

ENTERPRISE AND CULTURE COMMITTEE

Tuesday 1 June 2004
(*Afternoon*)

Session 2

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ENTERPRISE AND CULTURE COMMITTEE

17th 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)
*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:

John Brown (Scottish Executive Education Department)
Peter Lederer (VisitScotland)
Mr Frank McAveety (Minister for Tourism, Culture and Sport)
Philip Riddle (VisitScotland)

CLERK TO THE COMMITTEE

Simon Watkins

SENIOR ASSISTANT CLERK

Judith Evans

ASSISTANT CLERK

Seán Wixted

LOCATION

The Chamber

Scottish Parliament

Enterprise and Culture Committee

Tuesday 1 June 2004

(Afternoon)

[THE CONVENER *opened the meeting at 14:02*]

Item in Private

The Convener (Alasdair Morgan): I welcome members to the 17th meeting in 2004 of the Enterprise and Culture Committee. Agenda item 1 is simply to consider whether we should take item 5, on the committee's approach to the area tourist boards review, in private. Is that agreeable to members?

Members *indicated agreement.*

Area Tourist Boards Review

14:02

The Convener: As part of our work on the area tourist boards review, we are taking evidence today from VisitScotland—from Philip Riddle, the chief executive, and Peter Lederer, the chairman. Good afternoon, gentlemen, and thank you for coming along. I start with a general question, which I put to witnesses last week. It is not so much about the review as about the longer-term outcome of the review. A growth target for tourism in Scotland has been set at 4 per cent, which is effectively the same rate at which we were expecting tourism to grow internationally. I made the point last week that, in such a context, that did not seem to be a particularly ambitious target. How do you react to that?

Philip Riddle (VisitScotland): First, thank you for inviting us to attend today to give evidence to the committee.

We have set a target of a 50 per cent increase in the value of tourism to the economy within 10 years, but that is more an ambition for the industry than a specific target. Obviously, that is a stretched target from where we are now. You are quite right to say that, internationally, it is projected that tourism will grow by something like 4 per cent a year worldwide over the next 20 years.

However, Scotland has not been achieving that level of growth. The main reason for that has nothing to do with inherent problems with Scotland as a tourism destination; it is to do with the fantastic growth in competition. The world is becoming a much smaller place. Something like 180 countries in the world all have tourism industries and they are all trying to attract the same target market as we are. The competition is so intense that even the best destinations in the world, of which we are close to being one, are losing market share and volume. I noticed the other day that Prague, which is a relatively new destination, has just experienced a downturn of 19 per cent in visitor numbers, yet we regard it as a growing market. That is the kind of competition that we are up against. As a result, meeting a target of 4 per cent per annum compound real-terms growth over 10 years is ambitious.

The Convener: I take your point that that is more of an ambition than a specific target. However, in seeking to grow your market, would you have to take any special action that you might not otherwise take or would such activities have to be carried out in any event, regardless of the target?

Philip Riddle: We were very pleased to have the opportunity to talk to the ministerial group on tourism. Our case was based on the premise that in Scotland we could go three ways, one of which was that we could stop doing what we are currently doing. However, if we do that, we will go downhill. Although tourism will never disappear and will always be a mainstay in Scotland, we will begin seriously to underachieve if we take that course of action. If we continue with our current activities, we will stay where we are. It is quite a fight to do that. With growing competition, we have to run quite fast simply to stand still.

We have set out our ambition to grow the industry in Scotland. However, we have to do certain things that I think have been taken up in the review's recommendations. For example, we need much better, more focused and more effective marketing, because if we do not shout loudly in a competitive environment no one will know that we are there. We need to offer people a good-quality product and an excellent experience when they come to Scotland, because otherwise we will not get any repeat visits or word-of-mouth marketing. Finally, we have to raise the industry's status and ensure that we instil a belief in the importance of—and our responsibility for—tourism across the whole industry, from accommodation providers to other businesses, as well as in the Government and the Scottish people in general. If we do not manage to instil such a belief from the Government down, we will not be able to provide the kind of visitor experience that will be necessary to grow the industry in such a competitive environment.

Peter Lederer (VisitScotland): I thank the committee for providing us with the opportunity to give evidence this afternoon.

Everyone highlights Ireland as a tourism success. Indeed, it has been a success; it has come from a low base to be a relatively successful destination. However, the 10 Irelands that are joining Europe even as we speak will enter a competitive situation in which they will receive major investment and have major tourism opportunities. Until recently, those countries were not seriously in the game. That reinforces just how competitive the situation is. In a way, those countries have an advantage because they have no baggage and can draw on the experiences of Scotland, Canada and Ireland in finding out how to do things. They can use the good aspects without having to repeat our mistakes.

The Convener: In announcing the results of the review, the minister also announced increased funding over the next three years. If we assume that the money that goes into the industry from membership fees and local authorities continues in light of the review's conclusions, will that

Government funding have to be allocated at the same level after the three years are up and will it even have to be increased if you are to meet your ambitions?

Philip Riddle: The short answer is yes. However, we and the industry have to prove the value of the investment. We are pleased to receive an increase in funding—for example, £17 million has been set aside for increased marketing over the next three years. However, we have been exhorted—and, indeed, are expected—to match a large part of that funding with private sector money. Such a principle is only right. As a result, we expect to be able to show that the money has been invested well and that the industry agrees with our ambition and direction. By doing so, we hope that within that three-year period the Executive will look kindly on our requests to renew and indeed increase funding. After all, we do not need one-off expenditure; we need incremental investment over a continuous period as we see how the investment is working. We need that increased funding over the whole period.

Christine May (Central Fife) (Lab): I have questions about two issues that arose in the evidence that we heard last week. The first is about the relationship between VisitScotland and local authorities under the new regime. Your paper enumerates the areas in which you regard local authority work to be important. How will the need be met for local government to be accountable to its electorate for the money that it spends, given that there is no suggestion that the board of VisitScotland will be expanded to include a representative from every local authority in the country? What is your vision of how accountability will be achieved?

