REPORT BY THE CHIEF EXECUTIVE

Abstract: This Report gives an update on the proposed arrangements for a new integrated tourist network and brings forward proposals on which basis a response can be made to two letters from the Minister for Tourism, Culture and Sport addressed to all 32 Council Leaders.

1 RECOMMENDATION

1.1 It is recommended that a response be made to the correspondence from the Minister for Tourism, Culture and Sport based upon the proposals outlined in section 4 of this report.

2 BACKGROUND

2.1 With reference to Article 26 of the minute of meeting of the Infrastructure Services Committee of 29 April 2004, there was submitted Report No 536/04 by the Chief Executive considering the organisational and financial implications for Angus of the Ministerial Review of Tourism announced on 11 March 2004. The Report indicated that the Scottish Executive had now reviewed the structure of the Area Tourist Board (ATB) network. The existing structure of VisitScotland, acting as a marketing and coordinating body and supported regionally by 14 ATBs, was to be changed over the next two years and would be replaced by an integrated VisitScotland network, similar to the Enterprise network, with the 14 local tourist hubs corresponding to the current ATB boundaries.

2.2 The Report concluded that, while the thrust of the new arrangements was to be welcomed in principle, there was a considerable amount of detail still to be investigated. It was likely that this would take some time to negotiate between councils at local and national levels, and a full report on the outcome would be made in due course.

The Committee agreed:

(i) to note the contents of the Ministerial Statement of the review of ATBs announced on 11 March 2004;

(ii) to maintain the current £158,000 core funding amount until such time as a new Service Level Agreement was negotiated in the context of a Tourism National Strategy framework;

(iii) to note that discussions were ongoing with regard to the overall information services required in Angus, and that a further report would be made on the possibility of some TIC provisions being transferred to Angus Council, initially
on a pilot basis, subject to the cost being met from the core funding currently being made available to the Angus and Dundee Tourist Board from the Economic Development Revenue Budget; and

(iv) to remit to the Economic Development Manager to liaise with the Chief Executive of the Angus and Dundee Tourist Board and bring back a structured agenda, covering the transition of operations to VisitScotland, for initial consideration by the Angus Tourism and Monitoring Group and ultimately for decision by the Committee.

2.3 Two letters from the Minister for Tourism, Culture and Sport addressed to Council Leaders of all 32 Councils in Scotland have now been received and it is important that a formal response is agreed. This report gives an update on the position; summarises key points arising from discussions with COSLA and SLAED (Scottish Local Authority Economic Development Group) and brings forward proposals on which basis a response can be made on behalf of Angus Council.

3 LETTERS FROM THE MINISTER FOR TOURISM, CULTURE AND SPORT

3.1 In a letter from the Minister for Tourism, Culture and Sport dated 19 August 2004 (Appendix 1) the following key points and proposals were made:-

- The new integrated network will be operational from April 2005.

- Meetings have been held with every local authority in Scotland.

- The local authority’s desire for a political input to decision-making in tourism matters at both local and national level has been accepted as a legitimate aspiration.

- At local area level, local authorities will have the choice to influence decision-making on area tourism strategies in one of three ways; through the existing community planning structure, through the local economic forum or through a local group specifically set up by the appropriate Tourism Network Hub.

- A Partnership Agreement between each local authority and VisitScotland will be entered into (currently under discussion).

- The local area level will have representation from tourism businesses, the appropriate LEC and local authority Elected Members.

- The local area remit will be to agree on an Area Tourism Strategy that fits local circumstances while supporting national and international marketing and product quality strategies being developed and delivered by VisitScotland at national level.

- Local authorities will continue to have a significant input to decisions on tourism strategy and budget in their areas.

- At national level the Board of VisitScotland will have two new members; one with significant local authority tourism expertise and interests and the other with significant experience of ATB operations at Board level.
A National Tourism Convention will be established to be convened once a year with all Elected Members with an interest in tourism from all Scottish local authorities together with the Board and Management Team of VisitScotland to discuss National Tourism Strategy for the following two-three years.

