Abstract: This report considers the organisational and financial implications for Angus of the Ministerial Review of Tourism announced on 11 March 2004.

1. RECOMMENDATION

It is recommended that the Committee:

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

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

(iii) note that discussions are ongoing with regard to the overall information services required in Angus and that a further report will 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; and

(iv) remit 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 Monitoring Group and ultimately for decision by this Committee.

2. INTRODUCTION

2.1 Reference is made to Article 2 of the meeting of the Economic Development Committee held on 10 October 2002 whereby it was agreed that:

“there was submitted Report No 1177/02 by the Chief Executive seeking approval of a decision taken by him, in consultation with the Convener to submit a response on behalf of the Council to a consultation paper issued by the Scottish Executive on the future of Area Tourist Boards by 27 September 2002. The Committee agreed to approve the terms of the response which had been issued by the Chief Executive as detailed in the Appendix to the report.”
2.2 The Scottish Executive has now reviewed the structure of the Area Tourist Board (ATB) network. Since the new Executive was established, the Deputy First Minister has chaired a group of Ministers considering the current state of the Scottish Tourism Industry and the funding and support available to it from the public sector. A full announcement was made by the Tourism Minister, Frank McAveety, on 11 March 2004 in Parliament and a full copy of his statement is available in the Members’ Lounge. A summary of the main points arising from the Ministerial Statement and responses from VisitScotland and the Area Tourist Board Network is given in Appendix 1.

2.3 The existing structure of VisitScotland acting as a marketing and co-ordinating body and supported regionally by 14 ATBs is to be changed over the next two years. They will be replaced by an integrated VisitScotland network, similar to the Enterprise network with 14 local tourist hubs corresponding to the current ATB boundaries.

2.4 The process of change will require primary legislation and will take place in two stages. Current legislation refers to the existence of ATBs. To satisfy this requirement two new ATBs will be created temporarily so that the existing 14 can be changed to hubs. This first stage will be implemented from April 2005. Following this, new primary legislation will be brought forward to formalise the VisitScotland network and abolish the ATBs.

2.5 Financially, the Scottish Executive already invests £80m annually though VisitScotland, the Enterprise network, and other bodies such as Local Authorities and Historic Scotland. This is to be increased by £20 million phased over the next three years to market Scotland in parts of the UK and overseas markets and to strengthen Quality Assurance.

2.6 It is also proposed to replace the system of Local Authority grants to ATBs by service level agreements which each Local Authority will negotiate with VisitScotland for the tourism services required in their area. The Local Authorities will thus be able to select and pay for only what they require, rather than making a blanket grant.

3. PROPOSED TOURISM NATIONAL STRATEGY PROJECT MANAGEMENT STRUCTURE

3.1 In his report to the meeting of the Angus and Dundee Tourist Board held on 13 April 2004, the Chief Executive has reported that the Scottish Executive is currently working towards the establishment of a Tourism National Strategy (TNS) project management structure. This will take the form of a Project Board with a Project Progress Group covering 8 keys areas. A full description of this approach is given in Appendix 2 to this report.

3.2 The Economic Development Manager will be involved in this process in his capacity as Chairman of SLAED (Scottish Local Authority Economic Development) Group. Discussions will now be held with COSLA to agree on how exactly local authorities will engage in the process outlined in Appendix 2.

3.3 In the meantime a meeting was held on Thursday, 8 April between COSLA and Frank McAveety, MSP, Minister for Tourism. COSLA were represented by Cllr Willie Dunn (West Lothian Council), Cllr Sandy Park (Highland Council), Provost Sam
Campbell (Mid Lothian Council), Raoul Barbier (SLAED), Deborah Wylie (SLAED), James Fowlie and Claire Downs (COSLA).

3.4 COSLA emphasised that LAs needed more clarity on how they might relate to the new tourism hubs. They asked about precisely how they would be represented within the operation of hubs, and how they would retain accountability for their funding for tourism. They were also concerned about how authorities could play a part in setting the tourism agenda/strategy for their hub, building on and capturing the valuable role that they play in leadership & advocacy for tourism in their areas. COSLA asked whether there could be a role for authorities similar to their role on LEC boards. COSLA would like to play a more direct role with VS. It was recognised that this works well at official level (with COSLA input to the Tourism Framework for Action process etc), but they feel they do not have a formal relationship/regular meetings with VS at Member/Board level. Cllr Dunn agreed to sit on the TNS Project Steering Board as COSLA’s representative.

3.5 The Scottish Executive stressed that the detail of how the new system would work had yet to be decided, and agreed to take these issues forward at official level between the Executive, TNS project & COSLA. The Executive stated that involvement of COSLA/LA personnel within TNS project teams would be very welcome. The Minister will undertake some local authority meetings (Edinburgh, Glasgow, possibly Stirling, Shetland) and the TNS project team will meet all LAs. A further meeting between the Minister and COSLA will be arranged – certainly before August when LA budget setting begins – to confirm that LAs have necessary comfort in new structure. A meeting has now been arranged between Phillip Riddle, Chief Executive of VisitScotland and the Angus Tourism Monitoring Group (Angus Council and Angus and Dundee Tourist Board).

