

ENTERPRISE AND CULTURE COMMITTEE

Tuesday 25 May 2004
(*Afternoon*)

Session 2

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ENTERPRISE AND CULTURE COMMITTEE

† 16th Meeting 2004, Session 2

CONVENER

*Alasdair Morgan (South of Scotland) (SNP)

DEPUTY CONVENER

*Mike Watson (Glasgow Cathcart) (Lab)

COMMITTEE MEMBERS

*Brian Adam (Aberdeen North) (SNP)

*Mr Richard Baker (North East Scotland) (Lab)

*Chris Ballance (South of Scotland) (Green)

*Susan Deacon (Edinburgh East and Musselburgh) (Lab)

*Murdo Fraser (Mid Scotland and Fife) (Con)

*Christine May (Central Fife) (Lab)

*Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD)

COMMITTEE SUBSTITUTES

Mark Ballard (Lothians) (Green)

Rhona Brankin (Midlothian) (Lab)

Mr David Davidson (North East Scotland) (Con)

Fiona Hyslop (Lothians) (SNP)

George Lyon (Argyll and Bute) (LD)

*attended

THE FOLLOWING GAVE EVIDENCE:

Carolyn Baird (Perthshire Tourist Board)

Councillor Willie Dunn (Convention of Scottish Local Authorities)

James Fowlie (Convention of Scottish Local Authorities)

Ian Gardner (Scottish Tourism Forum)

Douglas Logan (Scottish Tourism Forum)

Catriona MacLean (Convention of Scottish Local Authorities)

Robin Shedden (Kingdom of Fife Tourist Board)

Simon Williams (Scottish Tourism Forum)

Councillor Donald Wilson (Edinburgh and Lothians Tourist Board)

CLERK TO THE COMMITTEE

Simon Watkins

SENIOR ASSISTANT CLERK

Judith Evans

ASSISTANT CLERK

Seán Wixted

LOCATION

Committee Room 1

† 15th Meeting 2004, Session 2—held in private.

Scottish Parliament

Enterprise and Culture Committee

Tuesday 25 May 2004

(Afternoon)

[THE CONVENER opened the meeting at 14:01]

Area Tourist Boards Review

The Convener (Alasdair Morgan): Good afternoon, ladies and gentlemen, and welcome to the 16th meeting this year of the Enterprise and Culture Committee. Under agenda item 1, we will take evidence on the area tourist boards review. The Executive launched the review in May 2002 and its outcome was revealed in March this year. In addition to today's witnesses, we will hear next week from VisitScotland and from the Minister for Tourism, Culture and Sport.

Our first panel of witnesses is from the Scottish Tourism Forum. They are led by Ian Gardner, who is the chairman of the Association of Scottish Visitor Attractions and director of the Scottish Tourism Forum. Perhaps he will introduce his two colleagues.

Ian Gardner (Scottish Tourism Forum): Good afternoon, everyone. On my left is Douglas Logan, who is managing director of Speciality Scotland Travel Ltd and a fellow director of the Scottish Tourism Forum. Simon Williams is chief executive of the Edinburgh Principal Hotels Association.

The Convener: Thank you. We are also grateful for your very full written submission, which covered all the issues. It raised many questions in my mind and I am sure that my colleagues have an equally large number of questions.

Let me start by picking up on a couple of remarks that are made towards the end of your submission, where you state:

"Some quarters view the review as not having gone far enough and that the core local delivery problems have not been addressed."

Next, the submission points out that the 4 per cent annual growth target that the Executive has set is perhaps not very ambitious, given that it is no more than the expected rate of growth of the world tourism market. Will you comment on those two statements?

Ian Gardner: The Scottish Tourism Forum shares the Executive's vision of growing tourism revenue to £6 billion by 2015. We see that as a

minimum target, which should not be too difficult to achieve. Both the industry and the public agencies will aspire to increase the revenue from visitors by increasing the number of visitors to Scotland and by using every opportunity to get more income from those visitors. We do not see the target as too ambitious; whether it is not ambitious enough is something that we will be able to tell at the time. If we can achieve that target, that will be a big step forward for Scottish tourism. The World Tourism Organisation predicts that tourism will grow at a rate of 4 per cent a year in the next few years, so the target is pretty much in line with that.

As for whether the review goes far enough, the Scottish Tourism Forum as a membership body has canvassed opinion from its membership and received a wide range of views. The responses have had several common denominators—the comments that change was needed, that local delivery had to be much more integrated with a national marketing programme and that a local delivery network was required. The arrangement whereby VisitScotland leads the marketing and the hubs integrate with its work meets the balance of co-ordinating marketing activity nationally and locally and having local hubs that can respond to individual needs.

Several issues with hubs remain. Will they be budget holders? How will they connect to local stakeholders? How will local authorities support them? Those matters still need to be addressed.

The Convener: I will follow up those items separately, as they are different. You said that if the target was not ambitious enough, we would know at the time. Did you mean simply that if you overshoot and do better in a few years' time, it will be clear that the target was not ambitious enough? Is that good enough for the industry? If the industry thinks that a higher target is achievable, should it not say, "We think we can do more and this is what we need to put in place to achieve that"?

Ian Gardner: I think that the target is good. It can be achieved, but that will take much combined effort that involves the public agencies and the industry pulling together. The target is achievable, but concerted effort will be needed. It is a good target to aim for. If the figure can be moved up from £4.5 billion to £6 billion, it will make a big difference to tourism's contribution to the economy.

The Convener: If your colleagues wish to add comments, they should indicate that, or you can ask them to speak as appropriate.

I understand that such a vast industry encompasses a huge range of opinions but, if we leave that aside, I still struggle to understand wherein some quarters think that the review has

not gone far enough. Do you say that simply because the review has not fleshed out the details sufficiently—all the submissions that we have received have said that—or is the cause more than that? Do some people think that the review should have done something more fundamental than it has done?

Douglas Logan (Scottish Tourism Forum):

My comment will relate to local problems and the enterprise companies. Some people who operate in the microsector of Scottish tourism tell me that not by any manner of means do we have a level playing field. Even Scottish Enterprise and Highlands and Islands Enterprise take different attitudes to tourism. Many of the companies to which I speak have told me that they would like to be in HIE's area, because they think that HIE has a better attitude. That is part of the local delivery problem. The concern is not just with VisitScotland and the ATBs—more concern is felt about how the enterprise companies deliver on tourism.

The Convener: That is another subject that we could pick up later.

Murdo Fraser (Mid Scotland and Fife) (Con):

Your submission comments on the scrapping of the membership scheme. One strength of the existing area tourist boards where they work well—I concede that they do not work well in all areas—is that they are membership organisations, so they have direct input from the industry. You seem to say that that is not a particular advantage and that you welcome the changes in the relationship. Will you expand on that point and on how, in the new structure, the industry will be able to influence VisitScotland's activities and behaviour?

Ian Gardner: I think that the membership scheme had many negative issues. For example, the national organisation for which I work had to be to be a member of 11 of the 14 area tourist boards instead of having a single point of contact and a single invoice that would have allowed us to know what we were paying and what we were getting back. Having a much simpler structure will make life a lot easier.

Simon Williams (Scottish Tourism Forum):

There was a lot of duplication in the fees that were paid to the local tourist boards and the national tourist boards. Indeed, some organisations were producing identical guidebooks. We have needed to rationalise that situation for a long time. That said, I am not sure what the answer to the problem is. After all, although we are moving to more internet-driven marketing, there will still be a need for collateral production somewhere along the line.

If people want to become part of VisitScotland, they have to pay to be graded and to become a member. If they do not want to do that, their only

choice is the local tourist board. Either they join VisitScotland or they do not. Indeed, someone has already raised the question of value for money and paying fees to a local tourist board when there are national marketing needs. I hope that we will touch on business tourism later in this evidence-taking session, because there are differences in that area. However, we need to highlight the issue of having to pay convention bureau fees when there might be a national need to market the country as a destination, first and foremost, rather than to market individual businesses.

Ian Gardner: Mr Fraser raised an important point about industry engagement with the hubs. Much of that detail has still to be worked out. At the moment, area tourist boards have a board to ensure that there is local accountability and industry input; members will hear from the chairmen of three of the boards later. Bodies that have a national remit, such as the Scottish Tourism Forum, and trade associations and local tourism action groups will help to plug the gap. However, the hubs, VisitScotland and the industry must speak to each other and work together if they are to be successful.

Murdo Fraser: If I understand you correctly, you appear to be saying that the relationship will change. Instead of members having direct input to VisitScotland, representative bodies such as the Scottish Tourism Forum might play more of a trade union role for tourism industry members.

Ian Gardner: I think that we will end up with a bit of both. Bodies such as the Scottish Tourism Forum will have a major role in communicating at a national level and working with VisitScotland to get messages out to the industry. However, I think that a lot will depend on the make-up of the hubs and how they communicate with the industry in their areas. No one has the answer to that question yet, but it is important to achieve that two-way communication.

Christine May (Central Fife) (Lab): As a founding member of the Kingdom of Fife Tourist Board and a board member until last May's election, I grew alongside the development of the current ATB structure. First, I seek some clarification on a point that was made earlier. You mentioned a difference in attitudes towards tourism between HIE and Scottish Enterprise national. What specific differences did your members cite?

Douglas Logan: For example, people who want to go on training courses find that HIE will provide more industry support—that is, cash—and perhaps offer more discounts on such courses than SEN will. Robert Crawford, the previous chief executive of Scottish Enterprise, used to meet representatives of small businesses. When, at one such meeting, I asked him when he would make a

level playing field for tourism businesses in his area, he said, "Never". That just shook me. I asked whether we could all emigrate up to HIE and he laughed. I found that attitude appalling.

Christine May: So the difference is largely about grant or subsidy for training.

Douglas Logan: Yes.

Christine May: Thank you.

I turn to something that was picked up in all three submissions that we have received. The additional national marketing spend to market Scotland externally is welcomed, but there is concern about how it will tie in with local initiatives. What are your thoughts on that?

14:15

Simon Williams: I do not know whether we have the answers on that, as it concerns how the pot will be divvied up. There have been occasions on which some of the cities have collaborated and Edinburgh has driven marketing initiatives.

Christine May: Yes. You say that on the second page of your submission.

Simon Williams: VisitScotland has then driven other initiatives, but the two have never joined up, so there are two pots of money. It is obvious that if the pot came together, there would be a much more rational objective around city marketing or branding.

I do not know whether we have any answers. The devil is in the detail of how the hubs will call on the money and how the local authorities will manage funding if the marketing is split between Glasgow and Edinburgh, for example. There are a lot of questions to ask. In some ways, the current situation is almost more defined, given that we do not know what will come up.

Christine May: The reason for my asking the question is that we do not have very long before the network has to be in place. I assume that the Scottish Tourism Forum, like other bodies, has done detailed brainstorming on it. I am trying to find out how far your thoughts have begun to coalesce around certain ideas that you are going to suggest to ministers.