The hope is that current local authority core funding will be maintained at least at present levels.

3.2 In a letter from the Minister for Tourism, Culture and Sport dated 23 September 2004 (Appendix 2) the following key points and proposals were made:-

- There is a statutory limit on the size of the Board of VisitScotland and the legislation needed to raise this limit is not expected to be possible until 2006/07.

- Peter Lederer, Chairman of VisitScotland has proposed the setting up of a Chairman’s Committee of the Board comprising three Elected Council Members and further three people from the Area Tourist Board Community to meet as often as required with the Chairman and Vice-Chairman of VisitScotland.

- The national aim is to develop Area Tourism Plans to support the national ambition of growing tourism revenues by 50% over the next decade.

- To achieve this growth the wholehearted support of local authorities and other parties such as the Enterprise Networks will be required.

- Local discussion with VisitScotland senior staff and ATB Chief Executives representing the new network will be entered into shortly to ensure discussion on detailed aspects of local authority funding for 2005/06.

- The maintenance of financial support at least at 2004/05 levels is crucial to the success of the integrated network. While VisitScotland will continue to pay the salaries of TIC staff from April next year the funding to enable them to do so will much depend on local authority support.

- The whole issue of future provision of information and other services to businesses through TICs needs to be reviewed but this will take time to do properly.

- Next year (2005/06) will be a transition year for the tourism network including the TICs and it will be important to retain financial stability for one more year.

- Local authorities are asked to at least maintain direct funding to the Tourism Network during 2005/06.

- A reassurance is given about ATB reserves built up in local areas under the current system and confirms that such assets will be retained for use in that area under the new structure.
3.3 In addition to the matters raised in the correspondence from the Minister for Tourism, Culture and Sport the following matters have been confirmed through discussions between COSLA, SLAED and representatives from VisitScotland and the Scottish Executive:-

- All additional Executive resources are targeted at more marketing and quality development.
- The head count in the Edinburgh HQ of VisitScotland will not exceed the current VisitScotland complement.
- Central funding for the Tourism Network will not be more than the current £3.3m.
- Current proposals have assumed that local authority funding of £8.3m will continue through 2005/06 and continuity of European funded projects.
- “Central” services will be decentralised.
- A new £1m Challenge Fund.

3.4 VisitScotland announced an outline structure for the new integrated Tourism Network on 3 November which sets out the proposed “Tourism Network Implementation at a Glance”. This is attached in Appendix 3 for information.

4 RESPONSE TO CORRESPONDENCE FROM THE MINISTER FOR TOURISM, CULTURE AND SPORT

4.1 It is proposed that the Council’s response to the Minister’s proposals for new arrangements at national level be made as follows:-

- The ministerial ambition to develop Area Tourism Plans to support the national ambition of growing tourism revenues by 50% over the next decade is laudable and should be supported.

- The proposal to add two new members to the VisitScotland Board is to be welcomed, however, there is concern over the amount of time required for the legislative changes to be made in 2006/07 which will mean that the two new temporary “invisible” Network ATBs will be operational for a considerable period. While it is understandable that the process will take some time to conclude, clarification must be sought as to whether current employees of the 14 ATBs are to become employees of VisitScotland or technically be employees of the two “invisible” hubs. If so, how will this actually work in practice? It is understood that the two network Boards will have an operational role in order to satisfy financial requirements for EU Funding and VAT matters and there should strictly be local authority representation on both these Boards.

- The VisitScotland Chairman’s proposal to establish a Chairman’s Committee of the Board of VisitScotland is also to be welcomed. Provided the Chairman’s Committee has real influence over the operational arrangements of VisitScotland (and in turn the two Network Boards) the need for local authority representation on the two Network Boards would be obviated.