Philip Riddle: We recognise the importance of local authorities to the ambition, which is not for VisitScotland, but for Scotland. Local authorities are crucial, especially in relation to the product, the infrastructure, the environment and visitor attractions. The relationship with local authorities must be based on partnership, which is why we need partnership agreements to be in place. Those agreements should be threefold, although we will have to work through that. We will discuss the issue in more detail with local authorities in the next few months, but in principle we see the partnership agreements as having three parts that are brought together through an overall strategy for the area that links with the national strategy. The three parts will be what the local authority in its own right does for tourism, what VisitScotland is already doing for tourism, such as international campaigns and national initiatives, and, within that, what the two do together for tourism.

The basic accountability, especially for the second part, will come through value for money.

We anticipate that the local authorities will commit a certain amount of money to clearly identified deliverables, which will be transparent and set out to allow discussion with the electors. We will agree on a way forward to produce the deliverables in the agreement.

Peter Lederer: There is a customer-supplier relationship. In a way, local authorities will have more engagement than simply having a representative at one board meeting once a month, or whenever they are. An agreement will be made by answering certain questions. The first question will be whether tourism is important to the local economy. If it is not important, that will lead to a different set of discussions; if it is important, we will discuss how to grow tourism, what the local authority and VisitScotland want, where tourism fits in and how important it could be to the local economy. We will then consider how those aims can be delivered with the industry and produce a set of measures. That will be much more transparent than the present system, in which it is not easy to measure these things. The new system will create different measures.

We also need to discuss how to engage with local industry action groups throughout the country, which are successful and are starting to work well. Most of those industry groups engage with local authorities. The relationship is similar to the one that councils have with the ATBs. However, that engagement can be done in different ways. Obviously, the issue will then be about relationships and trying to work together to grow something for Scotland and for the areas of Scotland.

Christine May: Until that final sentence, you both described a process that sounds as though it could be efficient and effective. However, I am anxious to get more of a feel for your thoughts on the last bit, which was the development of a relationship. From reading your paper, it seems to me that, without a lot of hard work, the proposals will be at best—or worst, depending on how one sees the matter—a recipe for centralisation and decision making by an individual. Local accountability is about having as much transparency and involvement in decision making as possible. How will you develop the relationship that will allow decisions on public funds to be reported back to local taxpayers in a way that helps VisitScotland to grow the tourism business, which is what we all want?

14:15

Peter Lederer: It is absolutely not about centralisation. In the three years that I have been doing my job, going round the entire country and speaking to hundreds of businesses, local authorities and various levels of government and

officials, nobody has said that centralisation is the way to go. Nobody in VisitScotland has said that and nobody whom I have talked to has said it. Centralisation is not the way to do it, unless someone believes in dictatorship—and not many of us do.

We in VisitScotland know that centralisation would not work, so it is not on the agenda—it is certainly not on ours. It is not something that we have been thinking about or want to do. We have had success over the past three years in changing an organisation that is now much more receptive. It still has a long way to go—for example, in industry engagement and in building relationships with key stakeholders such as local authorities. However, we are trying hard and things are moving forward well. We are getting good results.

We can have real success as long as all parties—local authorities, the industry and VisitScotland—are genuinely sitting round together in particular areas and saying, “We are looking to grow the tourism input into the economy of this area. How are we going to do that and what are we, individually, going to do towards hitting our target, which we are all prepared to be measured against?” If that were part of an overall network that was moving in the same direction and was linked up, the situation would be much better than it is now, because currently there are few links. Having links between the different areas would be a major improvement.

Not only local authority areas but regions should be working together, because that is how the customer sees an area. I have not met a customer yet who says that they are coming to a local authority area. They say that they are coming to Scotland for many reasons, but they do not say that they are coming to see a local authority area. They come for a product, or a service, or sets of things that a local authority benefits from. For example, Fife has golf, historic houses and so on. Therefore, only by working in the way that I have described will we make progress. The issue is not about centralisation, because that does not work.

Christine May: Are you looking to do more of the sort of promotions that have been connected to golf, coastal walks, cycling and so forth, which are activities that run across many local authority areas?

Peter Lederer: That is exactly right, because that is how the customer sees it.

Christine May: Okay. My second question is one that I asked at last week’s meeting. You have already covered it to an extent. VisitScotland’s reputation is patchy across the country, with some areas giving more recognition to what it does than others. Given the changes that you have put in

place over the past three years and the continuing changes, is VisitScotland up to the job?

Philip Riddle: Yes, undoubtedly. It will be a great challenge. VisitScotland has made immense progress over the past three years. We recently did an internal staff survey and the figures show us that, of the 85 per cent of people who participated in it, more than 80 per cent feel proud to work for VisitScotland, 85 per cent know full well VisitScotland's objectives and 85 per cent would recommend the organisation to friends. Members will see that there has been a massive impact over the past three years on the organisation's team spirit and morale. We need to carry that forward now to a one-team approach for all Scotland.

That will be extremely challenging because it is about 16 bodies merging: VisitScotland, 14 area tourist boards and tourist board training. If someone was trying to merge 16 bodies in the commercial sector—or in any environment—they would find it daunting. I am relatively new to VisitScotland and I find that what is greatest about it—and what will make the changes easier to make—is the passion that people have for Scotland, which makes a difference. If someone tried to make the kind of change with which we are involved in an external environment, they would not find it so easy to do. For example, it is not easy to get people motivated to change when we are talking about a product on a supermarket shelf. However, when we are talking about our country and selling it to foreigners or other people from the United Kingdom, that makes a difference—people get excited and motivated. Indeed, our challenge will be almost to restrain some of that enthusiasm rather than to find people who are interested in making a go of things.

Peter Lederer: I am incredibly proud of what the organisation has managed to achieve in a relatively short time. Events such as the foot-and-mouth outbreak and 9/11 taught us that when we pull together in this country, that has an incredible impact and a lot gets done. As soon as bits and pieces start to fight with one another and to go off in different directions, we slow down to a halt and the competition moves on. We have seen how things can work. The trick is to ensure that we continue to work together in the much broader, countrywide network that has been proposed.