Ian Gardner: We are still at a fairly early stage with that. We are anxious to see that the local hubs reflect the strengths of each area in Scotland and that it is not a case of one size fits all, as was mentioned in one of the submissions. Scotland has a lot of strengths in different areas and the hubs will have to be responsive to what those strengths are and to work with VisitScotland nationally to make the most of them.

Christine May: You say in the third bullet point on page 4 of your submission:

"The changes very much put the onus on VisitScotland to deliver a wide range of marketing and operational deliveries".

Given that VisitScotland's reputation is patchy throughout the country, do you think that it can do that?

Ian Gardner: Yes. There has been a big change for the better at VisitScotland in the past couple of years. The team there has much more of the industry's confidence and its plans have been better communicated. There is a real feeling in the industry that it knows what it is doing. We are moving into a slightly different league and we will know whether VisitScotland is up to the job in due course. I think that it is. I am sure that the work will not be perfect or seamless, but I am sure that it will be good.

Christine May: Finally, I pose a question that I will ask all the panels today. What two key things will prevent the plans from working?

Ian Gardner: One big issue is the role of local authorities, which have an important role in tourism both as providers of visitor attractions and in the infrastructure for tourism. The service level agreements that are being negotiated now might lead to different levels of quality and different ways of doing things. It is inevitable that there will be different investment levels throughout the country, which might damage some areas. It is critical that the relationship between local authorities and VisitScotland develops right from the start.

Christine May: Is the Scottish Tourism Forum actively working to ensure that your members take forward that message locally?

Ian Gardner: Yes; we will be doing so. The Scottish Tourism Forum is involved both with the new network project steering group and the project progress group. We are working with VisitScotland and the public agencies to bring the industry's views to the table when decisions are made.

Simon Williams: I differ a little from Ian Gardner on the communication side of things. I know one has to tell it as one sees it, but I am not convinced that VisitScotland's communications with the industry are achieving what they are intended to achieve. I am not saying that there is no communication; there is, and I have heard Philip Riddle say that VisitScotland runs information sessions that the industry does not always attend. That must be addressed: over the next nine months there will be a fundamental need to get good communication out to the industry through a wide range of media. VisitScotland has done an awful lot of good. I do not think that the industry is entirely aware of the organisation's huge

resources. Perhaps if that raft of information is given out, the industry will switch on.

It is obvious that in the hotel industry in Edinburgh there are private owners and residents who run businesses and there are chain operators. I am not being critical, but a lot of people run their hotels with their heads down, without necessarily considering what is going on on the periphery. VisitScotland needs to engage with some of the bigger companies and not just work with the smaller enterprises.

Brian Adam (Aberdeen North) (SNP): Your paper was interesting and rightly raised many questions. So far, the process has raised more questions than it has offered answers.

You have expressed concerns about the different approaches of different public agencies; you highlighted the difference in approach between HIE and the companies in the Scottish Enterprise network. However, if we are to have local solutions for local areas rather than a one-size-fits-all approach, do you accept that there will be different funding mechanisms and approaches for different areas and that any attempt to have a national approach to funding would undermine the idea of local solutions?

Douglas Logan: My concern is about the skills aspect. We must increase skills in the hospitality sector. The Government talks about small and medium-sized enterprises, but we do not think that there are any SMEs in tourism; we talk about AWEs—awfully wee enterprises—which are one to six-person businesses. If I ran a business like that in Edinburgh and I wanted to put my people through a training course at a cost of £50 to £60 a day, I would not be happy about the fact that people in HIE's area would get a 25 per cent discount.

Brian Adam: I understand that you are not happy about specific programmes, but you have not answered my question. If you want there to be local solutions, you must accept that the people who will deliver local tourism hubs will have different views about how things should be done and how money should be spent. When you complain about specific programmes, you undermine the notion of local solutions to local problems—unless you want a uniform approach.

Simon Williams: Are you inferring that all funds will be controlled and spent by one body?

Brian Adam: The implication of having a common approach to standards in training, quality assurance or whatever is that there would be no local solutions because there would be no local discretion. However, as I understand your submission and others' submissions, you are quite happy with not having a one-size-fits-all solution. The consequence of that will be local

differences—in training, or in other areas. You need to be clear to us—and, indeed, clear in your own minds—about where you want to have national standards, which should be funded across the board, and where you want local discretion. If you argue that Edinburgh is being discriminated against, relative to Inverness, you may well be right—but that discrimination could be a consequence of not having a one-size-fits-all policy.

Douglas Logan: It is obvious that the quality assurance scheme has to be national, not local. Our QA scheme is acknowledged as one of the leading schemes in the world. The South African tourist board took up our scheme, which is far superior to the English scheme or any other.

However, I was talking about encouraging small businesses to train their staff and—

Brian Adam: I have no difficulty with that, but because the scheme is—I will be generous—not fleshed out as yet, organisations such as yours should be clear about what national proposals you would like and about where there should be local discretion. If you feel that there should not be local discretion in the provision of training support, you should argue that case and say that the issue should be dealt with nationally. If you feel that there should be local discretion, you need to tell us and your partners where that discretion should apply.

Simon Williams: I quite agree. I am sorry if I am missing something, but I did not detect that anyone was advocating a one-size-fits-all solution. For a long time, we have argued that Edinburgh is a gateway city and that our tourist board has had to support its status as such, which is unfair. The convention bureau is another issue in which there are distinct differences between Edinburgh and Glasgow and areas where the cities need to combine. Recruitment and training issues are different in different parts of the country, and support is required for that. However, funding for the tourist boards has been unbalanced to date, has it not? VisitScotland funds the Highlands and Islands far more, pound for pound, than it funds Edinburgh. The same goes for local authorities.

I do not advocate a one-size-fits-all solution. I speak on behalf of the Edinburgh Principal Hotels Association and we will be looking for a good, autonomous hub that can recognise local needs, work with local industry, work with the revived Edinburgh tourism action group, and respond to initiatives from the industry.

Brian Adam: Your argument on HIE and SE seems to be that there is no justification for having two enterprise bodies in Scotland.

Simon Williams: No—I am not going there.

Brian Adam: All right—you do not want to get involved in that particular debate.

Simon Williams: Suffice to say that support for the industry—from my experience of more than 12 years in the industry—

Brian Adam: Yes, but if you argue that HIE treats people preferentially compared with SE—

Simon Williams: I was referring to the tourist boards.

Brian Adam: Okay, but surely, if you want to restrict the activities of HIE in that area, the logical conclusion is that you want to restrict its activities in all areas. Why have a separate body? However, that is not a debate for today.

You welcome the large increase in marketing money but—rightly, in my view—you are concerned about the scrapping of the membership scheme and the potential change in local authority funding. What role will people who were formerly industry members of the tourist board take in the new arrangements? That is not absolutely clear. What role will local authorities have, other than as providers of a substantial part of the finance for the marketing budget? What will you let them have in return for their money?

14:30

Simon Williams: I suppose that the important factor is industry marketing. The local hubs will have to believe in what is being done on a national and a local basis, because they will have to engage with the industry to ensure that, when the membership schemes goes, industry payers will continue to pay for something else. I would think that that is quite a challenge. A lot of people will probably decide that the new arrangements are an opportunity for them to back off and stop paying. Perhaps they will take a suck-it-and-see approach. However, there is no time for that. There has to be a great industry engagement. I have to encourage my members to continue to support the new initiatives. However, we do not know what those initiatives will consist of.

Ian Gardner: On the plus side, there will not be a membership subscription for individual businesses but they will be able to buy products and services that are offered by VisitScotland or the hubs. There will be a feeling among industry partners that they have a better idea of what they are buying. They should be able to track the impact that individual projects or campaigns have on their business.

At the moment, the subscription to an area tourist board has a number of benefits, some of which might be of more benefit to certain businesses than to others. Under the new arrangements, businesses will be able to tailor

what they want to buy and they will know what they can expect to get for their money.

Brian Adam: Among the concerns that have been expressed by local authorities in the past is that they are unable to see the fruits of marketing in their areas because they do not make decisions about the marketing. There is concern that the money will be concentrated in the centre, unless we have a system that is not one size fits all. A one-size-fits-all system might suit Edinburgh and Glasgow, but what would it do for tourism in the Angus glens? If we do not have local decision making about how the money is spent, the same concerns will be expressed about the new organisation as are expressed about the relationship between VisitScotland and VisitBritain. How will local marketing be delivered under the new umbrella?

Douglas Logan: That is up to VisitScotland and local authorities in terms of how they set up the hubs. Obviously, the Scottish Tourism Forum does not know how that will happen. I hate to mention Edinburgh again, but the Edinburgh tourism action group is an excellent example of the private sector working with the City of Edinburgh Council. I am on ETAG and have never had so much help from the council in my life as I have had since the group was set up. That is a good side of the present situation and I would hate to see it pass. ETAG could take over from the Edinburgh and Lothians Tourist Board, and similar groups throughout Scotland could take over from the area tourist boards in their areas.

Brian Adam: I am glad to hear it.

Ian Gardner: As Douglas Logan says, the model in which the local businesses come together with the tourist board and the local authority is a good one in terms of helping to influence marketing and bringing businesses together. That is how visitors see Edinburgh—they do not necessarily see a lot of individual businesses. It would be helpful if that model were replicated across the country

Mike Watson (Glasgow Cathcart) (Lab): In your submission, you welcome the fact that the current financial arrangements for ATBs are being swept away. However, you highlight the fact that European Union structural funding money will dry up in two years' time; you talk about the lack of membership money that is going to ATBs; and you talk about the possibility that the £8 million that currently goes to ATBs from local authorities might not be maintained, particularly if the partnership agreements—when they are finally agreed—are not seen by local authorities to be delivering as much as they had hoped. The £17 million of new money that is coming in goes up only until 2006. How fearful are you that any carry-forward beyond

2006 might be diluted by those other effects to which you draw attention?

Ian Gardner: That is a concern. The European funding was due to end no matter what arrangements were in place—we have to accept that that funding is over. While the new hubs are being created, the challenge is to ensure that local authorities in particular feel that they can support them to at least the same level as the European funding would have. I hope that they will do that based on the economic impact that tourism has in their areas. However, there is concern that the new money might be diluted because of lack of income from those sources, which might reduce overall budgets.

Simon Williams: Many people in the industry often do not know what they want until it is presented to them. People will go to their professional local or national organisation and say, “What can I buy from you to market my product?” If, in the nine months before April 2005, a tangibly different and exciting idea for next year is put on the desk for businesses to make a decision on, and it is based on best practice in Canada and New Zealand, for example, people will wake up and say, “I want a piece of that”. If there is going to be much of the same again, there could be a vacuum of funds.

Mike Watson: You seem to be questioning whether the new structure will be up and running in nine months. Do you have concerns in that regard? That does not come out in your submission, but we accept that many gaps are still to be filled in.

Simon Williams: I am not saying that the structure—

Mike Watson: I meant the effectiveness of the structure.