However, there would still be some concern over the length of time these temporary arrangements (“invisible” Network Boards) will need to be kept in place.
The proposed National Tourism Convention to be held once a year with all Elected Members together with the Board and Management Team of VisitScotland is to be welcomed. This will give Elected Members the opportunity to ensure dialogue and discussion on key matters affecting the National Tourism Strategy as it develops in the future.

4.2 At local level it is proposed that the Council’s response should be based upon the following points:-

- At area level the proposed composition of the key players involved is agreed, namely, local authorities, LEC and tourism industry representatives along with VisitScotland staff.

- The status of the local area grouping should take the form of a local tourism partnership which would essentially be an advisory group but with a specific remit for certain matters, local budget and Local Area Tourism Partnership Plan to oversee the operation of the local tourism network hub. Ideally, there should be a provision for this remit in the resultant Statutory Instrument.

- In addition to influencing the Local Area Tourism Partnership Plan and operation of the Tourism Network Hub at local level, the Council would expect to ensure that tourism matters are fully represented and involved in the existing Community Planning Structure and that strategic tourism matters are fully dealt with at the local economic forum level. In other words it is proposed that local authorities should be able to influence the decisions taken on Area Tourism Strategies in each of the three ways mentioned in the Minister’s letter of 30 August 2004.

4.3 On the question of core funding it is proposed that the following response should be made:-

- It is accepted that key matters such as future TIC provision will not be resolved by April next year. It is acknowledged that TIC provisions throughout Scotland are largely dependent on local authority funding although in most cases there is no specific reference to this in the Service Level Agreements between local authorities and the existing Tourist Boards. In the case of Angus the core funding since 1996 has been made on a general basis and no specific requirement has been made with regard to a link between funding and specific components of the operation such as TIC provision. At the outset of the discussions on the new integrated network the Chief Executive of VisitScotland has emphasised that in the future local authorities will have better control over exactly what their financial contribution will be spent on. Most local authorities, like Angus, will expect some additionality and choice over the outcomes from their financial contributions and will not necessarily expect their core funding to be spent on TIC provisions. There is also wider acceptance that in some cases current TIC arrangements give poor value for money and should be reviewed. In the case of Angus, Report No 563/04 highlighted the need to review overall information services required in Angus and agreed that a further report would be made on the possibility of some TIC provisions being transferred to Angus Council, initially on a pilot basis subject to the costs being met from the core funding currently being made available to the Angus and Dundee Tourist Board from the Economic Development Revenue Budget. This type of consideration
will need much careful thought and Angus Council has already agreed that the current £158,000 core funding should be maintained until such time as a new Service Level Agreement is negotiated in the context of a Tourism National Strategy Framework. Accordingly, it is felt that the Minister’s request that the core funding should be maintained for the period 2005/06 should be agreed. However, it should be stressed that while other economic development functions have been subject to year on year budget savings, the core funding to Angus & Dundee Tourist Board has been maintained since 1996.

5 FINANCIAL IMPLICATIONS

5.1 There is no additional expenditure envisaged from approval of the recommendations made in this report.

6 CONSULTATION

6.1 The Directors of Finance and Law and Administration have been consulted on the contents of this report.

7 HUMAN RIGHTS

7.1 There are no human rights issues arising directly from approval of this report.

8 CONCLUSION

8.1 Support for tourism in Angus is a key strategic objective within the Council’s Economic Development Strategy and is a key objective of the Angus Ahead Campaign. The legitimacy for real influence by local authorities over the Local and National Tourism Strategy for Scotland brings with it a responsibility for Councils to play their part in ensuring, as far as possible, that resources are spent on tourism are optimised. Continuity of funding during 2005/06 is essential to give stability to the local operation during the transition period.

8.2 It is proposed that the comments given in section 4 of this report which generally welcomes the proposals being made by the Minister for Tourism, Culture and Sport should form the basis of a formal response from Angus Council to the various proposals outlined in the Minister’s letters to Council Leaders in August and September 2004.

NOTE

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973, (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

DV/BAK

22 November 2004

A B Watson OBE
Chief Executive