



# The Scottish Parliament

## **Enterprise and Culture Committee**

### **10th Report, 2006 (Session 2)**

### **Stage 1 Report on the Tourist Boards (Scotland) Bill**

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## **Enterprise and Culture Committee**

### **10th Report, 2006 (Session 2)**

### **Stage 1 Report on the Tourist Boards (Scotland) Bill**

**Published by the Scottish Parliament on 9 June 2006**





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## **Enterprise and Culture Committee**

### **10th Report, 2006 (Session 2)**

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# The Scottish Parliament

## Enterprise and Culture Committee

### Remit and membership

#### **Remit:**

To consider and report on matters relating to the Scottish economy, business and industry, energy, training, further and higher education, lifelong learning and such other matters as fall within the responsibility of the Minister for Enterprise and Lifelong Learning; and matters relating to tourism, culture and sport and such other matters as fall within the responsibility of the Minister for Tourism, Culture and Sport.

#### **Membership:**

Alex Neil (Convener)  
Shiona Baird  
Mr Richard Baker  
Susan Deacon  
Murdo Fraser  
Karen Gillon  
Mr Michael Matheson  
Christine May (Deputy Convener)  
Mr Jamie Stone

#### **Committee Clerking Team:**

##### **Clerk to the Committee**

Stephen Imrie

##### **Senior Assistant Clerk**

Douglas Thornton

##### **Assistant Clerk**

Seán Wixted





# The Scottish Parliament

## Enterprise and Culture Committee

### 10<sup>th</sup> Report, 2006 (Session 2)

#### Stage 1 Report on the Tourist Boards (Scotland) Bill

The Committee reports to the Parliament as follows—

#### INTRODUCTION

##### Procedure

1. The Tourist Boards (Scotland) Bill (SP Bill 60) ("the Bill") was introduced to the Parliament on 20 March 2006 by the Minister for Tourism, Culture and Sport. Explanatory Notes (SP Bill 60-EN), including a Financial Memorandum, and a Policy Memorandum (SP Bill 60-PM) were published with the Bill. Under rule 9.6 of the Parliament's Standing Orders, the Parliamentary Bureau referred the Bill to the Enterprise and Culture Committee ("the Committee") to consider and report to the Parliament on the general principles of the Bill.
2. The Subordinate Legislation Committee considered the delegated powers in the Bill at its meeting on 18 April 2006 and subsequently submitted its report to the Committee under Rule 9.6.2 of Standing Orders. The report is included at annex A to this report.
3. The Finance Committee considered the financial memorandum at its meeting on 25 April 2006 when it took evidence from the Scottish Executive. It also considered written submissions from VisitScotland and the Convention of Scottish Local Authorities. The Finance Committee's report is included at annex B to this report.

##### Purpose of the Bill

4. According to the Scottish Executive's Explanatory Notes, the purpose of the Bill is to abolish the existing network tourist boards establishing under the Local Government etc. (Scotland) Act 1994, to change the statutory name of the Scottish Tourist Board to its operating name, VisitScotland, and to increase the maximum number of members of its board.

## Evidence

5. The Committee called for written evidence on the Bill and received only two submissions, one from the Convention of Scottish Local Authorities (COSLA) and one from VisitScotland. Subsequently, the Committee took oral evidence from the Scottish Executive's team of officials working on the Bill and from the Minister for Tourism, Culture and Sport ("the Minister").

6. The Committee recognises that the matters covered by this Bill were explored in depth during the course of its inquiry into the Executive's review of area tourist boards<sup>1</sup> and that this Bill seeks to establish on a statutory footing the changes implemented at an operational level following that review.

## CONSIDERATION OF THE BILL

### Adequacy of the Scottish Executive's Consultation

7. The Bill was prepared following an open consultation process; twenty-seven written responses were received to the consultation document, *Tourism is Everyone's Business*<sup>2</sup>.

8. In general, the proposals were well received. Concerns raised by VisitScotland about the transfer of staff and liabilities to it on dissolution of the existing network tourist boards were resolved in the drafting of the Bill. The policy memorandum also refers to requests made in some responses for reserved places on the board of VisitScotland for representatives of local government and the tourism sector but explains that this has not been incorporated into the Bill as doing so "would not comply with the Commissioner for Public Appointments in Scotland's code of practice on Ministerial Appointments to Public Bodies".<sup>3</sup>

9. The Committee believes that the consultation process followed in relation to this Bill was adequate and is satisfied with the explanations given by the Executive in its policy memorandum.

### Abolishing the network tourist boards

10. In order to enable VisitScotland to operate as a single legal entity, the Bill removes the statutory requirement for area tourist boards and dissolves the two existing network tourist boards, transferring their liabilities and staff to VisitScotland.

11. The Executive's policy memorandum explains that the objective of establishing a single legal entity is to deliver an integrated network for joined-up public sector support for the tourism sector and that, in practice, this was achieved when the 14 former area tourist boards were dissolved in 1995 and replaced by

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<sup>1</sup> Enterprise and Culture Committee, *3rd Report, 2005 (Session 2) – Restructuring Scotland's Tourism Industry: Report on the Review of Area Tourist Boards*.

<sup>2</sup> Scottish Executive, *Tourism is Everyone's Business*, <http://www.scotland.gov.uk/Publications/2005/09/tourism-consultation/contents>

<sup>3</sup> Scottish Executive, *Tourist Boards (Scotland) Bill – Policy Memorandum*, SP Bill 60-PM, paragraphs 15 – 19.

the two network boards; although legally separate, these new boards and the Scottish Tourist Board "have effectively functioned as a single, national tourism organisation"<sup>4</sup>.

### **Name change for the national tourism board**

12. The Executive's policy memorandum explains that, following the review of area tourist boards in 2001, it was recommended that the organisation should be renamed and operate as "VisitScotland"; the body has been operating under that name but its legal identity has remained the Scottish Tourist Board. In oral evidence to the Committee, the Minister explained the Executive's position further—

"We think that the Scottish Tourist Board name belongs in the past. The VisitScotland name emphasises the way forward for tourism in Scotland and the brand is already established as an easily recognisable and trusted brand by visitors and businesses alike. The bill is not about changing the way in which the integrated tourism network works—it is already working well, and I am confident that it will continue to bring benefits to Scottish tourism—but it is about consolidating the integration process and putting the integrated network on a proper legal footing."<sup>5</sup>

### **Increasing the size limit of the VisitScotland board**

13. The Bill would also raise the statutory limit on the number of members of the VisitScotland board from seven to 12. The policy memorandum explains that increasing the number of possible members will enable "additional expertise to be brought to the Board to reflect the broader role and responsibilities of the new organisation, particularly in relation to the partnership role of the tourism network across Scotland"<sup>6</sup>. The memorandum also states that it is the Executive's policy that the board should nonetheless be "as small as possible and not exceed a maximum of nine members in the foreseeable future"<sup>7</sup>. In oral evidence, the Minister explained that the Bill seeks to increase the maximum number to 12 rather than nine as doing so would give "flexibility to increase the board at a later stage, if that seems appropriate, without the need to revert to primary legislation"<sup>8</sup>.

### **Conclusion**

**14. The Committee is content with the proposals of the Bill<sup>9</sup>.**

#### **REPORT BY THE SUBORDINATE LEGISLATION COMMITTEE**

15. The Subordinate Legislation Committee considered the delegated powers in the Bill at its meeting on 18 April 2006 and its subsequent report to the lead

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<sup>4</sup> Scottish Executive, *Tourist Boards (Scotland) Bill – Policy Memorandum*, SP Bill 60-PM, paragraph 4.

<sup>5</sup> *Official Report, Enterprise and Culture Committee*; 16 May 2006, c 3081

<sup>6</sup> Scottish Executive, *Tourist Boards (Scotland) Bill – Policy Memorandum*, SP Bill 60-PM, paragraph 9.

<sup>7</sup> *Ibid.*

<sup>8</sup> *Official Report, Enterprise and Culture Committee*; 16 May 2006, c 3080

<sup>9</sup> Murdo Fraser and Mark Ballard (Committee substitute) dissented from this conclusion).