Simon Williams: There is an awful lot to achieve. None of the project groups has got together yet. I am not being critical; that is just how it is. A new menu of marketing and advertising opportunities must be made available to the industry in the coming year so that people have bought into it before the 2006 season begins. I do not know what the timescale for that is.

The concern is about what will happen when ATB membership stops. We have got used to our members—we know who they are, and we know what works and what does not work. That is all being changed and it is what it changes into that will grab people’s attention, or otherwise.

Mike Watson: You mentioned the project groups. To what extent do you feel that the private tourism sector is represented in the various groups that are working towards integration for April

2005? I know that Mr Gardner is on one of the groups, but I do not know the details of them all.

Simon Williams: The private sector is not so well represented, but one cannot have everybody at the table. The change is all about making the industry work to sustain tourism, employment and the raft of whatever else follows. However, if the right kinds of industry people are not at the table, the changes will not go far enough.

Douglas Logan: The Scottish Tourism Forum wrote to the minister to say that we wanted industry representation on as many of the groups as we thought necessary—we do not need to be in the human resources group, for example, because that deals with internal restructuring.

As of last week, when information about the groups was first posted on scotexchange.net for three hours and then taken off, there were details of only two members of industry plus three paid employees. Since then, Ian Gardner has joined and I believe that others will, too. However, we would like to see a lot more representation of the private sector. I do not know whether VisitScotland sees the outcome of the review as being just restructuring of its organisation and that it has therefore already consulted industry enough.

Mike Watson: We will take evidence from the minister in a couple of weeks. You said that you wrote to him to ask for better representation. Have you had a response to that letter? I take it that you wrote as the STF?

Douglas Logan: As far as I know, we have had a response in the sense that our chief executive has met Philip Riddle. I do not know whether we have had a formal response by letter yet.

Ian Gardner: From examining all the project groups, the forum’s view is that there should be industry representatives on groups in which they can make meaningful contributions to debate. Our vice-chairman is on the project steering group—which is chaired by the minister—and our chief executive is on the project progress group. We have identified a number of other project groups that could be enhanced by industry representation. Where we maintain that that is the case, we will continue to argue for it.

There is to be an industry think-tank or focus group, off which it will be possible to bounce ideas. Such initiatives are good. The industry will recognise that there are areas in which that process should be an internal matter. As we move forward, industry partners and VisitScotland must work together closely. If that relationship can begin now, that is all to the good.

Mike Watson: We all accept that quality is vital and that Scotland can never be a cheap tourist destination. We must major on quality to ensure

that we get people here and that we bring them back again.

One of the points that you make in your submission is about strengthening the quality assurance scheme, for which £3 million of new money has been provided. Does the Scottish Tourism Forum feel that quality has been stressed enough in the past? I notice that what Mr Logan described as the “awfully wee enterprises” perhaps do not feel that they have the resources to put into training, or that they need to put in those resources, given the high staff turnover in the industry. To what extent do you accept that there is a correlation between high turnover in the industry and the considerable reluctance of employers—not just the awfully wee ones—to provide skills and on-the-job training for their staff?

Ian Gardner: The forum’s view is that training is essential. VisitScotland is considering, as part of the way in which the QA scheme will progress, the introduction of a training category in the quality assurance grading to find out what the perception of the importance of training is among individual businesses.

A new joint initiative between the public and private sectors is called the pride and passion initiative. Its aim is to make people in the industry proud of, and passionate about, tourism. It is a communication and training initiative, which is about putting customers at the heart of what all tourism businesses do. If we can achieve that—we are not there yet—we will get Scotland to where it should be.

Mike Watson: One of the issues in relation to quality is how it is followed up. You talk about targeting of training and so on—there is certainly no point in having training schemes or such things as the VisitScotland quality assurance scheme for accommodation unless there is efficient follow-up that ensures that such schemes are implemented. In your submission, you talk disparagingly about quality assurance being policed, but surely that is necessary.

Let us consider the VisitScotland accommodation scheme, to which about 80 per cent of accommodation providers belong. Generally, any problems are found in the accommodation that is owned by the remaining 20 per cent of providers who, for whatever reason, do not sign up to the scheme. Even with the £3 million extra that the current package will provide, if there is not efficient monitoring and policing, how will you ensure that the benefits of the scheme are fully felt?

Douglas Logan: I am honestly not sure about that. My industry’s professional association was considering whether people should have a licence to practise. To be a lawyer or a doctor, one must

pass exams, so perhaps someone who runs a hotel, who might be responsible for people getting food poisoning, should have a sign at the door that says that their hotel meets basic hygiene standards or whatever. That is one way forward.

A statutory registration scheme has been tried in Northern Ireland and I do not think that any business has yet been put out of office as a result of it. I think that the QA scheme is excellent, but I am concerned about how we tackle the training side of things with small businesses.

Mike Watson: Compulsory registration would be one way of doing that, but that is probably an argument for another day.

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): Thank you for coming; it is good to see you here.

I want to return to the local authority issue. Douglas Sinclair, who was chief executive of Fife Council under Christine May in her former existence, used to be chief executive of Ross and Cromarty District Council. In the past, there was a close relationship between the Ross and Cromarty area tourist board and the district council, which led to sensitive decision making. Because the council felt that it, in effect, owned the tourist board—do not misunderstand that—there was no question of there being a lack of funding. It meant that, when money was invested in a development, the question of where tourism would fit into it was always asked, which was good.

14:45

I am becoming increasingly alarmed, first by what I have read in your submission—for which I thank you—and secondly by the local authority question that you have flagged up. From what I have heard from you, from what I have read and from what I know, it seems that there will be a real temptation for each local authority to say, “The revenue budget’s tough, so we’re going to lever the £500,000 share of the £8 million down to £350,000.” I cannot for the life of me see how a well-intentioned, yet woolly, service level agreement can stop that.

I am surprised that, on page 3 of your submission, you state:

“The current funding relationship with local authorities will cease on the removal of statutory ATBs. This is very much welcomed by STF.”

Can you comment further on that? Is there potentially a real problem that we all need to address? Are you sure that you welcome the move?

Ian Gardner: The reference that you mentioned was to do with the unpredictable nature of area tourist board funding, which has been in existence

for the past few years. We welcome the opportunity to move on to a much more stable foundation for local delivery. That is the opportunity, but whether it can be taken will be down to the detail in discussions that are taking place now. Their aim is to ensure that local service level agreements are not woolly and that local authorities buy into them and know what they are getting out of them. That detail is being worked on now—it is a significant issue.

Mr Stone: Let us take the present set-up with the Highland Council. I think that it nominates four councillors to the Highlands of Scotland Tourist Board—HOST. There is feedback to the Highland Council, which sees that it is getting goods for its money. The situation will not necessarily be the same in the future, which applies to co-ordination of capital spend and revenue spend.

We should bear in mind the fact that Scotland's 32 local authorities still have a non-mandatory development function, which they can exercise if they wish to do so. Some authorities do so more than others. That function, which is currently in the air, as it were, will be further distanced under the proposals, which is surely a threat. We must consider bolting on a stronger mechanism than service level agreements for communicating and working with local authorities. I am open to suggestions, but it could involve the Convention of Scottish Local Authorities, for example. I think that there is a big danger ahead of us.

Simon Williams: I agree. I am sorry if I appeared to distance myself from the reference that Jamie Stone cited—I had not read the part to which you referred. I have spent all of the past 12 years in Edinburgh, so I am concerned by the issue. I see clearly the direct link between the local authority and what happens with tourism. As Douglas Logan said, there is collaboration through the Edinburgh tourism action group. I have seen some clear-cut examples of great initiatives being identified and funds being found to support them. It need hardly be said that the City of Edinburgh Council has been able to see a return on its investment, but everybody has budgets to adhere to—Edinburgh and Lothians Tourist Board might have liked more funding. My concern is that, if the City of Edinburgh Council is to fund an initiative that crosses existing boundaries, it will not be able to identify the return on the money that it will invest.

Mr Stone: You have voiced your concern, which is good. How have you expressed that concern to ministers? Did you use language that was as stark as that which I used?

Simon Williams: No. There is an element of wondering, "Hang on—what's actually happening with this?" We do not have enough detail on what is going on. I do not know what a service level

agreement should consist of for me to see it as working, and I can talk about the matter only from an industry point of view. I am sure that members will put that question to local authorities and ask them how they envisage themselves working with their local hub in the future.

Chris Ballance (South of Scotland) (Green):

One thing that was touched on only briefly in your paper is visitscotland.com. Will the shake-up affect your relationship with visitscotland.com, given that many of your members have had varying—albeit, I think, improving—relationships with, and experiences of, the website?

Ian Gardner: I do not think that the changes will have much impact. I know that visitscotland.com has been quite responsive to our individual requests and requirements; I am positive about that. At the moment, the website team works closely with VisitScotland and with the area tourist boards. I am sure that they will continue to work together closely under the new structure.

Douglas Logan: There obviously has to be change. At the moment, Tourco is funded by the area tourist boards and we in the industry do not know how that structural change will pan out. Other than that, my only concern about visitscotland.com is that it keeps on getting flagged up all over the place. My section of the market—incoming tour operators—tends to get shoved aside, but we are still an important part of the tourism industry. We are not aware of what will happen structurally.

Ian Gardner: The Scottish Tourism Forum is in fairly regular contact with staff from visitscotland.com. If issues are raised by our members, we would certainly be prepared to pursue them on behalf of the industry. If initiatives are now being developed by VisitScotland but implemented at local level, I hope that all those initiatives will be reflected on visitscotland.com in the future.

The Convener: As I said in my preamble, the review was announced two years ago by Mike Watson, before he changed from poacher to gamekeeper, or the other way round. However, in answer to nearly every question, somebody has said, "We don't know the detail yet, so we can't really answer that." After two years, should not we have had an announcement that contained something a bit more definite? We seem to have only the barest outline of a framework, and nobody in the industry seems to know what the details will be in nine months.

Douglas Logan: The paper that you have before you today contains the Scottish Tourism Forum's initial response from back in March, when everybody was saying that the devil would be in the detail, as has been mentioned today. I still

think that the devil is in the detail. The industry does not really have much of a clue about what is happening; we are floundering along and we want to be involved in the various project groups so that we can get our view across.

Simon Williams: If the lack of detail is deliberate, there should be engagement with the industry over and above what happens at the moment, with two industry reps against however many non-industry people. If it is not deliberate, there should be more detail. It is argued that the review happened and that the industry had the opportunity to put its case, so we will now be told, "Right, this is how it's going to happen." However, that does not seem to be the way things are happening. We need to be at the table again, especially if we are considering hubs. In Edinburgh, the first port of call is to consider what our hub will consist of, how it will run and how we can engage with it.

The Convener: Thank you very much for your helpful evidence, gentlemen.

Our second panel of witnesses is led by Councillor Willie Dunn, who is the economic development and planning spokesperson for the Convention of Scottish Local Authorities. Will you introduce your colleagues, Councillor Dunn?