The Convener: Before I bring in Murdo Fraser, I have a supplementary to Christine May's first set of questions, about the role of local authorities. Clearly, local authorities at the moment invest a substantial amount of money in tourism, although less in some areas than in others. Sometimes the money is for specific projects, but sometimes it is just a general subvention to the funds of the local area tourist board. You referred to merging tourist boards. With the best will in the world, local

authorities will want something for their money. They will not hand over large sums just to benefit Scottish tourism, even though perhaps they should. With whom will local authorities have agreements and what things will they have agreements about?

Philip Riddle: The partnership agreement will be with VisitScotland. As I said, it will cover three areas—what local authorities do, what VisitScotland does and what we do together. We will aim to have complete transparency in the money that is spent in the third area. VisitScotland and local authorities will discuss what happens to the money and what it delivers.

I will say a little about how we see the role of the hub. Area tourist boards will be replaced by 14 hubs. The system has not been worked out fully, mainly because we think that we can do various things better at a local level and we are working out the best approach to take. However, the undoubted principle is that we will build on the many good things that area tourist boards do—we will not lose anything that is good. We will ensure that what is good remains and make it even better.

What is delivered for a local authority will depend very much on what that authority sees as its priorities. There will be a good basis for commercial understanding between us. We will talk about where visitors are coming from and what they want, rather than other criteria. Our approach will be based on improving visitors' experience and attracting more of them. I expect that local authorities will discuss ways forward with hubs, local enterprise companies and the industry. I hope that one commonly held objective will be to deliver local tourist information, primarily through tourist information centres. Others will be to hold local events and do local marketing. I hope that local authorities will also be encouraged to be ambitious and will think about buying into bigger or joint programmes such as walking, cycling and golfing programmes, which may cover more than one area. Some local authorities may see value in participating in some of the international programmes that we run in England or outside Britain. There will be a range of opportunities.

I recognise that it will take time to get the relationship working properly. We understand that it will probably take a couple of years for it to start working well. We must work together well to put the system in place and to ensure that we establish a new basis for co-operation. Initially, it will be a case largely of business as usual and of keeping things going, so that we continue to deliver what we currently deliver in return for the contributions that local authorities make, and of working out carefully how we move forward.

The Convener: You said that there will be 14 hubs. That number is derived from statutory

instruments passed in 1995, under the Local Government etc (Scotland) Act 1994. Is the number set in stone?

Philip Riddle: The direction that we have is that there will be 14 hubs. I do not believe that that needs to be the case, but there are no plans to change the figure. However, if further discussions with the industry and local authorities suggest that there should be more or fewer than 14 hubs, we must be flexible. As Peter Lederer has emphasised, the most important issue is that we identify what we need to service our customers—both the industry and visitors. We must service both sets of customers in the best possible way. I suspect that the nature of hubs will also change. We talk about 14 hubs, but they will not be 14 identical bodies. I think that there will be different solutions in different areas, so there might be more or fewer hubs. That will be decided as the process evolves.

Murdo Fraser (Mid Scotland and Fife) (Con): I would like to press you about hubs, which the convener has just been asking about. Hubs are the nub of the future of the network. However, I am confused about what a hub is and what it should look like. To say that we are going to abolish the area tourist boards and replace them with something but that we are not sure what that something will look like seems to be an odd way of going about business. I appreciate that all the details have not been worked out, but wondered whether you could put more flesh on the bones for the committee by telling us what the hubs will look like and how they will be structured. Will they be budget-holding organisations, for example? Last week, we took evidence from industry representatives and ATB chairs, who were clearly concerned about how the hubs might function and the powers that they might have. Robin Shedden said to the committee:

“It is imperative that the hubs are budget holders. If they are not, the pack of cards will clatter down. It will not work.”—[*Official Report, Enterprise and Culture Committee*, 25 May 2004; c 1010.]

What assurances can you give us that the whole plan has been properly thought through and that the hubs will function well?

Philip Riddle: I am sure that they will function well as long as a good process is gone through to set them up. We do not have all the details about hubs, but having all the details would probably be wrong. We have a direction, we know where we are going and we have a period in which to work with our partners in order to shape out the details. If we were simply presented with a defined template, our hands would to some extent be tied. The way forward in the market is to have flexibility in order to be sure that one can adapt to the market and the environment. Therefore, we do not

feel at all fazed that we do not have all the details at the moment, although we think that there is a tremendous challenge in getting those details in place.

Whether hubs will be budget holders is a slightly strange question because there are budget holders all over the place in any business organisation. I am a budget holder—I have an expenses budget, a budget for my business tourism unit and a budget for a marketing unit. Hubs will be budget holders. However, perhaps the more serious issue behind the question is whether hubs will have the discretion to apply local funding for local interests. The answer to that question is that they will. To return to the role of local authorities, if local authorities say that they want to put £0.25 million into the development of local tourism businesses in an area, for example, that is how that money will be applied. It will not go into some pot for the whole of Scotland and then be allocated around. If it is strictly set for a local use, it will be applied locally.

Similarly, we have given an assurance about current assets, which is an issue that understandably comes up from time to time. If an area tourist board has reserves and assets today and at the time of changeover to the new organisation, they will be ring fenced for local use. As we have said, building up the regions is in our interest. We are not talking about taking money to fund something centrally. National programmes will go ahead, but ensuring that we also build up what happens in Scotland's different regions and work on product development, product quality and information provision is in the interests of promoting Scottish tourism.

Peter Lederer: We should not be too concerned that all the details are not in place—we are certainly not concerned that they are not. In fact, if we had simply been presented with how things will be, I think that we would be now having a conversation about centralisation and dictation. I think that Robin Shedden also mentioned that there is a real opportunity for us to have discussions such as the one that we are now having to ensure—as Philip Riddle said—that the hubs really are fit for their purpose and work immediately when they are up and running. Robin Shedden certainly mentioned that to me.