Committee is at annex A. The Subordinate Legislation Committee approved, without further comment, one delegated power contained in the Bill, in section 5, as drafted.

**16. The Committee agrees with the conclusion of the Subordinate Legislation Committee.**

POLICY MEMORANDUM

17. The Committee notes the contents of the Policy Memorandum and accepts that it provides adequate explanation of the policy intentions behind the Bill.

FINANCIAL MEMORANDUM

18. The Finance Committee adopted level 2 scrutiny in considering the Bill, which involved seeking written evidence from organisations financially affected by the Bill, then taking oral evidence from the Executive Bill Team. The Finance Committee's subsequent report is at annex B.

19. The Finance Committee's report noted that costs that are directly related to the specific provisions of the Bill are minimal but that the Financial Memorandum set out the costs of merging the area tourist boards with VisitScotland and the Finance Committee concentrated primarily on those merger costs.

20. In its conclusions, the Finance Committee noted the responses it received on the costs of merging area tourist boards with VisitScotland and the assurance that the costs will not increase beyond £7.4m. However, given the pattern of increasing costs in the past, it recommended that similar reassurances be sought from the Minister and that the Minister be asked to ensure that the differing views expressed by the Executive and VisitScotland on the issues highlighted in the Finance Committee's report are reconciled.

21. The Finance Committee also concluded that the fact that area tourist boards had reserves that would cover their operating deficits should have been made clear in the Financial Memorandum to ensure the entire picture was being presented. It went on to welcome the assurance that these reserves will be ring-fenced and recommended that such a reassurance be sought also from the Minister.

**22. The Committee notes the recommendations of the Finance Committee and believes that the Scottish Executive should give the reassurances sought in its response to this report, clarifying the position where necessary. The Committee has no further comments to make on the Financial Memorandum.**

CONCLUSION AND RECOMMENDATION

**23. The Committee recommends that the Parliament agree the general principles of the Bill<sup>10</sup>.**

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<sup>10</sup> Murdo Fraser and Mark Ballard (Committee substitute) dissented from this recommendation.

## **ANNEX A: REPORT BY THE SUBORDINATE LEGISLATION COMMITTEE**

### **Subordinate Legislation Committee**

#### **Report on Tourist Boards (Scotland) Bill at Stage 1**

The Committee reports to the lead Committee as follows—

#### **Introduction**

1. The Committee considered the delegated powers in the Tourist Boards (Scotland) Bill at its meeting on 18 April 2006. The Committee submits this report to the Enterprise and Culture Committee, as the lead Committee for the Bill, under Rule 9.6.2 of Standing Orders.
2. The Executive provided the Parliament with a delegated powers memorandum<sup>11</sup>.

#### **Delegated Powers Provisions**

3. The Bill contains one delegated power (section 5). The Committee approves, without further comment, the delegation of the power as drafted.

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<sup>11</sup> [Delegated Powers Memorandum.doc](#)

## **ANNEX B: REPORT BY THE FINANCE COMMITTEE**

### **Finance Committee**

#### **Report on the Financial Memorandum of the Tourist Boards (Scotland) Bill**

The Committee reports to the Enterprise and Culture Committee as follows—

#### **Introduction**

1. Under Standing Orders, Rule 9.6, the lead committee in relation to a bill must consider and report on the Bill's financial memorandum at Stage 1. In doing so, it is obliged to take account of any views submitted to it by the Finance Committee.
2. This report sets out the views of the Finance Committee on the Financial Memorandum of the Tourist Boards (Scotland) Bill, for which the Enterprise and Culture Committee has been designated by the Parliamentary Bureau as the lead committee at Stage 1.
3. The Committee agreed to adopt level 2 scrutiny in considering the Bill, which involved seeking written evidence from organisations financially affected by the Bill, then taking oral evidence from the Executive Bill Team.
4. The Committee took evidence from the Executive on 25 April, and this can be viewed by clicking [here](#).
5. The Committee received submissions from VisitScotland and COSLA. This evidence is set out in the Annex to this report.

#### **Objectives and the Financial Memorandum**

6. On 11 March 2004, the Executive announced the conclusion of its Review of Area Tourist Boards (ATBs). The outcome was to replace the existing 14 ATBs with an integrated network by merging the ATBs with VisitScotland. This network was established on 1 April 2005. As an interim measure, two statutory instruments were made to wind up the ATBs and establish two temporary Network Tourist Boards.
7. This Bill marks the end of this process by formally abolishing the ATBs and the two interim Network Tourist Boards and changing the legal name of the Scottish Tourist Board to VisitScotland. It also increases the number of VisitScotland board members from 7 to 12.
8. The costs which are directly related to the specific provisions of the Bill are minimal. However, the Financial Memorandum set out the costs of merging the ATBs with VisitScotland and it is these merger costs on which the Committee primarily concentrated.

## **Summary of evidence**

9. The costs of merger were originally reported as £5m and this was subsequently increased to £6.5m in May 2005. The Financial Memorandum shows that this has increased to £7.4m.
10. John Brown, Head of Tourism Policy explained that at the beginning of the merger process, it was difficult to predict the costs of, for example, the number of staff who would take voluntary redundancy. Therefore, previous reported figures were the best estimates available at that time. He further explained that the negotiations on harmonising staff terms and conditions are almost complete and that final harmonisation will take place in the 2006-07 financial year. He also confirmed that it is not expected that the costs of the merger will increase beyond the stated £7.4m, although there may be some small costs which “may arise in the normal course of operations this year and future years, but they will simply be absorbed in the normal course of business.”<sup>12</sup>
11. In its submission to the Committee, VisitScotland highlighted three issues of concern: additional VAT payments, pension liabilities and local authority funding. On VAT, VisitScotland’s concern was that the abolition of the Network Tourist Boards meant that VisitScotland would be unable to retain the Trade Agreement for VAT purposes and therefore, could face an additional VAT bill of up to £2m.
12. John Brown explained that the Executive has been discussing this issue with VisitScotland and that negotiations are currently underway with HM Revenue and Customs.
13. VisitScotland also anticipates a £7m pension liability and again, the Executive confirmed that the issue has been under discussion. John Brown indicated that, like the figure given for VAT, that this represents a worst-case scenario. He confirmed that VisitScotland is currently pursuing four different options for the treatment of pensions and that at least one of these options would involve no liability at all and that he was “reasonably optimistic that the outcome on pensions will be that there is no additional liability.”<sup>13</sup> The actuarial review of the pensions liability is due to be concluded in January 2007.
14. Thirdly, VisitScotland’s submission stated that the Financial Memorandum was incorrect to say that local authorities had continued to fund the Network Tourist boards at the same level during 2005-06 and that funding had declined by £2.1m. Additionally, it was concerned over indications that local authority core funding could reduce by around 4.4% in the future.
15. VisitScotland’s submission does state that the reductions in 2005-06 were due to a reduction in funding from both Glasgow and Edinburgh councils. John Brown explained that both councils had paid money to their ATBs and

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<sup>12</sup> [Brown, Official Report, 25 April 2006, Col 3538](#)

<sup>13</sup> [Brown, Official Report, 25 April 2006, Col 3539](#)

to their business tourism convention bureaux. The bureaux were reorganised and therefore, the money that previously was given to ATBs (£1.5m) to fund business tourism is now given directly to the bureaux. The remainder of the reduction is accounted for by the conclusion of projects and therefore the funding for those specific projects.