Councillor Willie Dunn (Convention of Scottish Local Authorities): I am joined by James Fowlie from COSLA and Catriona MacLean, who is here on behalf of the Scottish local authorities economic development group. Thank you for inviting us to present evidence to the committee. Members have the written evidence that we submitted and we are willing to elaborate on that.

We are not here to complain; we are here to be positive about tourism. We welcome this two-year engagement with the Scottish Executive, which presents a good opportunity to take things forward. We are happy to answer any questions from members.

The Convener: I am glad that you said that, because when I read the final paragraph of your submission, which says:

"COSLA is keen that this submission not be interpreted as negative",

I thought, "You could have fooled me." However, I am prepared to be fooled a wee bit.

It is clear from your submission that you are interested in your interaction with the industry at local level—through hubs, area tourist boards or whatever—but you seem to be considering setting up other bodies at local level. Under the heading "A Way Forward?" you talk about setting up

"a corporate body on application by a local authority and community planning partners".

That puzzled me. If the proposed new structure has one virtue, it is that it will at least be a simpler, unified system, so blow me if you are not talking about setting up other local bodies before we even abolish the old ATBs. Will you explain that?

Councillor Dunn: The idea of a new all-encompassing structure would be great if we knew what the structure would be, who would be part of it and what role local authorities would have. We would be able to offer a far more detailed response if we had that information. I ask James Fowlie to elaborate on why he put that comment in the paper.

James Fowlie (Convention of Scottish Local Authorities): Our concern is that the devil is in the detail, as others have said many times. We welcome the opportunity to consider the entire structure and to find a better and more integrated approach. However, we are concerned that the initial messages that we are receiving do not suggest that the new structure will be less bureaucratic. I am sure that Councillor Dunn will talk about the local democratic accountability that local government and COSLA would seek in any new structure.

A number of organisations would be involved in the new structure: councils might establish partnership agreements with the new hubs; tourism action groups would connect with the hubs; community planning partnerships and local economic forums would be involved; and VisitScotland would be the core body. We want the process to be joined up and integrated locally. For example, where would a local economic forum fit into the process? It would be far better to have one body, which would not necessarily be the same as the one that we currently have, but which would be more integrated at local level and in which the key stakeholders would sit around the table with VisitScotland to develop local tourism strategies and deliver the local solutions that were mentioned earlier.

That proposal was an attempt to simplify what could be a complicated structure, but as we continue our discussions with VisitScotland, the Scottish Executive and others as part of the project groups we will, I hope, solve some of the problems. The proposal might not be necessary; the idea is in our submission as a potential way to bring the key stakeholders round the table in a more innovative way that would allow them to progress matters.

15:00

The Convener: Do you foresee that the local service level agreements will be the way of channelling the money that used to go from local authorities into the tourism industry via the ATBs?

That is the implication of the minister's statement, which is predicated on the idea that that money will continue to get to the industry but through the mechanism of the service level agreements. Is your understanding that the service level agreements will be with VisitScotland and that it will decide what, if any, local presence it needs in order to deliver whatever the service level agreement has asked for? If that is not the case, what is your understanding?

James Fowlie: We do not yet know the detail. One of our big questions is: who will we be signing an agreement with? Will it be the local hub or VisitScotland? Somebody spoke earlier about where the money will go. Will it go to the local hub and stay there? Will it be centralised in VisitScotland to be sent out to address local priorities? We will explore such issues in the project groups. Our argument is that the money should stay local.

Councillor Dunn: We have met the minister since the report came out and we are no clearer on any of the questions that we had previously. There seems to be a lack of detail, particularly on the role that local government plays, which is vital in delivering tourism in Scotland. The question for you is: what is a hub? When we asked the minister, the answer was suitably vague. A hub could consist of officers. Would I, as a local councillor, be expected to send money to an organisation that had no democratic accountability at all? Would Glasgow City Council send £2 million a year to a hub that did not include an elected member who represented the council's £2 million interest? Those are our questions.

The Convener: I have one final point on the hubs. The number of hubs that was mentioned in the statement—I cannot remember what it was—was, conveniently, the same as the number of ATBs. One might think that, if any relationship that local government wanted to have with the hubs was going to be sensible, the number of hubs should equal the number of local councils and that there should be a one-to-one relationship between them. The problems that we have had in some areas have arisen because some tourist boards covered several local authorities and one or two local authorities felt that they were not getting a fair share of the cake.

Councillor Dunn: I would not agree with the number of hubs being the same as the number of local authorities. COSLA has still to discuss the matter as a corporate body, but my view is that the number of hubs should be based on the number of local enterprise companies in Scotland. The hubs should have coterminous boundaries with the LECs—that would be a good model. The hubs would also have the same level of representation. Local authorities from the relevant areas would

have elected members on the hubs. Moreover, people from industry and the LECs would be on the hubs and vice versa.

There is a synergy between LECs and hubs. I would not prescribe the proposal for all areas of Scotland, but there is a strong argument that the hubs should reflect the structure of the LECs, although not necessarily their work. That and the involvement of stakeholders would provide a balance. On top of that, we have VisitScotland, which would have elected representatives on its board. At the moment, the only elected representative on the board is Donald Anderson and he is there to represent not COSLA or other authorities, but Edinburgh and Lothians Tourist Board or the City of Edinburgh Council. If you want us to be part of the process—and we desperately want to be part of it—let us in at every level and ensure that the process is democratically accountable.

The Convener: Have you had any indication from VisitScotland or the minister that they would be willing to consider a one-to-one correspondence between LECs and the hubs? The idea has a lot to commend it.

Councillor Dunn: I raised the matter with the minister, who said that he would consider it.

Richard Baker (North East Scotland) (Lab): In the evidence from the Scottish Tourism Forum, Ian Gardner suggested that different local authority investment levels are inevitable. I presume that you are saying that that would not be inevitable if the hubs were strong, independent regional organisations with good links to local authorities and if you were reassured that the same levels of funding could be maintained.

Councillor Dunn: Definitely, yes. If local government is involved in the process, it will buy into it. My greatest fear is that there are councils in Scotland, including West Lothian Council, which is my council, for which tourism is not at the top of the agenda. Tourism is one of the soft options when it comes to cutting budgets. There is no democratic accountability and, when we do not feel part of the process and we are not in there trying to shape what happens in our area, it is easy for us to redirect money elsewhere to do things locally.

Richard Baker: Is your main concern that, despite the extra money that VisitScotland will receive for marketing, local marketing may suffer if the hubs are not independent enough? Are you worried that the VisitScotland strategy will focus too much on the central belt and on Edinburgh Castle publicity, rather than on the promotion of regional tourist attractions?

Councillor Dunn: Not if the strategy is implemented correctly. We can have an

overarching strategy for Scotland. I used the example of golfing in Scotland. Beyond having a logo and a website, areas such as Angus are promoting places such as Carnoustie. As I said before, if one says to an American, "Come to Angus," they think that you are talking about a steakhouse. People have to realise where they come into the marketing process. Scottish Enterprise has individual LECs, which are part of the Scottish Enterprise umbrella but have individual strands that suit their local areas. That is how I see matters progressing: there should be an overarching strand under which the big-picture stuff can be delivered locally, as well as a local feel and local input to that delivery.

Richard Baker: Do you want the hubs to be like the current tourist boards, but not be membership organisations? Do you want them to serve pretty much the same function as tourist boards?

Councillor Dunn: Yes. The model that I prefer is the LEC model, where there is a buy-in. That is critical for future funding and input from local government. If we feel part of the game, we will take part in it. If we are excluded, individual local councils will make their own decisions on budgets.

Richard Baker: Is COSLA involved in the project group that has been referred to?

Councillor Dunn: Yes. That is one of the positive things that came out of the meeting with the minister.

Richard Baker: That is an opportunity for on-going negotiation.

Councillor Dunn: Yes, and we very much welcome it.

Mike Watson: Good afternoon. I have a couple of points on local authorities' relationship with VisitScotland and on service level agreements or partnership agreements, as they seem to be becoming known. In your submission, you state:

"With less direct impact in identifying the priorities for local tourism spend, local authorities cannot be expected to continue providing existing levels of funding."

That is a serious statement, because about a third of all funding for ATBs comes from local authorities. That is a lot of money.

I am not clear how we can get out of that situation, unless there is a fairly radical change to the plans for hubs. I know that discussions are continuing, but at the moment the plan is that hubs will not have management boards—there will just be a hub manager who may or may not have been the chief executive of an area tourist board. If there is to be no direct representation on hubs, how can COSLA be directly involved, especially as none of the other organisations that are funding ATBs will have any direct representation either?

Councillor Dunn: That is under the current proposals, which I think are wrong. You say that local authorities provide 30 to 35 per cent of funding for ATBs, but in Glasgow the figure is 50 per cent. On top of that, local authorities indirectly put millions of pounds into tourism every day through our roads, licensing facilities and environmental health. We are the biggest funders of tourism in Scotland, yet there is a proposal to exclude us from having representation. The minister should be asked why that is.

Mike Watson: We will get a chance to do that in a couple of weeks. You mentioned the £2 million from Glasgow. The smallest contribution is £40,000 a year and two local authorities do not contribute at all. Do you see it as COSLA's role to take a co-ordinating approach to tourism, given that, as we know and as we have heard in evidence, tourism varies vastly in different parts of Scotland? What role does COSLA have in saying to local authorities, "It is not one size fits all, so we cannot give you guidance on what you must do in your area—you must do whatever is most appropriate for your local authority"?

Councillor Dunn: Our role is crucial. That is why COSLA should have a representative on VisitScotland, as part of the buy-in process. The chief executive of COSLA could be on the board. Communication between COSLA and local authorities is critical, as is buying into and feeling part of the process. A lot of local authorities feel that VisitScotland is somewhere over there and they are at the bottom end. If we are all going to work together for the greater good of tourism in Scotland, we all have to be part of it. COSLA's role is to bring local authorities together to speak with one voice as much as we can.

Mike Watson: What you suggest would mean a change to the VisitScotland board, as it is not a representative organisation. Donald Anderson does not represent anybody; he is an individual who has experience of tourism, as have other board members.

Councillor Dunn: Like other organisations, we said, in our previous submission, that we feel that local authorities should be represented on the board.

Mike Watson: Yes, that was in your original submission to the inquiry.

When you mention in your written submission the fact that area tourist boards are being replaced by hubs, you make a comment that I do not quite understand. You say that the assets of area tourist boards

"should not simply transfer to VisitScotland"

but should go to local authorities. How do you suggest that that should be done? At the moment,

it would seem to be impossible to untangle that, given the fact that ATBs have been in existence for eight years.

James Fowlie: We acknowledge that there are difficulties. We are flagging up an issue that a number of councils have raised with us about what will happen to the existing assets. The councils founded the ATBs along with what is now VisitScotland. We will discuss that in the project group system and hope to resolve the issue.

