

EAST AYRSHIRE COUNCIL

DEVELOPMENT SERVICES COMMITTEE – 29 JUNE 2004

AYRSHIRE AND ARRAN TOURIST BOARD

Report by Executive Director of Development and Property Services

1. PURPOSE OF REPORT

1.1 To advise the Committee of :

- i) Recent announcements made by the Scottish Executive about the restructuring of the tourism industry support structures in Scotland and the associated issues for Ayrshire and Arran;

1.2 To seek the approval of the Committee to :

- i) continue to provide grant funding to the A&ATB in the current financial year 2004/2005; and
- ii) conclude a Service Level Agreement between the Council and the A&ATB for the current financial year 2004/2005.

2. NATIONAL REVIEW OF TOURISM INDUSTRY SUPPORT STRUCTURES

2.1 In March 2004, the Scottish Executive Minister for Tourism, Culture and Sport announced the outcome of a review of the public sector funding and support provided to the tourism industry in Scotland.

2.2 The principles behind the review were to :

- Increase the contribution which the tourism industry makes to the Scottish economy;
- Strengthen the marketing of Scotland as a tourist destination through enhanced marketing with a strong brand identity;
- Develop the quality of the Scottish tourism product; and
- Ensure that the support for the tourism industry is integrated.

2.3 The key points of the announcement are as follows:

- The changes as announced will take effect on 1 April 2005;
- Area Tourist Boards (ATB's) will cease to exist as separate legal entities and will be replaced by a network of 14 VisitScotland (VS) tourism hubs. This network will be modelled on the enterprise network and each hub will :
 - be accountable to and funded by VS;
 - have responsibility for delivery of the national tourism strategy in their areas, but will be able to respond to local circumstances in their areas;
 - not be a statutorily independent body with its own board;
 - not be a membership organisation but will charge for all services provided to businesses in its area;
 - link with private sector tourism action groups and with local authorities across its area;
 - be given specific targets to increase rural tourism by pro-actively using the major cities as gateways to the rest of the country.

- VS will become the employers of the ATB staff and it is suggested that where possible, the hubs should be co-located with the LEC's in order to integrate tourism business support an area level;
- In addition to the core funding of VS, the Scottish Executive will provide funding over the next 2 years for marketing and for the development upgrading of the quality accreditation scheme.

2.4 The detail of the above changes will be developed by a series of project groups which will ultimately be overseen by a ministerial Project Board. The work of the project groups is now being progressed and membership of them is drawn mainly from VS / ATB staff.

3. IMPLICATIONS OF THE REVIEW FOR AYRSHIRE AND ARRAN

3.1 Much of the detail of the implications of the proposed changes has yet to be clarified and will be announced on a rolling basis at regular meetings with exiting ATB Chairs and Chief Executives.

3.2 The annual core funding which East Ayrshire Council (and the other 2 local authorities in Ayrshire) has provided to A&ATB will not be required from 2005/06 onwards, as the core funding for VisitScotland will be provided directly by the Scottish Executive. However, the importance of local authority funding in supporting tourism development has been recognised and the Scottish Executive is keen to ensure the continued availability of this funding source. Meetings involving VS, the ATB's and the Leaders and Chief Executives of the individual local authorities are being arranged to discuss their respective positions.

3.3 As a tourist destination, Ayrshire and Arran is uniquely placed in relation to Scotland's priority tourism markets in terms of access, particularly via the low cost air-routes into Glasgow Prestwick International Airport and in terms of the tourism product which is provided. The emphasis on a co-ordinated national marketing focus, promoting the rural areas through the city gateways must not work to the detriment of Ayrshire and Arran.

3.4 Due in part to the uncertainty surrounding the implementation of the new structures and due to family circumstances, the Chief Executive of the A&ATB (Janet Reuben) has tendered her resignation with effect from August 2004. Due to the fact that the A&ATB will cease to exist as an independent organisation at the end of March 2005, it is not feasible to appoint a new chief executive for a period of 7 months and therefore, the options of covering the position on a short terms secondment / consultancy basis are being investigated with the funding partners.

4. FUNDING SUPPORT IN 2004/2005

4.1 The current financial year of 2004/2005 is the final trading year of the present ATB. The funding is a continuation of the funding package of recent years and comprises:

- Local authority core funding;
- VisitScotland grant aid;
- Specific project funding;
- Membership fees; trading activities; and
- Commission fees.

4.2 The core funding proposed by East Ayrshire Council amounts to £69,150, provision for which has been made in the Grants to External Bodies budget 2004/2005.

5. SERVICE LEVEL AGREEMENT

- 5.1 A common form of Service Level Agreement (SLA) will be concluded by the Councils with the A&ATB for the current financial year, to reflect both the Board's Ayrshire wide focus and also the specific requirements for each Council area.

6. POLICY IMPLICATIONS

- 6.1 The work of the A&ATB meets with the requirements of national policy guidelines for support to the tourism industry and also supports the achievement of the objectives of the East Ayrshire Community Plan, through its "Improving Opportunities Theme".

7. FINANCIAL IMPLICATIONS

- 7.1 The funding support for the A&ATB in the current financial year will be drawn from the Grants to External Bodies Budget, within which there is an approved allocation.

8. LEGAL AND PERSONNEL IMPLICATIONS

- 8.1 There are no legal and personnel implications.

9. RECOMMENDATIONS

- 9.1 It is recommended that the Committee :
- i) notes the recent announcements made by the Scottish Executive about the restructuring of the tourism industry support structures in Scotland;
 - ii) approves grant funding of £69,150 to the A&ATB in the current financial year;
 - iii) approves the conclusion of a Service Level Agreement with the AATB for the current financial year 2004/2005.

James Lavery

Executive Director of Development and Property Services

8 June 2004

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BACKGROUND PAPERS

1. **Scottish Executive Announcement on the Review of Area Tourist Boards : March 2004**
2. **Tourism Framework for Action 2002 – 2005 (published 2002)**
3. **Ayrshire and Arran Area Tourism Strategy : 2003 – 2006 (draft : March 2004)**

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