16. In relation to the concern over an ongoing reduction in core local authority funding, John Brown indicated that not all local authorities had agreed their contribution for 2005-06 and therefore, the position regarding 2006-07 was not yet clear. However, he confirmed that should contributions reduce then the Executive would discuss this with VisitScotland but the Executive had not made a commitment to make up any shortfall in funding.
17. The Committee was concerned that much has been made of the close working relationship and good communication between the Executive and VisitScotland, but this did not appear to be borne out by VisitScotland's submission in that three substantive areas of concern were raised. John Brown confirmed that the Minister would be contacting the Chief Executive of VisitScotland regarding the wording of its submission.
18. Finally, the Committee questioned the Executive over the statement in the Financial Memorandum that the ATBs had an overall deficit of £1.7m. This wording and subsequent press reports suggested that certain ATBs were in debt. However, from information given to Committee members, it would appear that at least two of the ATBs had surpluses at the time of transfer and that deficits appeared to be as a result of surpluses having been transferred.
19. The Committee requested a breakdown of the overall deficit and this was provided by Visit Scotland. This breakdown is attached as part of the annex to this report. Correspondence accompanying these figures confirms that although the total net operating deficit for ATBs in 2004-05 was £1.696m, there were in fact total net reserves of £3.679m. The letter further confirms that the two ATBs which were specifically highlighted by the Committee – Fife and Perthshire – were not "in debt". The Committee believes that this position should have been set out in the Financial Memorandum to ensure clarity.
20. The Committee notes that VisitScotland has made a commitment that all remaining assets in former ATB areas will be ring-fenced for use specifically by the successor VisitScotland network office.

## **Conclusion**

21. The Committee notes the responses it received on the costs of merging ATBs with VisitScotland and the assurance that the costs will not increase beyond £7.4m. However, given the pattern of increasing costs in the past, **it would recommend that the lead Committee seeks similar reassurances from the Minister. It would also recommend that the lead Committee asks the Minister to ensure that the differing views expressed by the Executive and VisitScotland on the issues highlighted in this report have been reconciled.**

22. As noted above, the Committee believes the fact that ATBs had reserves which would cover their operating deficits should have been made clear in the Financial Memorandum to ensure the entire picture was being presented. It welcomes the assurance that these reserves will be ring-fenced and, as with the position regarding the costs of the merge, **the Committee recommends that the lead Committee seeks similar reassurances from the Minister.**

#### Questionnaire from the Finance Committee on the Tourist Boards (Scotland) Bill

Response from COSLA

#### Consultation

1. *Did you take part in the consultation exercise for the Bill, if applicable, and if so did you comment on the financial assumptions made?*  
Yes COSLA took part in the consultation exercise for the Bill. No, we did not comment on the financial assumptions as the Bill has no direct financial implications for Local Government.
2. *Do you believe your comments on the financial assumptions have been accurately reflected in the Financial Memorandum?*  
Not applicable.
3. *Did you have sufficient time to contribute to the consultation exercise?*  
Yes.

#### Costs

4. *If the Bill has any financial implications for your organisation, do you believe that these have been accurately reflected in the Financial Memorandum? If not, please provide details.*  
The Bill has no direct financial implications for Local Government. However, VisitScotland's Board is responsible for the disbursement of public funds that are in part provided by Local Government i.e. £19.5 million over the financial years 2005/06, 2006/07 and 2007/08. As a result, COSLA is of the strong view that Local Government should have increased representation on VisitScotland's Board.
5. *Are you content that your organisation can meet the financial costs associated with the Bill? If not, how do you think these costs should be met?*  
Not Applicable.  
*\*We are content that Scottish local government provides a proportion of VisitScotland's funding as this makes the organisation more accountable to developing tourism at a local and national level that is vital to the local economies of our member councils in Scotland. Local authorities continue to work with VisitScotland across the country to ensure value for the funding that they provide.*
6. *Does the Financial Memorandum accurately reflect the margins of uncertainty associated with the estimates and the timescales over which such costs would be expected to arise?*  
Yes, we believe so.

#### Wider Issues

7. *If the Bill is part of a wider policy initiative, do you believe that these associated costs are accurately reflected in the Financial Memorandum?*  
Not applicable.

8. *Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation or more developed guidance? If so, is it possible to quantify these costs?*

No, we would not anticipate future costs associated specifically with the Bill, unless the permanent name change for the organisation to "VisitScotland" is subject to changing consumer preferences and trends in future years, which may see it becoming outdated and unfashionable, which might require a full scale rebranding exercise.

## Response from VisitScotland

### **Introduction**

VisitScotland welcomes the opportunity to submit evidence to the Finance Committee on the Financial Memorandum on the Tourist Boards (Scotland) Bill.

VisitScotland, as the national tourism agency, has a strategic role as the public sector agency providing leadership and direction for the development of Scottish tourism in order to get the maximum economic benefit for Scotland. It exists to support the development of the tourism industry in Scotland and to market Scotland as a quality destination.

Scottish tourism is a major and growing part of this country's economy and VisitScotland and the Scottish Executive are together backing the industry to grow tourism revenues by 50% by the year 2015.

### **Consultation**

1. *Did you take part in the consultation exercise for the Bill, if applicable, and if so did you comment on the financial assumptions made?*

The VisitScotland response to the Scottish Executive consultation referred to the possible VAT implications of the dissolution of the Network Area Tourist Boards (NTBs), the temporary means by which the integrated tourism network was established in April 2005. The VisitScotland response made the following reference to the potential VAT liability:

In principle, VisitScotland supports the abolition of the current Network Area Tourist Boards (NTBs), the temporary means by which the integrated tourism network was established in April 2005. However, it is important to realise that one of the unintended consequences of the dissolution of the two NTBS will be to remove any chance of VisitScotland retaining the Trade Agreement for ATBs for VAT purposes. This could result in VisitScotland being responsible for additional tax payments of up to £2 million annually.

In addition, the VisitScotland response stated that, "the abolition of the NTBs could expose VisitScotland to a pension liability that is currently estimated at £7m".

2. *Do you believe your comments on the financial assumptions have been accurately reflected in the Financial Memorandum?*

The issues raised in our submission to the Scottish Executive are the subject of ongoing discussions between VisitScotland and the Scottish Executive. A review of VisitScotland's pension arrangements is currently being carried out by an actuarial firm and a number of options are being considered some of which would result in the potential liability not emerging, and we are confident that a solution will be found.

3. *Did you have sufficient time to contribute to the consultation exercise?*

The Scottish Executive consultation timeframe allowed sufficient time for a considered response to be made to the consultation.

4. *If the Bill has any financial implications for your organisation, do you believe that these have been accurately reflected in the Financial Memorandum? If not, please provide details.*

The financial implications that the Bill has for VisitScotland, aside from the VAT and pension liabilities mentioned above, are accurately outlined in the financial memorandum.

5. *Are you content that your organisation can meet the financial costs associated with the Bill? If not, how do you think these costs should be met*

Aside from the concerns around the potential VAT and pension liabilities outlined above, we are satisfied that as an organisation we can meet the financial costs associated with the Bill. As an organisation we are committed to working within a tight budget and to the highest standards of financial management. As an organisation we have made great strides in reducing the deficits inherited from the former area tourist boards and at present we are forecasting a balanced budget for the 2006/07 financial year. This was not originally planned to happen until 2007/08 and represents an improvement in the operating performance of the organisation of £495k from last year's forecast.

As a result of this sound financial management we have been able to offer the same service levels at a lower cost to businesses as the new approach of buying services is more cost effective than the former Area Tourist Board membership system. Therefore, as a result of the reorganisation we have been able to reduce costs to tourism businesses which they can reinvest in developing their business.

6. *Does the Financial Memorandum accurately reflect the margins of uncertainty associated with the estimates and the timescales over which such costs would be expected to arise?*

The Financial Memorandum incorrectly states that "local authorities have continued funding the Network Tourist Boards at the same level during 2005/06 by voluntary agreement". VisitScotland received funding from local authorities in 2005-6 totalling £6,668,579 and funding for specific projects totalled £252,782 giving a total figure for local authority funding of £6,921,361. This represented a decline in funding of £2,119,165 against the level of funding to ATBs by local authorities in 2004-5. The main elements in this reduction were (a) a reduction of £1.7 million funding from City of Glasgow Council and (b) a reduction of £260,000 by City of Edinburgh Council. In both cases this reflected a transfer of funding to autonomous Convention Bureaux for the Cities.

In addition, the financial memorandum does not make reference to the fact that there is a degree of uncertainty in relation to local authority core funding going forward. Indications from local authorities are that core funding will reduce to an estimated £6,108,673 in 2006-7. Project funding is predicted to increase to £508,239. The total expected funding is therefore expected to be £6,616,912 representing an overall reduction of 4.4%.