Murdo Fraser: I have a follow-up question on another specific, but relevant issue—existing ATB staff. Under the new structure, what assurances can you give us about the position of staff who are currently employed by ATBs?

14:30

Philip Riddle: The formal position is that all staff will move over to being employees of

VisitScotland. They will be TUPEd over, under the Transfer of Undertakings (Protection of Employment) Regulations. Our future structure and direction will largely be determined by the partnership agreements that we reach and by what we do with the industry.

I emphasise the fact that no pressure has been applied on us to view the review as a cost-cutting exercise. We have not been influenced to reduce the headcount. I expect that there will be a fair amount of change over the next couple of years. Three years ago, VisitScotland employed around 200 people and today we employ around 200 people. We have an excellent team in place. In the interim, we brought in 65 to 70 new people. That was managed such that the people who left us had recognised that it was time to move on, perhaps to new opportunities or perhaps because they did not want to do what was required in future. At the same time, we brought in new blood. That is healthy. Inevitably, some of that will happen in the new organisation. While we are not seeking to reduce numbers, there will be change—people will move on and new people will come in, which will be good for the organisation.

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD): I have two questions. The first leads on from what you said about the 14 hubs. In VisitScotland, you can take some comfort that in the county of Caithness in my constituency the shots were not being fired at you, but at the Highlands of Scotland Tourist Board. Rightly or wrongly, tourism providers had the impression that HOST was centralised on Inverness and that Caithness lost out. We got into a vicious circle of people giving up their membership, the membership declining and so on.

Given that a county such as Caithness is completely different from an area such as Lochaber and that the Highlands are the size of Belgium, would you consider having two hubs—or more—for the area? I do not have a problem with the definition of a hub or with integration, but as far as local perception is concerned, there might be something in what I have suggested.

Philip Riddle: We could consider whether two hubs would work. However, it is more important to rethink how we engage with the industry generally and what we think of as a hub. I do not think of a hub as a specific location; it is more of a centre of tourism activities, which can be mobile. It is important that hub managers and staff get out and engage with the industry in the best way possible.

There is no template or prescription, but we envisage encouraging local tourism action groups, local destination marketing groups and other local groups built around tourism products to come together and meet us on the basis of areas such as Caithness, the whole of the Highlands or the

west or the east Highlands—whatever suits the particular market requirement. Within that, we hope to have a mechanism through which to offer challenge funding that will further encourage such groups. The funding would come from VisitScotland, local authorities and the industry itself, so that the industry could take responsibility and control of its destiny, but within a national framework that goes in one direction. We would interact at many different levels with different groups.

Mr Stone: That is an encouraging answer.

In Caithness and Sutherland, we have seen TICs in Helmsdale and Wick close in recent years, with a lot of unfortunate publicity. It has been something of a shambles trying to get one up and running again. Are you in a position to give a commitment, as and when integration happens, to re-examine the TIC network? As I said to Mr Lederer earlier, TICs are almost more important to tourists and tourism providers than structures are. The issue is what is in the High Street in Wick, what it offers and what advice it gives. Would you be able to revisit that? I would love it if you would reopen my TICs.

Philip Riddle: I cannot promise that we will reopen TICs, but undoubtedly the reorganisation project affords the opportunity to have a look at them.

We must reinvent TICs—the market is changing, and the role of TICs is changing. People get information from all sorts of sources and make bookings in different ways. I am confident that TICs can be reinvented and that they can fulfil a worthwhile role. We must forget that they are tourist information centres and regard them as local centres that belong to the local community. They carry a lot of information that is not just for visitors from outwith the area. I would like TICs to be local centres with information on local events as well as being sales centres that sell the rest of Scotland to local people. If we go down that route and reinvent TICs, we will give them a new lease of life.

Mr Stone: There has been disengagement between parts of the tourism industry and the ATBs, which might be replicated in other parts of Scotland. Do you intend to go out and speak to members of the industry to find out their needs, regardless of whether they were members of ATBs? In some sectors of the industry, the alienation is rather corrosive.

Philip Riddle: Undoubtedly. One of the major tasks that we face, other than the specific project on ATBs, is to carry forward a vision that is built around the ambition to increase revenues by 50 per cent. We cannot just draw a line on the graph and say that revenues will increase by that

amount. We must build a picture and a vision, and the only way to do that is to get out there and get the wider industry believing in that vision. I agree that we need to do better with some parts of the tourism industry, but an even bigger prize for us will be to get industries that do not think of themselves as part of tourism involved in the ambition to increase revenue. We believe that the increase in revenue will largely come not from traditional tourism providers but from increases in retail, entertainment and leisure spend. We must get those businesses engaged with us in the project.

Susan Deacon (Edinburgh East and Musselburgh) (Lab): My questions focus on the section of your paper on the integration project. Just for a moment, I would like us to assume that the lack of detail in the ministerial announcement on the proposals was the appropriate way to go forward. That is a quantum leap for some of us but if we make that assumption, how will we get to where it is intended that we will be by as soon as next April? My understanding is that that is what you set out in the section on the integration project. First, will you give us an indication of the extent of VisitScotland's involvement in the design of the change management project, specifically the machinery that is set out in the submission, which includes a steering board, a project progress group and the nine smaller teams that are being set up? Secondly, if you were left to your own devices, would that be the appropriate change management machinery to take forward a project of this nature?

I have a third question, but I think that I will break for a cough.

Philip Riddle: We have been closely involved in the evolution of the project. Obviously, it is led by the Scottish Executive, which defines the control mechanisms, certainly at the higher level. However, we have had considerable input and involvement in delineating priorities for the project.

The project is built around nine project streams. I will not go through them all, but there are three categories. First, there are project streams that relate to short-term issues, so that we can ensure that, in particular, partnerships hold together during the difficult transition in the next two years—such an approach is quite normal in any change process such as this one. Secondly, there are project streams that relate to more fundamental changes, and we need to spend time putting those through the machine and making sure that we come out with good, solid results. Thirdly, there are project streams that support the short-term and long-term work, which includes financial and contractual things that have to be sorted out and organisational development. We have had quite a lot of input into the shape of the

project. It does the job and will get us through the first stage to 1 April, although we must review everything regularly to ensure that it works properly and keeps to the target.