We would not be doing our job if we did not raise that as an issue that several councils see as a potential problem, especially in the Glasgows and Edinburghs of this world, where we presume that properties that are worth a lot of money will be sold, with the money going back to VisitScotland. We have to bring that to the table in the project group discussions, although we are no more than flagging it up. I agree entirely that the issue is complicated. If there were an obvious resolution to the problem, we would have put it in our written submission as the way forward.

Mike Watson: I acknowledge what you say about the problem being difficult. However, if COSLA could find a way of realising the money for local authorities, would you give a guarantee that that money would be retained within tourism?

Councillor Dunn: We cannot speak for all local authorities, but I would hope that any money from the assets would be put back into tourism, as that is where it belongs.

The Convener: On a point of clarification, are we talking by and large about property that is being used for tourist information centres or ATB headquarters?

James Fowlie: Those are the sort of areas that have been—

Mike Watson: We are talking about assets being realised.

The Convener: I presume that those properties must belong to either the council or the ATB.

James Fowlie: Those are the sort of issues that we are exploring at the moment and that we need to explore with individual councils and raise through the project groups.

Mr Stone: I wonder whether I can take us a little further down the road along which we have been heading. There is a Gaelic expression, “Togar càrn mòr de chlachan beaga”—the big cairn is built of little stones. Each little stone is different and each has a beauty in itself. Caithness is different from Skye just as Kerry is different from Dublin, as Christine May will know. In fact, a Caithnessian would be quite insulted if he was taken for a Skye man—a Sgitheanach—just as a Dubliner would not like to be called a Kerry man.

Christine May: What is your point?

The Convener: Can you get to the point, perhaps?

Mr Stone: The point is that, from what we see before us today, I have a private fear that Scotland's diversity, which is so attractive to tourists, will be homogenised into one Starbucks-type idea. You have given me some encouragement in what you have said about linking in with local authorities. Is there not an argument that, instead of having just one hub for the Highlands, where there are such local differences, really good TICs that reflect the nature of the individual areas would be a more constructive approach? That would not get in the way of the two authorities.

Councillor Dunn: Thank you for that tour of the British isles.

Mr Stone: And Ireland.

Councillor Dunn: My answer is yes and no. The Highlands can be marketed as a package with distinct strands to it for the different areas. It is not prescriptive that the Highlands would be one hub. In my view, there are distinctive areas. However, from a marketing point of view, when the Highlands are sold to someone who is outside Scotland, they need to be sold as a package—that is the key. When people have been drawn in and are here, they are given information on different parts of the area and different activities. It is not clear to me that the Highlands should be prescribed as one hub.

Catriona MacLean (Convention of Scottish Local Authorities): The way in which visitors get information has changed and the review did not address the future role of TICs. We are not clear about the way forward on the number of TICs, as distinct from the number of hubs. The industry must consider that matter, along with its relationship with local marketing groups and the emphasis that has been placed on those groups taking forward the marketing of the area. How do those groups fit in with the hubs? How do they fit in with TICs, with VisitScotland and with the overall strategy for marketing Scotland?

15:15

Mr Stone: That is a constructive answer. You will be aware of the closure of TICs in the Highlands. In my constituency mail, that issue hits people far more than any rather erudite discussion about the boundaries of ATBs, or indeed hubs—it hits the industry at the sharp end. Will you go a little further and concede that we should address that matter—I do not know how—in parallel with the discussion on hubs, if not with greater emphasis?

Catriona MacLean: The local authorities are concerned about the future of TICs. The matter is difficult because different local authorities have different relationships with ATBs and different views on the importance of TICs. It may be that some local authorities buy into the issue, but do they want to go down that route and be blamed for the closure of TICs? That is a big question. Who is responsible for tourist information throughout Scotland?

Councillor Dunn: There are opportunities for local authorities and VisitScotland to work together more closely. For example, in West Lothian we have a TIC right outside Linlithgow Palace and directly across the not-very-wide road is a council building that contains a council information service. What is the point of that? Why not put the two together and run services collectively? There are opportunities to deliver tourist information to people as well as broader information on council services.

Mr Stone: Yet Highland Council will no longer have representation—in the future, that communication channel will go. At the moment, four councils sit on the board of the Highlands of Scotland Tourist Board, but that will go. That will militate against all that you say we could do together.

Councillor Dunn *indicated agreement.*

Mr Stone: I suppose that the *Official Report* will say, “They nodded.”

Brian Adam: What is to prevent a local council from taking its money and going away? During the previous reorganisation, there were accusations that that was happening. If a council cannot get local democratic accountability, what is to prevent it from picking up its ball and going away?

Councillor Dunn: Technically, a council could do that, but I hope that it would appreciate the benefit of tourism to the local economy. Many councils pick up the ball and run with it and a lot of economic development and services are created on the back of tourism. There is a buy-in and any council that picked up its ball and left would be open to a lot of criticism. As I keep saying, we have to be part of the game. Will it be justifiable for a hub to say that it wants a council to give it £2 million if there is no democratic accountability for that funding?

Brian Adam: The principal focus of VisitScotland and the ATBs is probably on marketing. What do councils think about the division between marketing and capital investment in visitor attractions or the division between marketing and local grants to upgrade accommodation facilities? Are those divisions rather artificial? As part of the consideration of the structure of tourism, would it be useful to consider

the division between capital investment and marketing?

Councillor Dunn: Yes—the two go hand in hand. In a famous movie, somebody says, “If you build it, they will come,” but if there is no road sign to tell people how to get there, they ain’t going anywhere. There is an argument for investing in good-quality facilities, but we must also sell those facilities to a wider audience. Not only do we not sell Scotland to enough people abroad, but we do not sell it within Scotland and the United Kingdom. The biggest visitor attraction in West Lothian is Beecraigs country park—80 per cent of its visitors come from within the United Kingdom. We have excellent facilities, but we must improve them and ensure that we consider the total experience for people. Transport links, accommodation and the ability to communicate home are all part of visitors’ experience. We must have both marketing and capital investment if we are to be a success.

Brian Adam: How would you determine the balance between marketing and the capital investment that is required for visitor attractions, to upgrade the quality of accommodation as a result of changes in regulations or for other parts of the infrastructure? Given that rather artificial divisions were drawn up in the past, who should decide on the balance between the provision of services and their marketing?

Councillor Dunn: Not me. We can have the best marketing strategy in the world, but we must also get the facilities right. The balance should always be in favour of facilities, because they are what make people come back.

Brian Adam: But surely the rather artificial present arrangement will allow a discussion along those lines. Will COSLA lead that discussion or get involved in it? Where will the discussion end up?

Councillor Dunn: We will certainly be very much part of that discussion. Who knows where it will end up?

Christine May: The witnesses know about two of the questions that I will ask because I said that I would ask them of all the witnesses. However, I begin by pointing out that the system of ATBs was not without its critics in local authorities and the industry. One criticism was the lack of a capital fund for investment; another was the cloudy relationship between local marketing initiatives and marketing outwith the United Kingdom—it was not clear whose responsibility that was. I am pleased that you welcome the clarity on those issues.

I asked the previous panel members how far they had got in clarifying their thinking on what they want to come out of the end of the sausage machine. From your evidence, you seem to have

thought seriously about what might be an acceptable solution, which is that local authorities must be involved and be given representation in the new system. You have talked about local authorities, but what would allow the businesses that currently fund a proportion of the ATB structure—which are just as important as local authorities—to continue funding at the present level or at an increased level?

Councillor Dunn: COSLA will have a one-day seminar that involves all the local authorities to discuss the matter and hammer out some of the issues and differences that exist throughout Scotland so that we can produce a more concise and clear view.

Businesses will want representation and a say about the direction, but they will also want payback—they will want a mechanism to be in place that will deliver improvements for their money. That might be via the local authorities or VisitScotland, but businesses will want a payback for their time, effort and expertise. The payback must be the provision of good strategies, access to training and finance, and a good working partnership with VisitScotland and the local authorities.

James Fowlie: I support what Councillor Dunn says. We welcome integration, but it needs to be at the local level as well. We do not want a situation in which a group of councils has to meet to identify a tourism strategy and priorities for the area and then has to go to the hub with that strategy, with a tourism action group identifying its priorities and going to the hub to debate those and with somebody in the middle having to make the decisions. We should get the key stakeholders, such as the local economic forums, round the table to develop a strategy for their area or region and then go to the hub with that. The hub would be involved, obviously, but we should ensure that we are not having to deal with competing interests, such as the private sector versus the public sector.

Christine May: VisitScotland has a patchy reputation. VisitScotland.com is not the most successful initiative that has ever been developed. Does VisitScotland have the capacity to drive things forward from the eventual outcome of the review?

Councillor Dunn: Yes. I recently booked a hotel in Edinburgh via visitscotland.com—the ability to deliver is there. The fact that the call centre jobs are based in West Lothian will help. There is blue-sky thinking, as our chief executive is always saying. There is the ability to deliver, if we are working together for the same goal.

Christine May: My final question, which I posed to the previous panel, is to ask which two things would prevent the system from working.

Councillor Dunn: Not allowing us to be part of the system. The other thing that would prevent us from moving forward is organisations, councils, businesses and so on harping back to the ATB structure. In some areas that structure has been a good thing and in other areas it has been a bad thing. We have to move on, get over the ATB structure and look forward to a new, modern Scotland, where tourism can be delivered in a way that will benefit everyone.

Murdo Fraser: Much of what I was going to ask has been covered. I have one specific question left, which probably raises other issues as well. I suspect that your answer will probably be that you do not know. My question concerns brown signs. As one drives around the country, one sees brown signs advertising tourist attractions. I have had constituency correspondence about those signs, because the operator of a hotel or a tourist attraction can get those brown signs put up only if they are a paid-up member of the tourist board. That has caused a bit of aggravation in the past. The Executive puts up the signs on trunk roads, but the local authority is responsible for signs on local roads. If we are moving to a situation where there will be no membership of the tourist board, how will we regulate the brown signs?

Councillor Dunn: You were correct—I do not know the answer to that.

Catriona MacLean: There are a number of issues. I know that this is not to do with the signs, but VisitScotland has been clear that, although there may be no membership, in order to take advantage of many of its services, people will need to buy into the quality assurance scheme. The situation was artificial in some cases, although membership of the tourist board allowed people to do certain things. The local marketing was a bit mixed. If local groups had leaflets, people could advertise in them only if they were a member of the tourist board. There were all sorts of issues and all sorts of grey areas, so it may be no bad thing that that system will not apply in future.

Councillor Dunn: The Edinburgh and Lothians Tourist Board recently carried out a survey on tourism and we did one specifically for West Lothian. People's biggest complaint was the lack of signage. As someone who lives in West Lothian, I thought that there was more than enough signage. We even name our roundabouts, of which there are lots in Livingston. The complaint about lack of signage surprised us all. Of course, as the local authority, we are the ones who have to sort it out.