However, the figures outlined above are subject to final verification and the final approval of funding awards will depend on completing negotiations with individual local authorities; VisitScotland providing confirmation of out-turns on network office budgets for the past year, and confirmed spending plans for the coming year.

Notwithstanding this uncertainty, VisitScotland is committed to ensuring that the highest levels of service are maintained.

7. *If the Bill is part of a wider policy initiative, do you believe that these associated costs are accurately reflected in the Financial Memorandum?*

The Tourist Boards (Scotland) Bill enshrines in legislation the changes made to VisitScotland by the Tourism Network Scotland (TNS) project. The TNS project was the first phase of a longer term VisitScotland transition programme to deliver "one team for Scottish tourism working in partnership to exceed customer expectations". It was also part of a wider range of initiatives to increase the value of tourism to the Scottish economy by 50% as articulated in the Scottish Executive's recently published Tourism Framework for Change. The costs involved in this wider policy are accurately reflected in the Financial Memorandum. Although there remains some uncertainty regarding costs, as outlined above VisitScotland remains of the view that the integration has been successful and will assist us in achieving our growth ambitions.

8. Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation or more developed guidance? If so, is it possible to quantify these costs?

We do not anticipate any future costs associated with the Bill aside from the potential VAT and pension costs outlined above.

## Supplementary Information from VisitScotland

### Tourist Boards (Scotland) Bill: Financial Memorandum

I have been asked by John Brown, Head of Tourism Policy in the Scottish Executive to provide a breakdown of the former Area Tourist Boards' (ATBs) total overall deficit of £1.7million in the 2004-05 financial year. I would also like to take this opportunity to clarify a number of other issues that were raised in the recent evidence session on the Tourist (Boards) Scotland Bill.

A table summarising the final audited ATB accounts for the 2004-05 financial year is at Appendix A; this is drawn from information published by VisitScotland on [www.scotexchange.net](http://www.scotexchange.net) and does not represent the full accounts. For detailed information on each area's full accounts, please visit the following link:

[http://www.scotexchange.net/research\\_and\\_statistics/tourism\\_in\\_your\\_area.htm](http://www.scotexchange.net/research_and_statistics/tourism_in_your_area.htm)

The enclosed table shows that the total net operating deficit for ATBs in 2004-5 was £1.696 million and that ATBs had net reserves of £3.679 million.

I am aware that there was a focus in the evidence session on the final accounts of the former Perthshire and Kingdom of Fife ATBs. I am more than happy to clarify that although both Perthshire and Kingdom of Fife ATBs had substantial operating deficits in their final year, they had sufficient reserves to cover the deficits and that therefore they were not "in debt". In relation to the article published in *The Herald* on 29 March and referred to by Mr John Swinney MSP, I would like to put on the record that the media statement we provided did not refer to individual ATBs as being in debt. However, in response to a subsequent request we did provide a breakdown by ATB area of the £1.7m deficit.

In addition, I would stress that we have made a commitment that all remaining assets in former ATB areas will be ring fenced for use specifically by the successor VisitScotland network office.

I would also like to take this opportunity to clarify that local authority funding for the former ATBs was sustained into the first year of transition, which was 2005-06. Therefore, the Financial Memorandum to the Bill is correct in stating that local authority funding levels were carried forward voluntarily into 2005-06. I would, however, like to take this opportunity to clarify that although total local authority funding was carried forward at the same levels, VisitScotland did not receive the same level of funding as the ATBs had received in previous years. The funding levels that were carried forward were split with other business tourism services.

I hope this information is helpful, however, please do not hesitate to contact me if you would like clarification on any points.

Yours sincerely

Philip Riddle  
Chief Executive,  
VisitScotland

## Appendix A: Summary of ATB Final Accounts 2004-5

Summary of ATB Final Accounts 2004-5										
ATB	surplus/deficit	Reserves	Long term Borrowings	TIC Stock	Cash	Total Debtors	Net Current Assets	Fixed assets	Pension liability	
SIT	8,316	120,285		7,475	136,776	53,813	85,481	64,662	199,000	
OTB	-46,896	168,914	0	50,964	751	54,049	67,301	103,480	Not disclosed	
WITB	-61,762	79,658	0	40,412	34,881	7,061	75,853	3,805	84,000	
HOST	28,260	489,114	0	188,707	14,375	217,711	241,034	289,089	856,000	
AGTB	-224,846	218,845	95,527	173,462	140,224	364,493	48,695	1,170,662	880,000	
PTB	-531,755	114,101	0	63,823	27,508	152,205	114,101	0	213,000	
ADTB	7,373	237,424	0	13,076	115,860	158,057	237,424	0	269,000	
KOFTB	-553,014	123,565	0	63,877	95,342	37,285	123,565	0	365,000	
AILLST	-204,355	1,010,222	250,431	541,962	32,003	896,155	393,716	2,934,413	663,000	
ELTB	-64,426	597,980	843,708	78,774	257,954	291,698	109,589	1,332,099	1,138,000	
GGCVTB	-85,668	260,964	0	83,019	156,333	393,899	158,620	730,695	1,042,000	
AATB	59,965	4,392	133,800	13,124	460,191	296,926	10,494	127,698	0	
SBTB	-64,115	-10,998	72,315	66,874	1,070	654,899	-62,392	123,709	376,000	
DGTB	37,042	264,868	12,128	47,444	80,038	276,778	-2,339	682,630	285,000	
<b>Totals</b>	<b>-1,695,881</b>	<b>3,679,334</b>	<b>1,407,909</b>	<b>1,432,993</b>	<b>1,553,306</b>	<b>3,855,029</b>	<b>1,601,142</b>	<b>7,562,942</b>	<b>6,370,000</b>	

**ANNEX C: EXTRACTS FROM MINUTES**

**ENTERPRISE AND CULTURE COMMITTEE**

**EXTRACT FROM MINUTES**

**9th Meeting, 2006 (Session 2)**

**Tuesday, 28 March 2006**

Present:

Shiona Baird

Susan Deacon

Mrs Karen Gillon

Christine May (Deputy Convener)

Mr Jamie Stone

Richard Baker

Murdo Fraser

Mr Michael Matheson

Alex Neil (Convener)

The meeting opened at 2.00 pm.

**Tourist Boards (Scotland) Bill:** The Committee considered and agreed its approach to the Bill including an indicative timetable for its consideration of the general principles of the Bill at Stage 1.

The meeting closed at 4.51 pm.

Stephen Imrie

Clerk to the Committee

**ENTERPRISE AND CULTURE COMMITTEE**

**EXTRACT FROM MINUTES**

**13th Meeting, 2006 (Session 2)**

**Tuesday, 9 May 2006**

Present:

Richard Baker

Susan Deacon

Mrs Karen Gillon

Christine May (Deputy Convener)

Mr Jamie Stone

Shiona Baird

Murdo Fraser

Mr Michael Matheson

Alex Neil (Convener)

The meeting opened at 2.02 pm.

**Tourist Boards (Scotland) Bill:** The Committee took evidence on the Bill at stage 1 from—

Kirsten Davidson, Bill Team Leader, Gaynor Davenport, Lead Official Bill Team, and David Kemp, Principal Legal Officer, Scottish Executive.

**Tourist Boards (Scotland) Bill:** The Committee considered and agreed its approach to the Bill at stage 1.

The meeting closed at 3.48 pm.

Stephen Imrie

Clerk to the Committee

**ENTERPRISE AND CULTURE COMMITTEE**

**EXTRACT FROM MINUTES**

**14th Meeting, 2006 (Session 2)**

**Tuesday, 16 May 2006**

Present:

Richard Baker

Susan Deacon

Christine May (Deputy Convener)

Shiona Baird

Murdo Fraser

Alex Neil (Convener)

Apologies were received from Mr Michael Matheson and Mr Jamie Stone.

The meeting opened at 2.32 pm.

**Tourist Boards (Scotland) Bill:** The Committee took evidence on the Bill at stage 1 from—

Patricia Ferguson MSP, Minister for Tourism, Culture and Sport, Kirsten Davidson, Bill Team Leader, and Gaynor Davenport, Lead Official Bill Team, Scottish Executive.