Peter Lederer: I would add only that, from a non-executive point of view, there is always a desire for everybody to get involved in everything. Everybody loves a good project, especially a change management project. However, not everyone can be involved in everything, so there has to be a certain amount of trust involved in letting people get on with coming up with a proposal that can be discussed. Also, it must be remembered that the process does not bring visitors to Scotland. While the process is exciting, sexy and enjoyable, it must be remembered that we have a business to run and a £4.5 billion industry to keep on its positive path, and we must not take our eye off that ball. Both elements have to be managed.

Susan Deacon: Does it worry you that the protracted period of uncertainty that has been hanging over the future of the ATB structure and, by extension, parts of the industry, is set to continue for some time to come? The fact that the next period is seen as being stage 1 is comforting at one level, as that is a realistic assessment of what can be done in the time period. However, that suggests that the uncertainty could continue for a considerable period. Are you worried that people's eyes might be taken off the ball in that period? How can you guard against that and stay focused during that process of continued structural upheaval and reform?

Given the time that it has taken to get to this point and given what needs to be done, do you think that the timescales that are involved are realistic? It has come as a surprise to many members of this committee that only now, after what has seemed an interminably long lead-up period, is the machinery being established. We heard last week that some of the groups had not yet been set up or had their first meeting. The summer period that we are heading towards tends to be a pretty inactive period, for obvious reasons, and presumably the same thing applies to the month around Christmas. Can you give us some confidence that the conditions of uncertainty will be managed?

Peter Lederer: It is important that we keep an eye on both the balls that are in the court.

It will become clear quite quickly that the first few months are the most difficult stage of any process such as the one that we are engaged in. One cannot set up systems until one knows what is required. We now know what is required and are setting things up quickly. Over the summer, work will progress quickly and, relatively soon, we will

get to a point at which the vision has some shape and there can be some debate about it.

A parallel can be drawn with the Scottish Tourist Board's reinvention as VisitScotland. At that time, there was a period of uncertainty until the shape of the vision became clear, whereupon people started to understand where we were trying to get to and were able to get behind that effort.

Philip Riddle can talk about the timeframe for the process.

14:45

Philip Riddle: It is always difficult to say whether a timeframe is long enough. We would like more time, but I am sure that we can complete the work in the time available. We have excellent people in VisitScotland—first-class staff who have performed exceptionally well over the past couple of years. Further, there are extremely good people in area tourist boards. We have a good stock of people to do the necessary work, so we do not have to bring in hoards of people. In fact, we are deliberately avoiding bringing in outsiders and are doing the work in-house. We have fantastic motivation in working with the industry. I certainly believe that the work can be completed, but the timeframe will be challenging. No doubt, in some areas, it will be difficult to deliver all the goods, but we have the ability to deliver.

Another aspect that one must always bear in mind is the fact that there has been uncertainty, but change is with us permanently. I never expect to have an easy period, especially in this industry. If we are not facing our own internal change, which is necessary if we are to be flexible, we are being buffeted by world events, as happens regularly. That is just a feature of the business and such events are not one-offs. A terrorist attack that affects tourism is unfortunately not a one-off; it happens in the world every other day. We have to deal with uncertainty and change and we have to be flexible every day of our lives in this business. Change may add to that uncertainty, but we have to manage and cope with it. That is now just part of doing the job.

The one good side of the issue for the area tourist boards themselves is that we are at least beginning to see a light at the end of the tunnel. It has been tough for some of the front-line staff in area tourist boards—more so than for those in VisitScotland—because the question of what is going to happen has been battled around for a couple of years now. We were all saying, "What is happening? We are all being abolished. We're all going here. We're all going there." For many people, the worst of the uncertainty has passed, because at least we have a direction. We still have to define who has a job, where that job will be and

what the staff will actually be doing but, as I said, people are beginning to see the light at the end of the tunnel.

Susan Deacon: We all recognise the fact that we live in a world of continuous change and that coping with that requires a certain pace and dynamic if we are to exist within it. How will you ensure that the necessary pace, dynamism and cultural change, which you have talked about today, are achieved through a process that, on the face of it, seems to be dominated by structural reform and by heavy, cumbersome machinery?

Philip Riddle: All that I can say is that we have done it in VisitScotland and we can do it for the network. I am sure that the area tourist boards will join us in achieving that. There is no easy answer when it comes to changing culture. There are all sorts of little things that we have to do day in, day out. The big hurdle that we have to get over is in making people trust the management and trust that there is one team acting together. Getting over that hurdle will be a big step, because we are not quite there. People are still wondering who is doing what and who is going where. Getting over that hurdle and building up that trust is something that we have done with VisitScotland, so we can do it with the network.

Mike Watson (Glasgow Cathcart) (Lab): I would like to address the question about accountability that was originally touched on by Christine May. We heard some pretty strident views and concerns in last week's evidence—you may have seen the *Official Report* of that meeting—not just from the Convention of Scottish Local Authorities but from the ATB chairs. In your submission, you mention the partnership agreement being a two-way agreement, and you say that it

"will provide for greater accountability than under the current structure."

Although I am sure that COSLA and the ATB chairs understand that view, they do not accept it. I know that you are at an early stage of the process, but how do you convince the ATB chairs and COSLA, as well as individual local authorities, that the fears that they expressed to us will not be realised?

Philip Riddle: Are you talking about accountability?

Mike Watson: They are afraid of losing the kind of accountability that they have at the moment. You say that there will be greater accountability. Can you explain why you think that and how you believe that you can bring those organisations on side?

