

## EAST AYRSHIRE COUNCIL

### DEVELOPMENT SERVICES COMMITTEE – 21 OCTOBER 2003

#### CODE OF GUIDANCE ON FUNDING EXTERNAL BODIES AYRSHIRE & ARRAN TOURIST BOARD

##### Report by Director of Development Services

## 1 PURPOSE OF REPORT

### 1.1 To ask the Committee to :

- (1) note the current activities of the Ayrshire & Arran Tourist Board (AATB) ; and
- (2) approve the continuation of grant funding

## 2 BACKGROUND

- 2.1 This report has been prepared in the context of the requirements of the **Code of Guidance on External Funding and Following the Public Pound**, as issued by The Accounts Commission and the Convention of Scottish Local Authorities (COSLA). The code requires that where substantial grant funding is provided to an external organisation, that organisation should be subject to monitoring and review to ensure that maximum effectiveness is obtained from the funding. In the case of East Ayrshire Council, the current definition of “substantial” has been interpreted as being an amount in excess of £35,000 per annum.
- 2.2 At the statutory meeting of the Council on 8 May 2003, the Chair of the Development Services Committee was nominated to represent the Council on the AATB.

## 3 STRUCTURE OF AYRSHIRE & ARRAN TOURIST BOARD

- 3.1 The Board of the AATB comprises 13 directors (6 from the public sector and 7 from the tourism industry), representing:

#### Public Sector

East Ayrshire Council; North Ayrshire Council; South Ayrshire Council; VisitScotland; Scottish Enterprise Ayrshire; and Argyll & the Islands Enterprise

#### Tourism Industry

Serviced accommodation (up to 20 bedrooms); Serviced accommodation (more than 20 bedrooms); Self catering accommodation; Visitor Attractions;

Travel & tour operators; Activities; and representative of the Isle of Arran.

- 3.2** At the Board AGM in 2002, David Mann (representing the Visitor Attractions sector) was elected as Chairman of the Board. However, following the recent closure of the Big Idea in Irvine (of which he was Chief Executive) he has resigned and the duties of chairman are currently being undertaken on a temporary basis by the Vice-Chairman.
- 3.3** The Board meets on a quarterly basis and has established a Management Committee, which meets as and when required, to support the Chief Executive and deal with matters requiring urgent decisions to be taken.
- 3.4** The Chief Executive and the senior staff of the Board have regular contact with officers of East Ayrshire Council and the other public sector partners to support and monitor the operation of the Board.

#### **4 OVERVIEW OF THE YEAR 2002/2003**

- 4.1** During the current year, the Scottish Executive has been conducting a review of the future of the Area Tourist Board Network. It is currently anticipated that the outcome of this review will be published shortly and a further report will be submitted to the Committee on this matter, in due course.
- 4.2** At a previous meeting, the Committee considered a report on the restructuring of the AATB, which resulted in a funding package, secured from VisitScotland, the three Councils and the Scottish Executive to meet the costs of restructuring the organisation to enable it to effectively service the tourism industry in Ayrshire. The restructuring of the AATB has now been carried out to the satisfaction of the funders.
- 4.3** A new 3 year business plan for the period from 2003 to 2006 has been prepared and has been approved by the Board at its meeting on 3 October 2003. The business plan is based on the following key objectives :
1. to strengthen awareness of Ayrshire and the Isle of Arran as a “must visit and return to” destination and further develop communication with existing and potential partners;
  2. to develop and implement, in partnership and liaison with relevant local and a national organisations, a Area Tourism Strategy and other initiatives to maximise the tourism potential of Ayrshire and the Isle of Arran;
  3. to support industry achievement and effectiveness through creative initiatives, the development of e-commerce, and the encouragement and support of a culture of quality; and
  4. to operate as a professional, communicative and customer focussed organisation.

**4.4** The special fund package agreed to meet the cost of restructuring (para 4.2 above) did not eliminate the accumulated deficit. But it has enabled the Board to plan for small operating surpluses which will reduce this deficit progressively. The financial projections of the AATB during the life of the Business Plan are as follows :

<b>Year</b>	<b>Total Income</b>	<b>Operating Surplus</b>	<b>Accumulated Deficit</b>
2003/2004	£2,030,138	£4,767	(£79,795)
2004/2005	£1,950,590	£14,233	(£65,572)
2005/2006	£1,919,350	£23,130	(£42,442)

**4.5** The projected income of the AATB is made up of :

- Local authority core funding;
- Scottish Tourist Board grant aid;
- Specific project funding;
- Membership fees;
- Trading activities; and
- commission and fees.

**4.6** There are 74 businesses (10%) in East Ayrshire who are members of the AATB, there are a total of 775 members in Ayrshire in total.