The meeting closed at 4.42 pm.

Stephen Imrie

Clerk to the Committee

**ENTERPRISE AND CULTURE COMMITTEE**

**EXTRACT FROM MINUTES**

**15th Meeting, 2006 (Session 2)**

**Tuesday, 30 May 2006**

Present:

Richard Baker

Mark Ballard (Committee substitute)

Murdo Fraser

Karen Gillon

Margaret Jamieson (Committee  
substitute)

Michael Matheson

Christine May (Deputy Convener)

Mr Jamie Stone

Apologies were received from Shiona Baird, Susan Deacon and Alex Neil.

The meeting opened at 2.10 pm.

**Tourist Boards (Scotland) Bill:** The Committee considered a draft stage 1 report. Various changes were agreed to and the Committee agreed the report as amended.

The meeting closed at 3.44 pm.

Stephen Imrie

Clerk to the Committee

## **ANNEX D: WRITTEN EVIDENCE**

### **WRITTEN SUBMISSION FROM COSLA**

#### **Introduction**

COSLA welcomes the opportunity to submit written evidence on this Bill to the Committee and we have provided evidence in relation to the three main aspects of the Bill, namely:

- Creating VisitScotland as a single legal entity responsible for the tourism sector;
- Removing the legal requirement for area tourist boards and abolishing the current two Network Area Tourist Boards; and
- Increasing the maximum size limit of the VisitScotland Board from seven to twelve.

#### **Creating VisitScotland as a single legal entity responsible for the tourism sector**

COSLA has no objections to the creation of VisitScotland as a single legal entity responsible for the tourism sector, as this essentially formalises the structures agreed previously. However, in accepting this there should be recognition of the crucial role that Local Government plays in tourism as a planner, provider, co-ordinator and funder of a wide range of tourism activities, and also the provision of core infrastructure. For example, the City of Edinburgh Council spends £35 million on tourism annually, of which only £620,000 is provided to VisitScotland.

As a further point, it might be worth taking on board that the permanent name change for the organisation to “VisitScotland” could be subject to changing consumer preferences and trends in future years, which may see the name becoming outdated and unfashionable, in terms of marketing Scotland as a destination.

#### **Removing the legal requirement for area tourist boards and abolishing the current two Network Area Tourist Boards**

The proposed Bill’s intentions tidy up the Local Government in Scotland Act (1994), with there clearly no longer being a requirement for the existence of Area Tourist Boards. This is recognised by COSLA and not considered controversial. That said, we still see the importance of area offices or an area structure with a direct link to local authorities and local circumstances.

#### **Increasing the maximum size limit of the VisitScotland board from seven to twelve**

COSLA welcomes the changes proposed in the Bill to the size of the VisitScotland Board from 7 members to a maximum of 12 members. One of the sub texts in the Scottish Executive’s consultation document is that this could enable greater Scottish Local Authority representation on the Board. We believe that, given our key role in

tourism, Local Government must have at least 2 guaranteed members on the VisitScotland Board, with the possibility of more, depending on the calibre of applicants or nominations from COSLA.

It was acknowledged in the consultation document for the Bill that the Executive's policy is that Boards should be as small as possible, and should not exceed a maximum of 9 members in the foreseeable future. However, the Executive also recognises that additional expertise is required on the Board of VisitScotland particularly from local authorities.

The summary of responses recently issued by the Scottish Executive provides comment on a number of points raised in the consultation on the Bill, notably that councils asked that additional seats be reserved for local authority representation. However, the Scottish Executive's published response states that it would "not be possible to reserve seats on the Board for specific sectors".

Furthermore, the policy memorandum accompanying the Bill states "A further option proposed in a number of consultation responses would be to guarantee membership to local authorities and to specific sectors". However, there will seemingly be no reserved seats as it is the Executive's view that this would contravene the Commissioner for Public Appointments in Scotland's code of practice on Ministerial Appointments to Public Bodies, which is that "Board members will be recruited on individual merit to complement the expertise and skills of current board members".

Whilst accepting that Board members should be recruited on individual merit there appears to be no evidence from the recently published Code of Practice for Ministerial Appointments to Public Bodies in Scotland that would prevent members being selected, on merit from a specific organisation or group of organisations. Indeed section 14 of this code refers to statutory nominations where "an organisation has the right to nominate individuals to the Minister for appointment to that public body". Therefore, reserving seats for nominations from local authorities or COSLA would not contravene the code. We would also stress Local Government's unique position in being both a democratically elected tier of government, and thus accountable, and, as made clear above, a leading partner in planning, providing, co-ordinating and funding a wide range of tourism activities.

In Scotland there are examples of seats on the boards of public bodies being reserved, with local authorities having reserved seats on the boards of the National Park Authorities e.g. Cairngorms National Park. In addition, the benefits of local authority representation can be seen in the fact that boards such as the Scottish Environment Protection Agency (SEPA) and Communities Scotland have elected members sitting on them. Indeed, we believe that many of the present difficulties that Scottish Enterprise have been experiencing could have been averted had democratically accountable elected members been sitting on its board.

We are of the view that COSLA should be allowed the opportunity to nominate members for the interview and selection process for VisitScotland's Board, especially given Local Government is a considerable funder of VisitScotland and huge player in the tourism industry. This would have the advantage of elected members having the mandate to speak for all of Local Government at a national

level. In addition, this would provide the best of both worlds in terms of sharing information both ways most effectively.

Further, we believe the mix of skills, abilities and political awareness provided by elected members on the Board of VisitScotland would allow it to work with the Executive and other agencies more effectively.

We contend that the selection criteria process for interviewing applicants for positions on VisitScotland Board should take into account the following key attributes for any potential candidates:-

- Partnership working skills between Local Government and other organisations;
- Experience working with VisitScotland;
- A local government background and involvement in promoting tourism at a local and national level as an advocate and champion;
- A close link to COSLA in terms of representing Local Government;
- Knowledge and experience of implementing the Scottish Executive's Best Value, Efficient Government and Community Planning agendas in the public sector; and
- Knowledge and experience of the oversight of performance management and financial management of a large public sector organisation (It should be noted that elected members from even small local authorities deal with far larger budgets than VisitScotland's budget).

### **The Advantages of Enhanced Elected Member Representation on VisitScotland's Board**

Increased elected member representation on VisitScotland's Board would have the following advantages:-

- The VisitScotland Board would relate more effectively to the Scottish Executive and Local Government with a more professional political interface provided by increased elected member representation.
- Increased elected member representation on VisitScotland's Board would give the Board a stronger profile and credibility, given that most leading Local Government politicians are already known to Ministers.
- Local government representatives are publicly accountable and provide a democratic mandate by virtue of their elected member status.
- Elected members have unparalleled experience of Best Value and change management, crucial at a time when the public sector is reforming.
- Some elected members have hugely valuable experience in contributing to Scotland's tourism industry;
- Local Government representation on VisitScotland's Board shows the public and private sectors clearly working together, which is vital to Scotland's economy.

VisitScotland is a key partner of Local Government due to the considerable funding of the network by Scotland's local authorities and close working relationship. That said, it is important that VisitScotland, given its role in promoting Scotland's largest industry does not fall into the same trap as other Scottish Executive quangos that are seen as remote, unaccountable, unresponsive, inefficient and as being wasteful of public resources. We believe that increased elected member representation can only assist in ensuring this does not occur through providing direct democratic public accountability. In addition, elected members have considerable experience of modernising public services. However the public sector reforms over the coming years, there will have to be integration of some services and cross-boundary working, and these are areas where elected members can provide 'front-line' knowledge and practical experience.

COSLA believes in the benefits of joint working and welcomes the initiatives taken by the Scottish Executive and VisitScotland as there is now a greater understanding between the various agencies and Local Government about the promotion of Scotland as a world class tourism destination. However, this understanding and partnership working needs to be further developed and sustained through increased joint working and representation by elected members on organisational boards of quangos such as VisitScotland.

### **Conclusion**

Since COSLA's Economic Development and Planning Spokesperson joined VisitScotland's Board last November there has been a notable improvement in partnership working between Local Government and VisitScotland. We believe that this improvement will best be sustained by additional formal representation from Local Government on the VisitScotland Board.