Philip Riddle: I feel quite vulnerable, because I think that we are actually taking quite a risk. We

are saying that we will be much more open and accountable on delivery and that we will match input to output on a value-for-money basis with the local authorities and with business, and we are doing away with membership income. That is quite high risk, but it is the right thing to do. It liberates the system and puts us on a more clean-cut commercial basis. People will be given a choice. We will say, "Here is what we have to offer," and, whether in relation to products, services or the opportunity to join initiatives, we will help people to make an informed choice and give them a good menu of products. In my mind, there is no greater accountability than that if you do not like something you do not pay for it. That approach, which will underwrite the system, puts us under quite a lot of pressure, and we will have to build beyond that, too. However, we are happily engaged in discussions with COSLA to go through the issues. Behind that, we also have to build confidence in planning together because the system is about not just the selling of services, although that is where the bottom-line accountability lies, but about building a relationship—about there being a common belief in the strategy, in the vision of where tourism is going and in who does what within that.

We must build a two-way dialogue at local and national level. We have not really had that and it is one change that will come in the future. We have not had a good flow of information up from local authorities and local businesses into what we do nationally or a flow back to them about what we are doing nationally and how it benefits and fits in with what is done locally. There will be a much freer flow of information that will help us to build that relationship, trust and belief.

Mike Watson: Given that you seek to negotiate many of those partnership agreements, they will obviously vary in quality and in depth in terms of the tourism initiatives that they produce. How can you be sure that you will get a partnership agreement with a local authority? What if a local authority decides that it wants to do something different? I understand that there are statutory limitations on local authorities' spending on tourism, but how will you deal with the blips that will inevitably emerge from the discussions that you are having with local authorities throughout the country? For example, I understand that Glasgow City Council has been quoted as not being happy about signing over its convention business.

Philip Riddle: The most important thing is that we will come to agreement if we can all buy into the common vision and agree that we want to grow tourism, that there is the potential to grow tourism and that this is how to do it—we can decide who does what afterwards. However, I do not underestimate the challenges.

We aim to agree with COSLA a framework agreement that we hope will give us a degree of standardisation. The system has to be adapted locally to suit local circumstances because we do not want to take a one-size-fits-all approach. We will work with COSLA to try at least to get a framework that sets out what local authorities in general would like to see in a partnership agreement. That will be our starting point for finding out what works locally.

If a local authority decides that it wants to spend its money in a certain way for certain reasons, that is what will happen, but we hope that that will be done within the network. We will talk about what should be done jointly, but if money has to go to a certain area because that is a local priority, that is how that service will be delivered.

Mike Watson: The issue is not only to do with COSLA. At last week's committee meeting, an interesting point was made by Carolyn Baird, of Perthshire Tourist Board, which I am sure is a member of Mr Lederer's organisation—

Peter Lederer: It is a paid-up member.

Mike Watson: Carolyn Baird stated:

"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."

She was backed up by Robin Shedden, who is on your integration project steering board and who stated:

"If we take all those hidden functions and interactions and chuck them out the window, there will be big losses in all areas."—[*Official Report, Enterprise and Culture Committee*, 26 May 2004; c 1005.]

Carolyn Baird and Robin Shedden are influential people—particularly Mr Shedden, who is at the centre of the discussions—and they are clearly not anything like on board. In the months ahead—there are relatively few between now and April 2005—how can you pull them onside? If you do not have the support of the existing ATB chairs, it will be difficult to be ready to run with the new system by April 2005.

Peter Lederer: I am a great believer—and have been for the past 30 years—in the principle of the clean sheet of paper. This is an opportunity, which we have been talking about for four or five years, to create and design a better way to do things. Everybody—I stress everybody—agreed that the old ATB network as it stood was not sustainable and that the status quo was not acceptable. We have had the discussions and it was agreed that the status quo was a non-starter and that we needed to rethink the system. What has been presented by ministers is a way in which we can do that. If none of that structure existed and we

were to sit down and ask who the important players in this game were, we would conclude that local areas are important because they have the product and the special unique bits that make up Scotland. Local authorities, local enterprise companies, the industry and VisitScotland also have important roles to play. VisitScotland's input is important in two ways: because the national strategy must be consistent throughout the country so that the consumer receives the desired quality and information; and because we need feedback from the network for our future strategies. That is how we would design the system if we were starting from scratch. We are trying to get as close as we can to that.

In my discussions with local authorities so far, my first question has always been to ask whether tourism is important to that local area. If the answer is yes, I ask how we can design things differently so that we can work together better in future by pooling the efforts of VisitScotland, the local enterprise company, the local authority and others, in particular the industry itself. I ask how we can make things work better so that we grow the industry not only in that area but in Scotland as a whole to ensure that the area can get a bigger piece of a growing cake. That is what we are trying to do.

Not everyone has bought into that approach yet—it would be surprising if they had—but I think that people will do so as the models start to take shape from those discussions and as a clearer vision is perceived. From my private conversations with people such as Robin Shedden and Carolyn Baird, I know that certain people will wait and see because, although the idea sounds right, they have some concerns. However, people such as Robin and Carolyn are there to feed in their concerns so that we can get the answers to those in the next few months.

Philip Riddle: The situation is that we have been given a direction by the Executive, rather than that we in VisitScotland have thought up something that should apply across the country. Making it happen is a responsibility that we share with the area tourist boards. We need not necessarily persuade all the area tourist boards that the change is a good idea nor do they need to persuade us otherwise, but we have a challenge in implementing the direction that we have been given. We have involved Robin Shedden in our steering committee to ensure that we and the area tourist boards have joint responsibility for delivering.

Mike Watson: You may not need to convince all the area tourist boards that the idea is good, but you will need to convince the local authorities, which otherwise might not provide the money. That brings me to my next point. In the evidence

that we heard last week, both COSLA representatives who are members of the integration project's two main groups made the point that it would be unrealistic to expect local authorities to continue to provide funding at current levels if they perceived that there is less accountability. How confident are you that the services that will be purchased from the hubs will make up any such potential shortfall? Given that last week's evidence suggested that membership fees accounted for about one third of ATB income, which will also need to be made up, how confident are you that tourism in Scotland will not suffer a serious loss of financial resources?