Susan Deacon (Edinburgh East and Musselburgh) (Lab): Let me lapse into devil's advocate mode for a wee minute and return to something that Councillor Dunn said earlier. You

gave us the example of Linlithgow, where the council information centre is on one side of the road and the TIC is on the other side of the road. You said that, with all the changes, there will be opportunities for greater integration. However, why on earth do we need a two-year review of the entirety of the organisation of Scottish tourism and potentially another two years to put all the recommendations of the review in place in order to get you and whatever other local agencies are involved to make a sensible change and do a bit of joined-up working?

Councillor Dunn: That is what we would describe as a little local difficulty. We have tried to do what you suggest, but under the current structure it has been incredibly difficult. That is a small example of where joined-up thinking and being part of a process could—although there will still be local issues—take matters forward.

15:30

Susan Deacon: That just goes to show that sometimes playing devil's advocate can reveal something.

What are the blockages in such a case? How will the structural change ensure that such blockages are overcome? Most people share the aspirations of the work that is currently taking place, but in a short period of time today you have posed more questions than you have provided answers. The question that we can reasonably be expected to keep asking is: what needs to be done in practical terms to ensure that that sensible work takes place? If you are saying that obstacles arise from the current structure, can you tell us how that will change when we get to the end of the review?

Councillor Dunn: Many of the issues in the case that was mentioned came down to staffing, staffing arrangements, quality of service and all the matters that are currently the responsibility of local tourist boards. We are considering taking an overarching approach to standards of training and co-ordinated thinking that could cut through some of the issues. In addition, because there will be a break with the existing set-up, structures and bureaucracy we can take the opportunity to sweep aside some of the issues that exist in the old structures and bring in new approaches to working together. I have no doubt that that will raise huge issues for everyone involved.

Susan Deacon: I wish that I shared your confidence that structural reform could deliver cultural change so directly.

Can you give the committee more insights into COSLA's perspective on how the project groups, to which you have referred on several occasions, are working? On the point about moving from questions to answers, who will put flesh on the

bones of all the proposals and how will that be done? We appear to be in perpetual question mode. You say that you have asked questions but have not received answers, and we have more questions. At some stage, that cycle must be broken. With all due respect, I would have thought that COSLA—as well as other players in the process—would want to take potential answers to the table, not just questions. How is that happening? When will we get to that stage?

Councillor Dunn: Once we meet collectively with the other authorities I hope that we will produce our answers to some of the questions.

There are two ways to look at the issue: either we can say that a lot of people do not have a clue what is going on; or we can say that this is an opportunity to shape what is going on. It depends which side of the fence you want to look at the situation from.

There is no clear prescription about how change will be delivered. At a certain level, we must welcome that, because it gives us the ability to take part in discussions such as this one with the committee and to come together to ask how we will shape what is happening. Once we have a definitive answer to how we see the situation, we will be able to go into the upcoming meetings with the minister and working groups with some of the answers, and I hope that the minister will listen to us.

James Fowlie may want to respond to the first part of your question.

James Fowlie: I do not have much to add to what Councillor Dunn has said. The project groups are in the process of being set up; one or two of them have had their first meetings. We welcome the fact that local government is represented on four or five of the groups. As Councillor Dunn says, it is for COSLA to facilitate informing those local government representatives, to enable them to represent the local government position properly and effectively on the groups. We will seek to do that.

Currently, we do not have answers to many of the questions because the groups that have been set up will explore the issues. As Councillor Dunn said, in a couple of weeks we will have a better view of how the relevant spokespeople and councils throughout Scotland see the issues and what line they want us to take.

Local democratic accountability is crucial. We have serious concerns about how the process can be taken forward and how an integrated approach can be taken if there is not local democratic accountability. That is the main thing that COSLA will argue for on the project groups. The groups are not working yet as they are only now being set

up, so I cannot give details about how they are working.

Councillor Dunn: At the moment, groups are visiting individual local authorities. The Scottish Executive is leading that exercise. The visit to West Lothian Council is taking place right now, while I am here, which is good timing. The groups are speaking to local authorities so that they can feed into the process. When we meet local authorities, they will at least be in the position of knowing the parameters of the game. Hopefully, that will allow us to see what ideas individual authorities have. COSLA is a large organisation and represents a number of authorities. We must take on board what all those authorities are saying on the issue.

James Fowlie: As Councillor Dunn says, we have a number of concerns, because so far there has been a lack of detail. However, local government, the industry and area tourist boards have an opportunity to sit down around the table to formulate a way forward that delivers a better service for Scotland as a whole and for each local area.

Susan Deacon: Thank you for those answers, which raise more questions in my mind. An outsider looking in on this discussion could be forgiven for thinking that there is an awful lot of talk, but not being clear about what it means for them.

Will some of the language that has crept into the process act as a barrier to understanding? In a former life, I worked with different versions of tourist boards. Love them or loathe them, we knew what they were. Is the concept of hubs sound? Will the unenlightened wider world that is not party to all these discussions, as we are, have difficulty knowing what the process is about?

Councillor Dunn: I am party to some of the discussions and the language remains a barrier to me. At the start, I asked what a hub is. What does the word mean? Everyone is asking that question. The language will be a barrier. When the structure is finalised and has been put in place, we must communicate that effectively to the people who will work in it, as well as to those who will be serviced by it. That will be critical to the future of the process. However, the question remains—what is a hub?

The Convener: I thank the COSLA representatives for their evidence.

Our third and final panel of witnesses consists of chairs of area tourist boards. It is led by Robin Shedden, who is chair of the Kingdom of Fife Tourist Board and of the area tourist board network. I ask Mr Shedden to introduce his two colleagues.

Robin Shedden (Kingdom of Fife Tourist Board): On my right is Councillor Donald Wilson, the chair of Edinburgh and Lothians Tourist Board. On my left is Carolyn Baird, the chair of Perthshire Tourist Board.

The Convener: You have sat through the evidence that we have taken so far. I do not know whether it has shed much light on the outcome of the area tourist board review. We are not much further forward in knowing how the tourism industry will look at the end of the process. I am struck by the fact that, with all that uncertainty, there must be uncertainty for your 800 or more staff—indeed, you reflect on that towards the end of your paper. What have you said to your staff and how do they feel about their uncertain future?

Robin Shedden: The staff have been stoical, but my feeling is that they are starting to get twitchy. The Executive has told us verbally that there will be no compulsory redundancies, but they need to put flesh on the bones of that. There will be no wholesale slaughter of staff—we are past having such thoughts. I think that I was given a figure of 20 to 30 jobs out of some 900, which would be lost by natural wastage rather than by hacking.

All ATB staff will be taken over by VisitScotland when the first stage of the transition takes place in April next year. I questioned whether that meant all the staff that we have now or all the staff that we will have then and I was told that it would be the latter, so I suspect that it will be for the ATBs to wield the hatchet. However, it will hardly be a question of wielding a hatchet if we are genuinely talking about 20 staff out of 900.

There is a danger that we might lose good staff, who are an asset to ATBs. The current uncertainty might lead some of our better staff to look for greener pastures and jump ship before trouble comes. We hope that they do not do so. I am encouraged that ATB staff are represented on the working groups and I hope that that will send out the right signals. We are involved in putting the flesh on the bones of the proposals.

We have been as frustrated as everyone else has been. When the process was announced, I thought, "Wow, this is great," but the results have been a bloody long time coming. We have been the piggy in the middle for more than two years, which has not been fun. We welcome the principles, but we need the detail. I—and others—did not see it this way at first, but we welcome the chance to influence the final outcome and the procedures and structures that will be in place. We are happy that our staff are in there shouting and shaping, although we have had to deal with loads of problems that have been batted about. I hope that the staff are becoming less nervous; it is

important that we help them to be less nervous and that we keep them on board.

The Convener: It strikes me that at least two categories of staff might go: professional tourism staff, who might look for a job elsewhere in the industry; and local people, who must be a great asset to you because they know the local area intimately, who could find work in other local tourism-related organisations. You said that staff are beginning to get twitchy. Should we set a deadline for securing a firm resolution before that twitchiness becomes something more serious that might damage the industry?

Robin Shedden: It is impossible for me to set such a deadline and I am not sure whether one exists. April 2005 is supposed to be the cut-off point.

I think that staff will stay on board. They have hung in for a long time, because the process started when Wendy Alexander was Minister for Enterprise and Lifelong Learning. Staff have been pretty nervous—it might be better to say that they have been facing uncertainty—for a long time. Now that we have a broad, outline picture of what will happen, I do not think that we are facing mass emigration. I sincerely hope that we are not, because the industry would be much poorer if we lost people from either of the categories that you mention: the professionals or the people with the local knowledge. Those people are important.

15:45

Councillor Donald Wilson (Edinburgh and Lothians Tourist Board): It is a balancing act. On the one hand, there is much to welcome in the lack of detail, because we can glean something from the uncertainty. We also have the Executive commitment that our input will be heeded. We relish that and we want to take an active part in putting things in place. On the other hand, professionals in the field will be thinking about their careers and weighing up whether they ought to stay or move on. Getting it right is very much a balancing act. We can argue the case for all the specifics, but if the uncertainty continues for much longer, we will lose the tremendous knowledge and skills that we have, particularly in the tourist boards.

For example, we have been discussing the conference bureaux at some length. Edinburgh and Lothians Tourist Board has a particularly successful bureau. We have just been ranked ninth in the international conference league, which is the first time that we have been in the top 10. Our conference bureau is doing a tremendous job and we have a responsibility to ensure that the knowledge and expertise are retained within the tourism industry. In our case, that means retaining

them within the conference bureau or within whatever organisation is put in place to do that job, which, we have argued strongly, should retain its autonomy.

Robin Shedden: The staff of the area tourist boards are committed to the new structure. That is not a problem. A lot of comfort is being drawn from the fact that the Executive is leading the transition.

The Convener: As opposed to whom?

Robin Shedden: VisitScotland. The staff's twitchiness and fears stem from the fact that VisitScotland will take over the reins in a year's time. Rightly or wrongly, there are perceptions out there that VisitScotland is a wee bit centralist and anti-devolutionist, with a we-know-best attitude. The staff have fears about what will happen when that effect starts to kick in.

The Convener: We may pick up on that theme later.

Murdo Fraser: I want to raise two issues. The first is on democratic accountability, which is covered in the first paragraph at the top of page 2 of your written submission. Where ATBs have worked well, one of their strengths has been the input from the industry. The local area committees in my area in Perthshire do a good job in providing a link between the professionals and the industry. I presume that that will all go when the changes take place. How would you like business to engage with the hubs, given that the existing structures are being swept away?

Robin Shedden: Businesses must engage with the hubs. One of the two things that would pull us down is businesses not engaging. We must engage them by putting things to them that they find attractive. On the exact mechanism for doing that, I keep getting told that it could be different in each area. There is no flat, "This is how we are going to do it," response. There is a problem for local authorities and businesses around the dissolution of boards, because the boards have the accountability—they will continue to have it for the next year. The question is how the accountability will be carried across the changeover. I cannot give an exact answer to that. There will be the tourism action groups and the trade associations, but I am not sure that that will give us the same strength as we had before.

