist visas far simpler, faster and more convenient to get</li> <li>• Improve tourists' first experience of the UK when they land at our ports or airports</li> </ul>

Source: Abridged from Penrose (2011 p.7-10).