Philip Riddle: We have very much targeted local authorities in trying to explain where we are going. Over the past few weeks, I have personally visited 17 local authorities, but we aim to talk the issue through with every local authority and we are well on target for doing that before the end of the month. The response has been very good. The desire to see the detail has undoubtedly been a consistent theme, but local authorities' support for tourism has also been a consistent theme. They want to support the growth of tourism in Scotland and they are prepared to invest in that. To me, investing in tourism growth is what it is all about. Local authorities want to be able to see where their money goes, but we have talked about how we can show that.

In essence, we are asking local authorities to work in partnership with us over the coming two years and to shape the proposals without pulling the plug on anything, which would be dangerous. It would be disastrous if everybody pulled the plug, but I see no reason why anybody would, given that doing so would affect the things that are currently funded locally. We want to keep things going while this new relationship matures. We do not want the drastic changes that would occur if finances were pulled away.

Working with the industry will also be a challenge. Most people in the industry welcome the opportunity to have a more straightforward commercial relationship with the hubs. We will also bring into the fold many people who perhaps do not see themselves as mainstream tourism businesses and therefore do not even join ATBs. One of our objectives is to stretch our embrace even wider to include different industries.

We also believe that we will be able to offer services and joint opportunities to industries that will spend at least as much money as they spend at present, if not more. That will liberate us to deal with different groups in, or components of, the industry, such as hotel chains, which tend to feel constrained because they have to deal with half a dozen ATBs. We will now be able to deal with

different groups of customers, including hotel chains, on a national basis.

Looking ahead, I am convinced that we can get more money into tourism through one national strategy. It is not about getting much more in the way of incremental funding, but about getting all the money applied in the same direction so that it has more power. However, I accept that the next couple of years are going to be quite difficult. We are going to have to manage that period quite carefully, ride it out and win our partners' support for that ambition.

15:00

Richard Baker (North East Scotland) (Lab): My first question follows on from Mike Watson's last question, and it seeks clarification of your response. While there is a level of uncertainty about the structure, you must have some idea of the products and services that you are going to offer the industry. You say that in your dialogue with the industry you have heard that there might be potential to increase the amount of money coming into VisitScotland from the industry buying your services, as opposed to the money that used to come in from membership services. Are you receiving positive indications at the moment?

Philip Riddle: The indications are certainly positive but I do not underestimate the challenge. Scotland has a great strength that it can develop; we have a relatively small economy but we have what one might call an underlying national brand on which we can capitalise.

We can involve more industries in the promotion of Scotland and of tourism than we involve at the moment. For example, we have joint initiatives with companies such as Highland Spring Limited, a water producer, that do not normally think of themselves as being part of Scottish tourism. We can work with them on promotional joint initiatives, leveraging in funding from both sides. We can also leverage in funding by working better with the transportation companies. We now do some very good work with the airlines, fostering direct access and effectively pooling our marketing budgets and advertising so that we do things together. The way ahead is to match effort on as wide a canvas as we can imagine.

Richard Baker: Smaller industries and businesses are involved in tourism at the local level. Are you confident that they will buy into the products to the extent that that income will replace income from local membership fees? Do you have only a national target?

Philip Riddle: I am confident that those businesses will buy in. The underlying point is the need to awaken the industry's responsibility. In some cases, membership has dulled that sense of

responsibility. We have to ensure that businesses acknowledge that they have to invest in marketing and joint promotions. As those businesses see the value of such activities and as they see that more and more is on offer, they will make wise choices about their money and support those initiatives. However, we have to become more commercial, and we must be able to treat people in the industry as customers and provide them with what they want. If they do not want a product, we will not be able to sell it and will not get the money.

Richard Baker: It seems to me that you have quite a task, but I am pleased by your optimism.

My final question is on the challenge of presenting the reforms as integration and not centralisation. There are some points in your submission that make me wonder how that will happen. For example, your submission states that the tourism hubs will be accountable to VisitScotland, so I am interested to know how, in your view, that system will work, especially because accountability is such a big issue. The second part of my question on integration and centralisation is on your overall marketing strategy. Obviously, there will be fears in rural parts of Scotland and other areas outwith the central belt tourist attractions that a new integrated or centralised strategy will mean a focus on Edinburgh, Glasgow and the central belt. Indeed, your submission mentions a gateway strategy involving Edinburgh and Glasgow, and people will naturally worry that that means that tourists will go to Edinburgh and Glasgow and that the benefits might not filter out to other parts of the country. How do you reassure those people that that will not be part of the future under a new and integrated structure?

Philip Riddle: I start by echoing Peter Lederer's comments: VisitScotland is not a central belt organisation but a national organisation. We have hubs throughout the country. We already have a presence in Inverness and a presence in Edinburgh, but one should not read too much into where individuals are at any particular moment. We are a national organisation that represents tourism interests throughout, and outside, the country.

Our marketing will become increasingly effective. A big challenge for us is to ensure that our marketing promise—our brand advertising—is matched when people arrive here. One can spend millions on marketing—one has to—to get one's voice heard out there. However, if the promise is not delivered, the money has been wasted. We have to get people interested in coming to Scotland; we have to kindle the feeling of, "Yes, that's somewhere I really must go to." We have to trigger the desire and that must be linked with local provision. When people come here, they

must find what they expected to find. The product must be of good quality. Once people have an interest in coming, they have to decide what to do, where to go and what to experience. That is when the local element comes in. That is when we can say, "Here's the massive choice of things this country can offer you. It's all very good quality and it's all joined up. You can book it all in one place. You can have an integrated touring trip all the way round Scotland. You can do the best of both urban and rural."

We have to use all our assets in a competitive environment. It is not a question of taking choices and saying, "We'll concentrate on this bit." We have to use everything we have. One of our country's great unique selling points is that we can offer, within a relatively small area, the best of urban with the best of rural—the best activities in the city with the best activities in the countryside. Very few countries can offer that.

Short breaks are the future of tourism. The competition in Europe—in the accession states in particular—is very good for confined city breaks; however, we can offer short breaks of three or four days that give the best of a city—including wining, dining and shopping—together with opportunities to play golf in a rural area, to walk in the hills or to go white-water rafting. That combination will be strong for us in future. People talk about gateways; we can use gateways to our advantage. We can use entry points through the cities to offer a real value-added product that nobody else can offer.