4. IMPLICATIONS FOR ANGUS

4.1 There are many issues arising for Local Government in general and Angus Council in particular from the Ministerial announcement. Angus Council currently provides core funding of £158,000 per annum to Angus and Dundee Tourist Board via a Service Level Agreement. Scottish Councils as a whole provide over £8m nationally in core funding of ATBs. LAs also provide many additional “in kind” services on a low cost or “free” basis including low rental property and a variety of professional services. There is a now a risk that some Councils might decide to reduce or even end this funding with a destabilising effect on the national and local tourism effort and it is felt important that Angus Council should decide to maintain its funding at the current level until such time as a new style of Service Level Agreement is agreed.

4.2 There are a number of key financial implications for VisitScotland to consider. No doubt these will be dealt with through the TNS Project Management Group described in Appendix 2. There is a significant amount of planned income for Area Tourist Boards not only from local authorities but also from the LECs, the EU and other public bodies. The key issue will be the transfer of current EU approvals to the new organisation so that existing projects may be completed and funding assured. The dismantling of the membership scheme which currently provides a significant income nationally will also require careful handling. It is clear that a period of financial stability is required to minimise disruption while the new organisation establishes.
4.3 In the covering letter from the Scottish Executive (see Appendix 1) it was emphasised that the existing local authority core grant system used to support ATB operations does not allow specific results to be related to particular funding streams. The letter also indicates that organisational changes should result in the new tourism networks continuing to work closely with local authorities to maintain the present level of financial support. However, it is also emphasised that local authorities will in the future see exactly what their tourism funding is achieving from the new VisitScotland network through use of Service Level Agreements that are fully aligned with the local authority’s duty to achieve Best Value. This aspect of the review is most welcome and work will now begin in conjunction with the existing Angus and Dundee Tourist Board to better define what Angus Council is achieving from its current funding level.

4.4 In this context a major concern will be the provision of information to tourists via the existing TICs. The entire area of information and customer services will become the subject of a national task team that will be set up during the transitional period. The Chief Executive of Angus & Dundee Tourist Board is already giving consideration to new options for delivering TICs within Angus and the integration of some of these within ACCESS Offices or other Angus Council premises with the intention of providing better value for money solutions. Such matters will require careful consideration by Angus Council and, in the event of any future TIC provisions being transferred to the Council, the costs involved would have to be met from within the £158,000 existing core funding allowed for within the Economic Development Revenue Budget.

4.5 It is felt that the Council should continue to engage the Angus and Dundee Tourist Board in discussions about the overall information services strategy and the development of one or two pilot projects. This would allow ideas to be developed in parallel with developments about TICs at national level where a strategic framework will be required to achieve consistency of approach.

4.6 Another key area of concern will be the formation of what are referred to as “local action groups”. With the dismantling of the Area Tourist Boards, the new structure will require a local “buy-in” from the tourism industry as well as the public sector organisations. Angus Council will therefore wish to look carefully at what proposals are brought forward to allow cross-representation by everyone concerned at the local level. Perhaps a local tourism forum akin to the existing economic forums or LEC Boards should be considered. Alternatively engaging local industry on a themed basis might provide a more productive route e.g. golf, angling, walking etc.

4.7 It is proposed that the Economic Development Manager be remitted to enter into discussions with the Chief Executive of Angus and Dundee Tourist Board so as to bring forward a structured agenda on the transfer of operations to VisitScotland for consideration by the Tourism Monitoring Group in the first instance and ultimately to the Infrastructure Services Committee for further consideration.

5. FINANCIAL IMPLICATIONS

5.1 As indicated elsewhere in this report the current level of core funding for the Angus and Dundee Tourist Board is £158,000. This is allowed for in the Economic Development Revenue Budget. At this juncture it is proposed to maintain this level of funding while negotiating a new form of Service Level Agreement that gives better
definition to exactly what the Council is achieving from the new VisitScotland Network.

5.2 It is also proposed that any new arrangements for local provision by the Council of information services be met from the existing core funding commitment.

6. HUMAN RIGHTS IMPLICATIONS

6.1 There are no Human Rights implications arising from this Report.

7. CONSULTATION

7.1 The Directors of Law & Administration and Finance have been consulted in the preparation of this Report.

8. CONCLUSION

8.1 In Angus Council’s formal response to the ATB Review referred to in the Report 1177/02, the Council commented - “In a small country such as Scotland it would make more sense if ATBs were fully integrated with VisitScotland and operate as a network.”

8.2 To some extent these key aspects have been addressed. However, there were many other issues contained in the Council’s submission regarding detailed arrangements that must now be reviewed and it is expected these issues will be addressed through the TNS project management process that has been established with local authority involvement. The major concern currently is that current levels of LA funding are maintained to allow a stable transition period. Also, ATBs have an important role in bringing together key local stakeholders in developing local destination marketing campaigns and it is uncertain as to whether the local action groups referred to in the Ministerial announcement will be adequate.

8.3 In conclusion, while the thrust of the new arrangements is to be welcomed in principle, there is a considerable amount of detail still to be investigated. It is likely this will take some time to negotiate between councils at local and national levels and a full report on the outcome will be made in due course.

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/ES/MM/BAK

26 April 2004

A B Watson OBE
Chief Executive