COSLA therefore asks the Committee to support it in ensuring that, in future, at least two places are guaranteed on the VisitScotland Board. Such places would be nominated by COSLA, but the actual appointments would be based on merit, taking account of appropriate criteria including the above.

## WRITTEN SUBMISSION FROM VISITSCOTLAND

### **Introduction**

VisitScotland welcomes the opportunity to submit written evidence to the Enterprise & Culture Committee on the Tourist Boards (Scotland) Bill.

VisitScotland operates from over 140 locations throughout the country with our main offices in Edinburgh and Inverness. We have a considerable array of local expertise throughout our network which stretches from Lerwick to London.

As an organisation we have 3 key roles with related objectives. These are:

- To attract visitors to Scotland
- To engage with partners within the industry
- To add value to the visitor experience.

As the national tourism agency we have two customers – the consumer (visitor) and the tourism industry itself. We have a strategic role as the lead public sector agency for tourism to provide leadership and direction for the development of Scottish tourism to ensure we leverage the maximum possible economic benefit for Scotland. In addition, we exist to support the development of the tourism industry in Scotland and to market Scotland as a quality destination.

### **Background**

Scottish tourism is a major and growing part of this country's economy and VisitScotland and the Scottish Executive - as outlined in the recently published Tourism Framework for Change - are together backing the industry to grow tourism revenues by 50% by the year 2015.

However, the global tourism market is fiercely competitive with around 200 countries fighting for market share. In addition, many of our competitors have similar product offerings aimed at similar target markets to ours. It is against this backdrop that Ministers took the decision to create "one team for tourism" with an integrated network that would make it easier for the public and private sectors to work together.

VisitScotland fully supports the decision to create an integrated network and accordingly endorses the general principles of the Tourist Boards (Scotland) Bill. The new VisitScotland integrated network was established on 1 April, 2005 and two years on from the Ministerial announcement on the need to create a new tourism support structure, the "one team VisitScotland" is fully staffed and delivering against our core objectives.

Merging the current interim structure made up of three separate legal entities will reduce complexity in managing the organisation and maintaining accountability.

## **The General Principles of the Tourist Boards (Scotland) Bill**

### *Changing the legal name of the Scottish Tourist Board to VisitScotland*

VisitScotland welcomes the proposal to enshrine in legislation the change in name from the Scottish Tourist Board to VisitScotland. It is crucial that we have a strong and consistent identity that allows us to position VisitScotland as the lead economic agency for Scottish tourism. The VisitScotland name is central to our corporate identity and is designed to reinforce the image of the tourism industry as a modern, confident and vibrant sector of the Scottish economy.

It is likely that we will continue to use the “Scottish Tourist Board” identity in, for example, Quality Assurance awards and related signage. We are taking the necessary legal steps to ensure that we are able to retain the ability to use this identity as appropriate.

### *Increasing the Size of the VisitScotland Board*

As stated in our response to the Scottish Executive consultation on the Bill; we welcome the proposal to increase the potential number of Board members to a maximum of 12. The new organisation is substantially larger than the previous organisation and it is important that this is reflected in the size and composition of the Board. A larger Board would make it possible to broaden the range of skills, knowledge and experience that can be drawn upon as we develop and grow as an organisation. The proposal would also give VisitScotland welcome flexibility to bring additional expertise onto the Board without the need for further legislation as the network grows and develops.

Nevertheless, it is crucial that the dynamics of the Board are not adversely affected by it being too large to facilitate collective discussion and decision making. Therefore, while it is important that the Board contains a broad range of skills and experience it must also be as small and manageable as possible. As a result, we support the Executive’s stated policy that the board should be as small as possible and that it should “not exceed a maximum of nine members in the foreseeable future”.

VisitScotland would also stress that the principles of the Nolan Committee must be upheld in respect of Board appointments, namely that Board members should be appointed on merit and should not be appointed to represent any particular interest groups.

### *Abolishing Area Tourist Boards*

VisitScotland fully supports the abolition of the current Network Area Tourist Boards (NTBs), the temporary means by which the integrated tourism network was established in April 2005. The abolition of the NTBs means that former Area Tourist Board staff will become employed by VisitScotland.

## **Summary**

In summary, VisitScotland fully support the general principles of the Tourist Boards (Scotland) Bill. The new integrated VisitScotland is fully staffed and delivering against our objectives and the Bill represents the final step in the process, enshrining in legislation changes that have already taken place.

# Scottish Parliament

## Enterprise and Culture Committee

Tuesday 9 May 2006

[THE CONVENER opened the meeting at 14:02]

### Tourist Boards (Scotland) Bill: Stage 1

**The Convener (Alex Neil):** I welcome everybody to the 13<sup>th</sup> meeting of the Enterprise and Culture Committee this year. We have a quorum, so we can start. I remind everybody to switch off their mobile phones. I have received an apology from Shiona Baird. She expects to be late, but she will be here.

Our first item is consideration of the Tourist Boards (Scotland) Bill. I welcome the Scottish Executive bill team, led by Kirsten Davidson. She will introduce the rest of the team and make some introductory remarks.

**Kirsten Davidson (Scottish Executive Education Department):** With me today are Gaynor Davenport, from the Executive's tourism unit, who has been taking the lead on the bill, and David Kemp, our solicitor. I will say a few words about the bill, although I will not spend too long going through it, as it is a short, technical bill. If members could bear with me, I will go through the main things that the bill does.

First, it changes the legal name of the Scottish Tourist Board to VisitScotland. The board has been trading under that name for the past couple of years but, legally, it is still the Scottish Tourist Board. It makes sense, now that it is agreed that VisitScotland is the name that it should trade under, to take this opportunity to change the legal name.

Secondly, the bill repeals those sections of the Local Government etc (Scotland) Act 1994 that require that there be area tourist boards. The statutory instruments that were used to set up the two network tourist boards can then be repealed. That way, we can have a fully integrated tourism network across Scotland. The bill makes consequential provisions for the transfer of staff from those network tourist boards to VisitScotland, so that they can transfer according to their current terms and conditions.

Finally, the bill increases the size of the board of VisitScotland. At the moment, there are six board members plus the chair. We want to increase that

to a maximum of 11 board members plus the chair. For the foreseeable future, we would want or need there to be only nine members of the board, but this legislative opportunity allows for the introduction of some flexibility. Those are the main things that the bill does. I am happy to take questions.

**The Convener:** As Kirsten Davidson said, the bill is technical and formalises in legislation what has already happened. The committee has spent a fair bit of time going through the reorganisation process with the Minister for Tourism, Culture and Sport and others. We are probably up to date with what is happening, but I invite members' questions to the bill team.

**Christine May (Central Fife) (Lab):** I have a couple of questions arising from evidence from the Convention of Scottish Local Authorities. I am not sure whether you have had time to read that. The first page of COSLA's evidence addresses the subject of the name change and whether changing fashions for branding might require a subsequent alteration. Could you talk about the decision formally to rename the board VisitScotland, and could you explain how any subsequent change, if required, might be made?

**Kirsten Davidson:** There has been a recommendation that VisitScotland is a more appropriate name or brand for the organisation and we are taking this opportunity to change the name legally. As I said, it has been trading as VisitScotland for the past couple of years, even though it is legally still called the Scottish Tourist Board. If fashions changed and it was decided to change the name, we would not need further primary legislation to do that. The organisation could simply trade under a different mark, while legally remaining VisitScotland.

**Christine May:** My second question is on the partnerships—with local authorities, enterprise companies and other organisations—that are required to deliver tourism. To what extent is that aspect implicit in the bill, if at all?

**Kirsten Davidson:** As you can see, that is not set out anywhere in the bill. As the integration process of VisitScotland was happening, it was clear that there would need to be partnerships with other organisations, particularly local authorities, but also with other public sector organisations such as the enterprise networks. That process will continue after the bill has been passed. VisitScotland views those partnership arrangements as important.

**Murdo Fraser (Mid Scotland and Fife) (Con):** I was interested to hear your response to Christine May's question about the name. Surely the logic would be to carry on calling the organisation the Scottish Tourist Board, given that it is able to trade

under any name. I am not sure why we have to change the board's official title by legislation.