Perhaps the nub of the question is how we keep businesses on board. The only way in which we can keep them on board is by offering them what they want and making them feel that they cannot afford not to be on board, because what they are being offered is so good that they cannot miss the opportunity.

I am concerned about democratic accountability and do not have answers on that. That is a flaw. I

think that there will be enormous pressure on the manager of the hub, because he or she will not have a board whose opinion they can ask. The board represents the local feeling of local authorities and businesses. It will be up to the manager of the hub to get their finger on the pulse, but if they get that wrong, it may cause a split, which will pull the whole thing down.

Councillor Wilson: The committee has already discussed the role of local authorities quite a bit. I agree with everything that Councillor Dunn said. I feel strongly that many of the arguments that apply to the private sector also apply to local authorities. Successive councils—certainly those in Edinburgh—have done the job of selling tourism, raising its profile within the council and ensuring that the council buys into and recognises the importance of tourism. That job requires a great deal of dedication and work. The council must be made to work effectively as a team to ensure that it buys into tourism in the area, both financially and otherwise. That is the job that needs to be done internally. That is where democratic accountability comes in, because we need to ensure that that can still be done through the new system.

That said, I think that there is the potential to address the problem, but it requires to be fleshed out. There will have to be a lot of discussion. We have representation on three or four of the project groups, but I would have liked there to be a higher level of representation. I would also have liked a more robust discussion to take place with local authority representatives about exactly how we can factor in democratic accountability through the new system in such a way that all the good work that has been done and the knowledge that has been acquired are retained and built on. The new system offers the potential to do that, largely because much of it has yet to be written.

The Edinburgh tourism action group—ETAG—is a great example of a possible method of addressing democratic accountability. We could firm up public sector representation on ETAG and it could feed into the hub in a constructive way. That would be one way of doing things. In the next year, more needs to be done by way of a forum, through which we can address that specific problem.

Carolyn Baird (Perthshire Tourist Board): Murdo Fraser asked about Perthshire in particular. So far, we have not received a single letter from any of our members saying, “Hallelujah! I will no longer be a member of an area tourist board.” On the contrary, our eight area committees are extremely concerned about what will happen when, in theory, they no longer exist. Those committees are made up entirely of local businesses that meet in their own time to organise events to bring together the industry in their area.

They are supported and guided—we act in a facilitating role; indeed, we have even given them money to do those projects. The area committees are profoundly concerned about what will happen. They are worried about the fact that, when they ask for clarification and more detail, there is not really any detail to give them.

As an executive committee, we are considering how we can help those committees to live on in some other form. In June, we will be having a session with them to start the process of working out how they can recreate themselves in another form. They are already asking whether they can continue to be members in the new system. They do not have a problem with membership; they see it as a strength and they want to keep the membership together. They are asking the board how it will communicate with members when they are no longer members. There is a great deal to be worked out. We are playing an active role in that in Perthshire by looking for the solutions with our members.

Robin Shedden: I am sure that solutions will come. The Executive has told me that there are currently 180 tourism action groups, as it describes them. We need Carolyn Baird’s area groups to come together and to continue to work in the process. The fact that we do not have an exact mechanism does not particularly scare me, as long as there is the buy-in. The Executive in particular is strong on having as many trade associations, tourism action groups and business-led groups as possible getting together and feeding into the hub. I do not know exactly how they should feed into it, but I presume that we will get the answer by going through the process.

Murdo Fraser: I will ask my second question, if I may. You will have heard my question to COSLA about the vexed issue of brown signs. Do you have any thoughts or comments to make on what will happen to brown signs?

Robin Shedden: My instant answer is no. They are governed by the grading system and the grading system will not disappear. People will have to buy into it, but the need for membership to buy into it will be gone. I presume that there will still be a set of parameters that will define what is needed for a brown sign, as there currently is. Currently, an attraction must be a member of the area tourist board and have 50,000 visitors. I cannot remember all the criteria, but the attraction will not need to be a member of the local area tourist board any more. The signs will still have to be paid for, a specified number of visitors will still be required and so on. I am not overly concerned about the matter.

Mike Watson: As things stand, with the hubs about to take over from the area tourist boards, I presume that your positions as chairs of tourist

boards will simply cease to exist. How do you feel about that?

Robin Shedden: Great. I have spent ages in the position. [*Laughter.*]

Mike Watson: I am not necessarily talking about your purely personal views, but about the value of the role of ATB chairs.

Robin Shedden: You should not doubt that I am concerned about the matter. The issue takes us back to democratic accountability, which is not a personal matter. The boards of the current ATBs have a function as sounding boards and in doing exactly what we have just described; they have a function in feeding in from the local authority and business. That is one of the big holes that will have to be addressed. I do not have an answer to your question, although I want an answer.

Carolyn Baird: If I have understood matters correctly, in the future there will be a pretty straightforward commercial relationship—businesses will choose to buy marketing opportunities from VisitScotland via the hubs. However, it seems that we currently have much more than that. Area tourist boards help to address elements of the social economy and are a way of helping to build the well-being of communities. They should not cease to exist until we have worked out how to handle those other elements and who will take responsibility for dealing with them. I think that even more work is ahead of us than some of us realise.

Robin Shedden: I definitely second what has been said. Proposals to change relationships, particularly local authorities' relationships, to ones in which people simply buy specific things are overly simplistic and miss the point. They ignore the often hidden interaction between ATBs and local authorities through local economic forums, community planning bodies and town centre management committees, for example. There is quite a big list of things that cannot be seen in a TIC or on a website, but they are all there and things tie together. Fife is a classic example in that context because of all our coterminous boundaries and borders, although it is wrong to pick out one place, because such things happen all the time. If we take all those hidden functions and interactions and chuck them out the window, there will be big losses in all areas.

16:00

Councillor Wilson: I return to the point that was made earlier about buy-in. It has been said a couple of times that there are many players and that if everyone works as a team we can get the process to work. We must put in place structures that will cover the existing gaps. One of those gaps is liaison between local authorities and the

rest of the tourism industry. At the moment, the gap is covered by the boards, which are partnerships between the public and private sectors. I do not believe that I will go anywhere, but my role will change. We must develop a new role for local authorities and local authority representatives in tourism. This is a two-way process. VisitScotland must also be on a massive learning curve, as it faces a tremendous challenge and must put a lot on the blank page that is before us. VisitScotland is used to working strategically at the Scotland level, but it will have to learn how to work, to communicate and to sell its packages at the local level.

Carolyn Baird: It must also learn how to respond at the local level.

Mike Watson: You make the point that you are involved at several levels in the integration project. Mr Shedden, you appear to be involved at a fairly senior level. You are a member of the progress group.

Robin Shedden: The steering group.

Mike Watson: David Noble from Highlands of Scotland Tourist Board is a project director. At least four of the groups are chaired by ATB chairs or chief executives. Today, and in your submission, you have made the point that the hubs need to have "meaningful financial powers". Will the representation that ATBs have on the groups enable you to put flesh on the bones of the structure to reflect the concerns that you highlight in your submission?

Robin Shedden: You are asking me how hard I can kick. The answer is that I will kick as hard as I can.

I cannot answer your question—ask me again in a year's time. We will fight damned hard to get meaningful powers. We need—[*Interruption.*] I am obviously not answering the question in the way in which you would like me to.

Mike Watson: I did not have a set answer in mind. I was trying to get at whether you believe that you are in a position to influence the outcome of the review. Tourist boards have been given a fair number of seats at the table.

Robin Shedden: We have plenty of seats at the table and we will kick hard. I hope that we can influence the outcome of the review. Generally, we are pleased that the Executive is leading the review, because it has a very open mind. There is a blank sheet and we have an opportunity to fill in the writing. This is the 11th hour—it is horribly late and the timescales are very tight. However, we are at the table and will be able to influence the process. We are pleased about that. As the convener said, it is better than having a finished thing dumped down to us, which we are required

to take or leave. It is a bit scary that there are so many blanks, but let us pull together to fill them in.

Mike Watson: I will take a slightly different tack. You heard COSLA suggest that if there were not significant changes from the current situation at least some of the £8 million that local authorities invest in tourism may not be available in future. ATBs will not exist and the new bodies will not be membership organisations, so money from membership fees will be lost. I am not sure how much money comes in from that source—perhaps you can enlighten us. Assuming that everything else remains the same, and notwithstanding the increase in funding that has taken place, how serious would the loss of local authority money and membership fees be for Scottish tourism in financial terms?

Robin Shedden: It would be devastating.

Mike Watson: What proportion of tourist boards' income comes from membership fees?

Robin Shedden: About one third of boards' income is money that we attract from businesses, which includes membership fees.

Mike Watson: I was referring to the income that all 14 boards get from membership.

Robin Shedden: It is about one third of what we spend each year.

Mike Watson: So it is a substantial amount.

Robin Shedden: It is a huge whack and its disappearance would have a huge effect. We cannot get the maths for the project to add up. A certain amount of money is coming in for marketing, but there are big holes. Staff were mentioned earlier. Nowhere has provision been made for the sums of money that will be needed to pay the 800 staff members whom VisitScotland will acquire and for whom it will be responsible. Where is that sum allocated?

Mike Watson: So staff are concerned not just that redundancies may result from the new structure, but that threats to their existence could appear further down the line if the throughflow of resources is not maintained. I see Ms Baird nodding at that.

My final question is to Mr Shedden. COSLA said that there would be some merit in having a new structure based on the LECs. You chair a tourist board that covers the same area as a local authority and LEC. Not too many such areas exist in Scotland. I know that Fife has boundaries with Perthshire and Edinburgh but, notwithstanding, what are the benefits of the containment that COSLA suggested?

Robin Shedden: The benefits of having coterminous boundaries can never be overstated—they are phenomenal. That system

works extremely well. It does not apply only to us, but we are one of the few to have such boundaries, which are fantastic and create huge benefits for the local authority, the local enterprise company and us. All the Fife public bodies, if we want to call them that, work to the same boundaries.

The answer to whether we would like to be modelled on the LEC network is a straight no.

The Convener: I have a supplementary to Mike Watson's penultimate question, which was about the cash equation. I do not know whether you have noticed that the Scottish Tourism Forum's submission says:

"This initiative will result in cost rationalisation within the network."

How much scope for that exists?

Robin Shedden: Very little scope exists. Over the years, we have been kicked about as a political football—Wendy Alexander's classic comment at one of our events was that the ATBs were not working. We cannot be pared further; once the bone is reached, it is reached. The myth is that excess flesh or cash—you can call it what you want—hangs off the ATB system and that just skinning that will create a leaner animal. That is rubbish. We are lean already and have been for some time.

Huge savings are not available. If they were, we would have made them a long time ago. We have trimmed everywhere that can be trimmed. I do not buy the suggestion that rationalisation is possible. ATBs already share services when they can. It is wrong to think that we all carry the same things or, for example, that a service is only half a job for each of two boards so those two boards could share it. That is rubbish. We share services already and have done for some time. There are not big savings to be made.