**4.7** The pilot phase of the project to provide tourism information by electronic delivery (E-tips) in East Ayrshire has been set up with terminals installed at Dean Castle Visitor Centre (Kilmarnock) and Loudoun Castle (Galston). They are presently being tested for customer use.

**4.8** This years Burns Festival, held in May, has proved to be more successful than last years, with the 'Holy Fair' in Mauchline attracting increased numbers of visitors and is now one of the key events of the programme. There were events held in Kilmarnock for the first time which will now become part of the festival programme for 2004. A web site has been developed by Mauchline Burns Club in an effort to attract more tourists to the area. A detailed evaluation of this years event will be submitted to a future Committee.

**4.9** Other visitor attractions in East Ayrshire continue to be promoted by the AATB as part of their general marketing strategy.

**4.10** Recent independent reports produced by STEAM (Scottish Tourism Evaluation & Monitor) highlight that Ayrshire and Arran as a tourist board area has been shown to have one of the largest increases in tourist numbers compared to other areas in Scotland.

<b>Destination</b>	<b>Tourists in 2001 (millions)</b>	<b>Tourists in 2002 (millions)</b>	<b>Percentage increase</b>
Ayrshire	3.5	3.8	8.6%
Scotland	9.2	9.8	6.5%

**4.11** Other projects in which the AATB is involved and for which specific funding (including £295,000 of European Regional Development fund grants) has been approved include :

- The Burns Festival (this has been the subject of separate reports to Committee)
- Business Tourism (Ayrshire & Arran Business Convention Bureau)
- Scottish Golf Southwest
- Short breaks

**4.12** There are 74 businesses (10%) in East Ayrshire who are members of the AATB, there are a total of 775 members in Ayrshire in total.

**4.13** Work, in association with local partners including the tourism industry, is ongoing to revise and update the Ayrshire and Arran Area Tourism Strategy. A further report on the Strategy will be presented to a future meeting of the Committee, but Committee is asked to note that the strategy is being built around the key strategic priorities of:

- Quality;
- Accessibility;
- Marketing;
- Industry engagement; and
- Developing the product mix, built around events.

**4.14** Other projects in which the AATB is involved and for which specific funding (including £295,000 of European Regional Development grants) has been approved include:

- The Burns Festival (this has been the subject of separate reports to Committee)
- Business Tourism (Ayrshire & Arran Business Convention Bureau)
- Scottish Golf Southwest
- Short breaks

## **5 SERVICE LEVEL AGREEMENT**

**5.1** Following approval by the Board of its Business Plan (see para 4.3 above), detailed targets will be developed and incorporated into a formal **Service Level Agreement (SLA)**. Each of the three local authorities in Ayrshire will require the AATB to conclude SLA's in respect of their annual funding and work is currently ongoing to develop an SLA document which will reflect not only the Board's Ayrshire wide focus, but also the specific local requirements of each of the Councils.

## **6 VALUE FOR MONEY**

- 6.1** East Ayrshire Council's annual revenue core funding for the AATB for the current financial year as approved by the Development Services Committee on 12 March 2003 is £79,150.
- 6.2** This equates to 13.7% of the core revenue grant and 3.4% of the total income for the financial year. It is considered that the funding contribution from East Ayrshire Council contributes significantly to the financial stability of the AATB and allows it to support the regeneration of the local economy through the development of the tourism industry.

## **7 POLICY IMPLICATIONS**

- 7.1** The activities of the AATB support the achievement of the objectives of the East Ayrshire Community Plan, through its "Improving Opportunity" theme.

## **8 FINANCIAL IMPLICATIONS**

- 8.1** The funding support for the AATB in the current financial year 2003/2004 will be drawn from the Funding for External Organisations budget, within which there is an approved allocation.

## **9 LEGAL AND PERSONNEL IMPLICATIONS**

- 9.1** There are no legal and personnel implications.

## **10 RECOMMENDATION**

- 10.1** It is recommended that the Committee :
- (a) notes the compliance with the terms of the Code of Guidance in respect of the Council's relationship with the AATB;
  - (b) approves continued support for the work of the AATB in conjunction with other public sector partners and the tourism industry;
  - (c) approves the preparation and implementation of a Service level Agreement in respect of the Council's funding of the AATB; and
  - (d) remits to the Director of Development Services to bring further reports to future meetings of the Committee regarding the monitoring of agreed service levels targets and outcomes.

**Stephen Chorley**  
**Director of Development Services**  
**6 October 2003**  
jrs

## **BACKGROUND PAPERS**

Nil

For further information please contact John Spooner, Business Development Manager on Extension 6143.

**Implementation Officer : John Spooner**