**Kirsten Davidson:** We certainly could just keep the legal name as the Scottish Tourist Board and allow it to continue trading under the name VisitScotland. However, the name and brand of the Scottish Tourist Board belong in the past, and it is recognised that VisitScotland is the appropriate brand for that marketing organisation. As we are legislating to get rid of the requirement that there be area tourist boards and so to get rid of the network tourist boards, and to set up an integrated network, it seems a good opportunity to change the name legally.

**Murdo Fraser:** If the bill goes through, would there be anything to stop another body subsequently calling itself "the Scottish Tourist Board"?

**Kirsten Davidson:** VisitScotland is currently in the process of ensuring that it can use that trademark.

**The Convener:** I think that that covers everything. I thank Kirsten Davidson and her colleagues. That was very helpful.

We now move to item 2, the committee's consideration of its approach to the Tourist Boards (Scotland) Bill at stage 1. An approach paper in my name, detailing what it is that we need to decide, has been circulated. It is a short, sharp, essentially technical bill. By way of clearing the decks, I have informally suggested to both the Minister for Parliamentary Business and the Minister for Tourism, Culture and Sport that, if they brought forward stage 1 of the bill from the end of June to an earlier time, we could probably get stage 2 completed by the summer recess, given the nature of the bill, thus leaving us with a bit more time for the Bankruptcy and Diligence etc (Scotland) Bill after the recess. That is obviously subject to the committee's approval, but it would seem to be a sensible approach.

I should also draw to the committee's attention the fact that the call for evidence has so far resulted in only two submissions. We have received a response from VisitScotland—unsurprisingly, it supports the bill. We also have a submission from COSLA, which supports the bill in principle. COSLA's major recommendation is that the local authorities should, by right, be represented on the board. However, the advice that we have received is that that would be in contravention of the spirit and letter of the law on public appointments in Scotland—we will just have to live with that. In any case, in nominating people for the board, it is up to ministers to take cognisance of the role of the local authorities in any appointments that they make to the board.

We will go through the options that are set out in the paper. Before we do so, does any member

have strong feelings one way or another about the bill?

**Murdo Fraser:** Not on the bill, but on our evidence taking. We visited the question of tourist board reorganisation on a previous occasion and in some detail. If I am right, the changes have now been in place for a year and should therefore have bedded in. Although I do not want to spend a lot of time in evidence taking, there may be some merit in having one evidence-taking session as a catch-up session on where the industry has gone, subsequent to the changes. We could also take the views of the industry on the extent to which the changes are a success. Such a session could act as a follow-on from the work that we did on the tourist board reorganisation—from memory, it was about 18 months ago.

**The Convener:** That is a fair suggestion.

**Christine May:** The suggestion is a reasonable one. The only caveat is that, where it holds strong views, the tourism industry is not slow in making those views known. For example, the Scottish Tourism Forum was vociferous in its evidence giving. I hesitate to put words into its mouth, but I assume that the forum has not responded to the call for evidence because it accepts the position as it is.

Further to Murdo Fraser's suggestion of an evidence-taking session, we should call the Minister for Tourism, Culture and Sport. We could discuss with her any views that the industry has expressed—including the issue that COSLA has raised of local authority representation. We could also discuss with her the possibility of accelerating the bill process in order to get through stage 2 before the recess, as suggested. If there is a view that the industry wants to present to us, I see no reason why we should not ask to hear it.

**The Convener:** The clerk has advised me that he contacted the Scottish Tourism Forum—which in the main but not exclusively represents private sector operators—but it declined our offer of appearing before the committee. The forum appears to think that that is not necessary.

**Susan Deacon (Edinburgh East and Musselburgh) (Lab):** Although it is always interesting to hear how things have developed, particularly some time after the sort of in-depth examination that we undertook of the developments in the tourism network in Scotland, it is not appropriate for us to have the kind of session that Murdo Fraser suggested as part of our formal committee business. I have several reasons for making that comment.

First, we need to be careful not to confuse wider discussions on a series of interesting issues with our specific consideration of the bill, which we should keep clean and clear. Secondly, there are

better ways for the Parliament to get that sort of update; ways that do not necessarily take up the time, cost and resource of the formal committee process. In the main, where there is an appetite to do so, the tourism industry has been very good at engaging with members by way of informal briefings and the like.

Perhaps, as we have done in other instances, we could facilitate an informal session that would allow a range of stakeholders the opportunity to have the kind of conversation with the committee that Murdo Fraser suggested. However, in proceeding with our consideration of the bill, my preference would be for us either not to take further oral evidence or to have a brief evidence-taking session, but only from the minister. After all, part of the conversation that members have proposed needs to be held with the minister. That said, I also think that we should try to stay fairly strictly within the bill's parameters. I realise that tourism is a major issue, and that many questions arise from our wider deliberations, but I do not think that this is either the time or the place to address them.

14:15

**The Convener:** When we carried out our work on tourist board reorganisation, we agreed to check progress from time to time. Perhaps we should keep that work separate from our deliberations on the bill. I suggest that we think about building into our work programme for September onwards a progress review, using either of the modus operandi suggested by Susan Deacon and Murdo Fraser, but that this afternoon we concentrate on how we proceed with consideration of the bill. Are members agreed?

**Members** *indicated agreement.*

**The Convener:** Is the consensus that we take evidence only from the minister?

**Members** *indicated agreement.*

**The Convener:** I believe that a brief session with the minister has been pencilled in for next week.

**Christine May:** Will we discuss with her the proposals to accelerate consideration of the bill?

**The Convener:** Yes. I am not saying that that will be easy; I merely made the suggestion to the minister, and it is up to the Executive to find out whether it can be facilitated. I hope that, if we can take evidence from the minister next week, we can agree a stage 1 report. Are members agreed?

**Members** *indicated agreement.*

## Scottish Parliament

### Enterprise and Culture Committee

Tuesday 16 May 2006

[THE CONVENER *opened the meeting in private at 14:32*]

14:57

*Meeting suspended until 15:00 and continued in public thereafter.*

### Tourist Boards (Scotland) Bill: Stage 1

**The Convener (Alex Neil):** I welcome everybody to the 14<sup>th</sup> meeting in 2006 of the Enterprise and Culture Committee. We have apologies from Michael Matheson and from Jamie Stone, who will be late.

We are taking evidence on the Tourist Boards (Scotland) Bill from the minister, Patricia Ferguson. I welcome her and will allow her to introduce her team and say a few words about the bill.

**The Minister for Tourism, Culture and Sport (Patricia Ferguson):** I am joined today by Kirsten Davidson and Gaynor Davenport, both of whom have been working on this project for some time. I thank the committee for inviting me to give evidence on the bill.

As members know, VisitScotland has been in operation for a year as an integrated tourism network. Now is probably a good time to put the organisational structure on a proper legal footing. The integration project was a huge undertaking, bringing together 15 organisations into one, while at the same time maintaining vital local links. In my view and that of others around the network, it was a major task. However, the project has been completed successfully and VisitScotland has gone from strength to strength in the past year or so.

Success has been achieved earlier than we expected. VisitScotland expected to be working with a balanced budget by the financial year 2007-08 but the business plan for this year, 2006-07, is based on a balanced budget a year earlier than planned. VisitScotland is confident that that is realistic. Efficiency savings of £1 million will also be realised this year and reflected back to front-line services.

However, this is not only about doing the same job as the old Scottish Tourist Board and area tourist boards did more efficiently; it is about doing even more. A year in, VisitScotland has demonstrated that it can do just that. Its marketing campaigns are world class and local areas are benefiting more than ever from national marketing campaigns. For example, VisitShetland and VisitOrkney teamed up to take advantage of this year's national spring marketing campaign to promote the northern isles as an ideal place to visit. A national mailer, designed to inspire potential visitors to visit the islands, was sent out to some 180,000 names from the VisitScotland database and the feedback has been excellent. Similarly, Perthshire has recently benefited from a direct mailing campaign to all parts of the United Kingdom, selling the area to prospective visitors, which it would not previously have had the opportunity to do.