Chris Ballance: I will add to the questions that have been asked about staff. We heard from COSLA that local authority expenditure is not guaranteed to remain the same after the review, so I wonder how the Executive can guarantee that all 800 jobs will be retained. You said that no compulsory redundancies were to be made. Are many of your staff seasonal? If they are on five-month contracts, could the number who are employed reduce significantly without compulsory redundancies? Is that a hidden matter that we ought to ask the minister about?

Robin Shedden: I do not think so. We are back to the same issue: we do not have seasonal staff who are tucked away in cupboards doing nothing.

Chris Ballance: Sure.

Carolyn Baird: Seasonal staff tend to be linked to the operation of TICs, so the question will be how TICs are funded. If their funding is cut, we will not be able to justify the staff.

Chris Ballance: Could increased centralisation provide more opportunities for lengthening contracts? If properly put in place, could a slightly more centralised structure create jobs that are more sustainable all year round, rather than for the five months of the season? One of the tourism industry's core problems is the seasonality of the jobs that are on offer.

Carolyn Baird: We would certainly not rule that out, although it would be slightly more difficult to do what you suggest than it might at first seem. After all, visitor information is based on a wealth of knowledge, usually about a locale, that is built up over a considerable time.

Chris Ballance: Will the review impact negatively or positively on the relationship that you and your members have with visitscotland.com?

Robin Shedden: I do not think that the review will change anything massively in either direction. Visitscotland.com had a rocky start—and guess who got it in the neck for that? As the usual piggy in the middle, the ATBs got kicked to bits by members. However, the situation was too confused and I hope that one of the huge advantages of the new approach is that we will eliminate such confusion.

The awfully wee enterprises that Douglas Logan referred to, and indeed some of the big businesses, do not grasp the distinction between the national body—the Scottish Tourist Board and then VisitScotland—and the local area tourist boards. They just think that the whole lot is the tourist board. They do not know that the national body runs the grading system or that their local ATB has no effective control over visitscotland.com. Previously, when their website did not work, they would call their local ATB and give us hell. We would then have to pick up the phone to VisitScotland.

We have moved away from that situation and things are much better now. Indeed, I am delighted with the direction that we are taking. I realise that some aspects still need to be fixed and lots of areas still have to be developed, but I think that the new approach can only help. However, I know that other witnesses have different opinions, so I will just shut up and take it on the chin.

Carolyn Baird: Although the situation that Robin Shedden outlined existed, visitscotland.com was the exception that proved the rule. Because the website had so many initial problems, members to some extent began to understand who did what in the structure. Although they initially addressed much of their unhappiness

about the situation to the ATBs, they turned to visitscotland.com as they began to understand the structure better.

However, we still have a slight problem, because members in Perthshire have been wondering whether they are becoming part of visitscotland.com. They do not differentiate between VisitScotland and visitscotland.com. Moreover, they are not terribly confident or happy about visitscotland.com—although I would argue that the service has improved enormously. However, the memory lingers on, and they now associate the website with VisitScotland.

Christine May: I am grateful to Robin Shedden for answering my two standard questions with his usual forthrightness and clarity. I will now have to think of some others.

Robin Shedden: I gave only one answer.

Christine May: As the debate has developed, it has become clear to me that although there is funding for national marketing and although that money might well be augmented by some elements of local authority funding we still face the major issue of how the hubs will reflect local interests, needs and priorities. The minister's statement seems to lack clarity on that, although I am sure that you will correct me if I am wrong.

That brings me to issues such as having an on-going training regime to ensure that trained people are available to replace staff who leave or move on. We also need to bear in mind the social inclusion agenda that you mentioned and how certain areas have been regenerated and become established as tourism destinations in growing markets such as industrial or genealogical tourism. Do you see the hubs as budget holders in that respect? Should they have some local autonomy and be able to raise funds locally?

16:15

Robin Shedden: It is imperative that the hubs are budget holders. If they are not, the pack of cards will clatter down. It will not work. One of the things that really excited me when we first got wind of the plans was the national thread that runs through them. That is a major step forward, because there has not been co-ordination between the national body and ATBs. I welcome that co-ordination. However, if we lose local autonomy, the whole thing will collapse.

Local autonomy will mean that we keep the business buy-in, because we will hold budgets and be able to respond to business. We will also be able to keep the local authority buy-in. If we do not have true budget-holding powers, the hubs will be meaningless. Murdo Fraser asked how we make businesses buy-in. We do it by doing what they

want at their level. We still tie in with the national strategy, which runs through the whole thing, but we know that one size does not fit all. There is no point trying to sell skiing in the Borders. There are hundreds of examples. We do what we want to do.

If local hubs do not hold meaningful budgets and spend them according to local needs—within the national framework—businesses will not buy in, and neither will local authorities. A point was made about whisking away local authority money into a central pot and the central pot deciding how the money will come back out and who will get how much of it, but that would be a disaster. That would not work, because there would be no buy-in. Hubs must hold meaningful budgets.

Councillor Wilson: We have been assured from the announcement onward that hubs will have a large degree of autonomy. I agree with Robin Shedden that that is essential for the success of the entire enterprise. Particularly in certain areas, there must be clear understanding of the autonomy of the hubs. For example, in ELTB we want to be in charge of branding and marketing the city of Edinburgh, because we are the local experts and we have the best idea of how to do that. That also touches on the local authority buy-in and its putting money in. As the local authority we want to be in charge of branding, which will have an associated cost.

We must be assured of our autonomy. It has been the subject of much discussion in recent days and weeks. Branding and marketing issues that are important in the cities are not what is important in rural areas; we must be assured of local autonomy.

Robin Shedden: It is not just about the finances, although if there are no finances the pack of cards will fall down. If the hubs do not have control over their marketing budgets and cannot choose how they spend their marketing money, the system will not work.

There is no additionality in Scottish tourism. It does not affect Scottish tourism at all if a Scottish punter decides that he is going on holiday to Ayr instead of Aberdeen, but it does affect Scottish tourism if that same punter decides that he is going to Ayr instead of Amsterdam. We also face a hell of a threat from the new European Union countries. In the past, VisitScotland has had no real interest in local marketing. Its job has been to get people to come to Scotland. It is not interested in whether somebody from Scotland goes to Skye or St Andrews. That has been of no relevance to VisitScotland, because as long as people come to Scotland it is happy. However, 50 per cent of Scotland's tourists are Scots. That is a massive amount. They know their country. The call for the hubs to be able to fight for the market is legitimate—they must be able to do that. As well

as the financial aspect, we must have control of some of the marketing spend.

Christine May: The first panel of witnesses referred to business tourism, and Donald Wilson said something about the conference sector, but we have not discussed that further. What discussions have you had to date to ensure that we market Scotland as a convention destination?

Councillor Wilson: We have had many discussions on the subject. It is recognised that the convention bureaux represent something different in tourism. That part of the sector is by its nature competitive—it involves cities and areas throughout Europe and the world competing with one another. Because the area is intrinsically competitive, the potential for centralisation and co-ordination through the convention bureaux is much less than in other areas. We have argued that a separate case must be made for the convention bureaux in Scotland, which are successful. The extremely good work that the bureaux do needs to be conserved, although there is always room for improvement. Our discussions on the issue have tended to focus on the need to ensure that none of that good work is lost.

Carolyn Baird: The issue takes us back to representation on the project teams. Although, in theory, four area tourist board people are involved on those teams, three of them are chief executives of an area tourist board, which means that they are about to become employees of VisitScotland. Far more area tourist board members need to be represented on the project teams so that we can have lengthy discussions about issues such as business tourism. I do not think that there is sufficient representation at present.

Councillor Wilson: Business tourism and the convention bureaux are no more or less important than other areas of tourism. They are one example and they have distinctive qualities that need to be preserved, but so do other areas such as leisure tourism. We will be equally vociferous in attempting to preserve the knowledge and expertise that exists in those areas.

Susan Deacon: I have a question for Mr Shedden. I could not help but feel your enthusiasm wash over me at the prospect of having the opportunity to fill in the blanks and put the meat on the bones by dint of your involvement in the project groups in the weeks and months to come. Where does your enthusiasm and confidence come from, given that it has taken two and a half years to reach a concept, with the involvement of all the same players? What makes you think that it will be possible to design and implement a new structure in less than a year?

Robin Shedden: I disagree that the same players will be involved. One problem has been

the changes in the players throughout the process. Wendy Alexander started the process, Mike Watson picked it up and I believe that we were about to get something, but the posts were moved again and—bang—we were kicked on to another pitch. The players have not been the same all the time. We have been sitting on our hands and waiting, which has been horribly frustrating. My enthusiasm comes from the fact that we are about to get going and that we have a genuine chance to shape the new system. I am not talking only about the ATBs, because the system will not work if it is simply the shape that the ATBs or local authorities want it to be. Businesses and everybody else must be involved because if we do not go forward together, the whole bloody thing is a waste of time and we can all walk away. To return to Alasdair Morgan's first point, my enthusiasm comes from the fact that we have a chance to shape the system. We will not simply be told what is happening, what we have to do and that if we do not like it, too bad; we will be involved. There are horrible blanks all over the place and I do not have all the answers, but the fact is that the key players are involved.

I have a beautiful example. We were very excited by the fact that all the area tourist board chairmen and chief executives were to meet four times a year and we were desperate for the announcement. When the announcement was made, we were all reasonably pleased. There were plenty of holes in the announcement, but we thought that it was great and we expected that the details would be announced soon. We thought that we had got only the headlines and that the next day's post would bring a thick envelope with the information about what was going to happen, but that was not the case.

Three or four weeks ago at the exhibition for incoming buyers in Aberdeen—I do not know what it is called now—I said to the chairman of VisitScotland that everything had gone quiet. Since the initial announcement of the headlines, which are, I understand, set in concrete, we have not moved forward one bit on the detail. I told him that there was darkness and that, as usual, the blueprint was under the table and that we would get to know about it sometime, a day before the new system begins. I kept going on about everything being dark and there being absolute silence. The chairman said to me, "Turn the light on—go and do it." That was a lovely answer because it was an invitation to fill in the blanks. We are being invited to write on the page. That is great and we should get on with it. We have only nine months, which is terrible, but the fact is that we are all at the table and we need to get on with the work. The process is more likely to be successful because we are all at the table. We will have terrible fights involving bleeding noses and

black eyes, but at the end of it, we will all be there and we will have bought into the new system. I hope that the opportunities will be fantastic.

The Convener: I thank the witnesses from the area tourist boards for their evidence. All three panels have given us lots of questions to ask VisitScotland and the minister.

Petition

Members *indicated agreement.*

Meeting closed at 16:26.

Broadband Technology (PE694)

16:25

The Convener: Agenda item 2 is on petition PE694, on which a paper has been circulated. Members will recall that the petitioner was asked to give evidence to the committee as part of our broadband inquiry. As the paper explains, we have addressed the petitioner's concerns to a large extent in one of the main recommendations of our report. Do members agree that we formally close consideration of the petition?

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