The 14 VisitScotland network offices provide support for tourism businesses at all levels, while giving them the benefit of access to national services and a national strategy. Seventeen area tourism partnerships have been set up throughout Scotland, involving tourism businesses, VisitScotland, all 32 local authorities and other public sector interests. The excellent relationship between VisitScotland and local authorities is being strengthened by the creation of the VisitScotland chair's committee, with membership drawn from the local authority community. VisitScotland benefits by having Willie Dunn, the Convention of Scottish Local Authorities spokesperson for economic development and planning, on the board. The annual national tourism convention also brings VisitScotland and COSLA together to discuss joint strategy.

The purpose of the bill is to formalise the arrangements that underpin the integrated tourism network so that we can maintain that success. To summarise, the bill repeals the statutory requirement that there be area tourist boards and dissolves the two network area tourist boards that were set up last April under secondary legislation, when the 14 former area tourist boards merged with VisitScotland. That means that VisitScotland can become fully integrated and can operate as a single legal entity. The bill also makes provision for the transfer of staff from the network tourist boards to VisitScotland. The bill makes provision to increase the size of the VisitScotland board from seven to 12 members to reflect VisitScotland's broader role. We plan to increase it only to nine members in the short term, but that provision will give us the flexibility to increase the board at a later stage, if that seems appropriate, without the need to revert to primary legislation.

Finally, the bill changes the organisation's legal name from the Scottish Tourist Board to

VisitScotland. We think that the Scottish Tourist Board name belongs in the past. The VisitScotland name emphasises the way forward for tourism in Scotland and the brand is already established as an easily recognisable and trusted brand by visitors and businesses alike. The bill is not about changing the way in which the integrated tourism network works—it is already working well, and I am confident that it will continue to bring benefits to Scottish tourism—but it is about consolidating the integration process and putting the integrated network on a proper legal footing.

**The Convener:** The committee is familiar with the issues, having dealt with them at the time of reorganisation. As the minister has said, the bill puts into law what has already been done in practice.

**Christine May (Central Fife) (Lab):** I suppose that I should start by saying that I find little to take issue with in the bill. In fact, I cannot think of anything that I take issue with, so I would really like to test the minister and her officials on the extent to which they believe that the bill will make it easier to grow tourism business by 50 per cent, which is the target; to take account of local sensibilities, which was a big issue at the time of the changeover; and to improve quality, because I read a survey in one of the papers, either today or yesterday, that commented on the continuing relatively poor quality of bed-and-breakfast accommodation.

**Patricia Ferguson:** Those are three big questions. The whole reason for the change in the structure and underpinning of how we market Scotland and Scotland's tourism product came from the problems of the past. A great deal of work was done, not least by the Enterprise and Culture Committee's predecessor committee, on identifying the ways in which that change could be taken forward. The bill is part of that process, and the early signs are pretty good.

However, it is important that what we put in place is quite flexible, so that it can respond to any specific crises or issues that may arise in future. I am conscious, as is everyone involved in tourism, that it is not always issues within one's control that throw tourism off course. In the past, we have had difficulties because of 9/11 and because of foot-and-mouth disease—issues that were entirely outwith our control but which had an impact. It is important that we allow flexibility so that such things can be reflected in changes in marketing or to how things are done.

Particularly latterly, VisitScotland has been sensitive to local sensibilities and we have certainly encouraged it to take account of such sensibilities. The fact that about 97 per cent of VisitScotland staff are based not in the headquarters but out in the individual tourist areas

makes a big difference, because they are able to begin to build relationships with local businesses, local authorities, visitor attractions and anyone who has an interest in tourism. Working locally is probably the best way of ensuring that local sensibilities, concerns and issues are reflected.

Like VisitScotland and everyone else involved in tourism to whom I have spoken, I believe that there is a constant need to drive up quality. I know that quality is an issue close to the heart of the Scottish Tourism Forum and we can take reassurance from the fact that so many tourism industry providers are members of the quality assurance scheme. The most recent figures suggest that about 80 per cent of accommodation providers are part of the QA scheme, which compares favourably with the position in the rest of the UK. The equivalent figure for south of the border is something like 48 per cent.

It is important always to seek ways to improve quality. Part of the solution is to ensure that the training that is in place for tourism providers and operators is of the highest quality. We need to encourage people to enter tourism and to see it as an attractive career move. I could probably talk all day about the host of things that could be done. Along with VisitScotland, the changes to the tourism world in Scotland are very much focused on moving things forward and making them better in future.

**Christine May:** On matters beyond our control, I found it slightly amusing that the dead swan in Cellardyke resulted in an increase in the number of visitors and inquiries. I found that very gratifying.

**Patricia Ferguson:** That could not have been predicted.

**Murdo Fraser (Mid Scotland and Fife) (Con):** Good afternoon. In her opening remarks, the minister referred to the project—in other words, the integration of the local tourist boards into VisitScotland—being completed successfully. I am sure that, from VisitScotland's perspective, that was the case, but how have private sector tourism organisations reacted to the reorganisation? As I recall, when the committee considered the issue in advance of reorganisation, several concerns were expressed about how the new arrangements would work. Has the Executive carried out any research on what the industry feels about how the reorganisation has gone?

**Patricia Ferguson:** We have not done any research on that, but it is fair to say that the issue was one of my concerns when I inherited this job. I know that VisitScotland was keen to address that concern and, indeed, has been addressing it ever since. I am encouraged by the fact that the chair of VisitScotland regularly goes out around the

country to talk to people who are involved in tourism, to get their perspective and to respond to questions that they might have. The chief executive does likewise—I understand that he will be in the Highlands and Islands next month to do that very thing. That is an important development.

Similarly, the local partnership agreements that are currently being drawn up are welcome. It is entirely possible for those agreements to influence what happens in a particular area. Obviously, that is what we want to happen.

It is fair to say that the anecdotal evidence that I receive when I talk to tourism businesses around the country is that people have an increasing confidence in VisitScotland's work. Much good work has gone into trying to bolster relationships to make them work. As I mentioned to Christine May, the fact that most VisitScotland staff are based in individual localities is a good thing. We hope to see that develop in future so that, as relationships blossom, we can take tourism forward. All the feedback that we receive suggests that things have got a great deal better. That is not to be complacent about things—there is always more that could be done—but the steps that VisitScotland is taking will help to address any outstanding problems that might exist.

**Murdo Fraser:** I have not carried out any scientific survey, but the anecdotal feedback that I have received from people in the industry has been much more negative than the minister suggests. That might be due to a geographic issue, as the former Perthshire Tourist Board was well thought of by people in the industry. Among the people to whom I have spoken, the generality have felt that the steps that are being taken do not go in the right direction. However, I appreciate that the response might have been different elsewhere in the country.

The new set-up has been in place for a year and is starting to bed in. How is VisitScotland going to monitor the industry's response to the new arrangements?

**Patricia Ferguson:** Obviously, we do not want to talk about specifics, but in my opening remarks I talked about the work that is being done in Perthshire that could not have been done under the old regime. There are great opportunities but, sometimes, change is difficult for people, and moving to a new system is never all that easy. People have to get used to doing things a bit differently and, in some cases, working with different people. However, it is early days and the situation is likely to improve.

I would encourage local providers, individuals or groups of providers who have difficulties to contact VisitScotland and to speak to the chief executive. He will very much want to know about any

problems that may arise to enable him to address them at the strategic level. He will want to talk them through with people and explain any difficulties that there may be.

VisitScotland talks regularly to all its partners and stakeholders around the country, and that will continue. I am not aware that it is—at the moment, at least—undertaking any systematic research into what people think about VisitScotland or what tourism service providers are doing, but that is something that we can encourage VisitScotland to do in the future. That will be especially important given the feedback that you suggest is coming from a particular area.

**The Convener:** This is fairly straightforward, and we have been round the houses a few times. We are hoping to discuss the first draft of our stage 1 report on 30 May and approve it the following week, at the latest. That will be in plenty of time for stage 2, which is scheduled for 29 June.

I thank the minister and her officials. That was extremely helpful.

15:16

*Meeting suspended.*

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