The Convener: Finally, and as quickly as possible, Chris Ballance has a question.

Chris Balance (South of Scotland) (Green): Thank you, convener, and I apologise for arriving late.

I would like some further clarification on points that came up earlier. Do you have a deadline for settling all the matters in the review? We have heard from staff that a deadline will be important to prevent a slippage of morale. The staff on the project team are working very long hours and they have no idea whether they will have a job at the end of the project and, if so, what that job will be. Many people depend on the results of the project and they would appreciate knowing when the uncertainty will end.

Philip Riddle: There is a date for when the integration will formally happen: 31 March next year. By then, the structure will be in place and people will be moving into jobs. As I mentioned in response to an earlier question, there will always be change and further evolution. However, that date will be the big watershed. A lot of the allocation of people to jobs will happen before that, and some will happen after. However, we should focus on 31 March 2005.

Chris Ballance: When will you be able to tell staff what the shape will be after 31 March?

Philip Riddle: At the very outside, the date will be 31 March, but I suspect that things will evolve. All the area tourist boards will be affected, as will VisitScotland. To do the job properly, we are having to work within an extremely tight timeframe. Somebody could draw an organogram tomorrow on the back of a piece of paper and there would be a result, but I do not think that that is the way to do it. We have to work through a professional process, looking at what we are seeking to achieve, how we are seeking to achieve it and what the processes are, and ensure that we arrive at a structure. That structure will come into place in parts but will be in place, in the main, by 31 March next year.

The Convener: Thanks very much. I thank our witnesses, Philip Riddle and Peter Lederer, for their attendance. That has been very helpful.

Agenda item 3 is also on the area tourist boards review. I welcome the Minister for Tourism, Culture and Sport, Frank McAveety, and John Brown, the head of the tourism and architectural policy division of the Scottish Executive. Minister, you will have read the *Official Report* of last week's meeting. The answer to a lot of the questions that committee members asked some of the witnesses was, "I don't know." Other witnesses put a gloss on it and said that it was beneficial that there was a clean slate in that they could be involved in developing things. Even Peter Lederer, this afternoon, talked about the benefits of a clean-sheet-of-paper strategy. I put it to you that we could perhaps have got to a clean-sheet-of-paper strategy two months rather than two years after the review was announced.

The Minister for Tourism, Culture and Sport (Mr Frank McAveety): Essentially, the initial review that was undertaken looked at the ATB structure. When the new Executive came in, our purpose was to look at a much broader picture. You will have seen both the Executive memorandum and the contributions that have been made so far in the committee hearings. We wanted to find a way to address the organisational structure first without having any predetermined views. One of the critiques that came through was that predetermining the structure would not have allowed for what people saw as local autonomy and the reflection of local needs in the debate. What we are now putting together—which was outlined by both Peter Lederer and Philip Riddle—is a series of working groups that will try to arrive at the very core of that. There will, understandably, be some heated debates within those groups; however, we want to get that teased out to a proper level so that we can identify where the local

solution is working best and how that fits into where the national direction is meant to be.

The Convener: I accept much of that, as will other members of the committee, but why did it take so long to get to that stage? Why could we not have started that process much sooner?

Mr McAveety: Because people would have wanted an immediate decision about the future of existing area tourist boards, and that was still a matter for substantial discussion within the Executive and the ministerial team. That kind of examination was required before we could arrive at the final conclusion of the idea of tourism hubs, integrated into a VisitScotland network, which is the direction in which we wanted to move.

I understand the anxiety, but starting the process sooner would have sent too many things fluttering about inside the system without any firm decision being made. Time was needed to get to the decision, but it has been made and we have put together a number of folk. We are trying to engage extensively with local government, the tourism businesses and the existing structures. We are selecting from those some very capable individuals who will be able to ask tough and searching questions because they care passionately about the industry. That is the stage that we have now reached. As Peter Lederer said, the work will motor quickly now that we have got those groups up and running. There is also a chance for the big players to meet the tourism unit and me to see whether we can drive things forward.

15:15

The Convener: In your statement to the Parliament, you said that two new area tourist boards would be set up, but I see no mention of that in your written submission. Am I correct in assuming that the new boards will exist simply for the purposes of the legislation, but will have no real existence because they will have no executive functions and will not do anything?

Mr McAveety: In essence, the boards will be legal entities that will allow powers to be transferred, but the real delivery mechanisms—matters such as budgets and staffing—will be discussed and developed by the tourism hubs, VisitScotland and all the key players in the local partnership agreements. That is my understanding, but John Brown might want to add something.

John Brown (Scottish Executive Education Department): The reason for moving to the new structure with two new boards is that the Tourism Act 1969 says that there shall be area tourist boards. Rather than amend primary legislation, we are using existing powers to set up two boards,

which will be inside and controlled by VisitScotland. People will see VisitScotland and its network; they will not see the boards, which are in effect a legal mechanism to enable us to get to where we want to be.

The Convener: The Local Government etc (Scotland) Act 1994 also mentions area tourist boards. Will you be able to prevent people from applying to become subscribing members of the new boards?

John Brown: Yes. The statutory instruments that will set up the two new boards will specify that the members of the boards will be the members of the board of VisitScotland.

Christine May: I have a question for the minister about accountability, which relates to a question that I put to Peter Lederer and Philip Riddle. I want to draw a comparison between this exercise and the most recent review of the local enterprise network. In the local enterprise network, all staff are employed by the Scottish Enterprise network, but local interest is served by a local board, which draws its membership from the local area, including the local authority. The local board serves two functions: it directs its attention upwards, by helping to develop national policy and strategy; and it does so outwards, locally, through the membership of the board, the local economic forum and the community plan partnership. In that way, national policy is informed not just through top-down internal discussion, but through wider, local discussion. Equally, local policy is informed by national strategies and priorities. Some local flexibility over elements of the budget is allowed. We can argue about whether that system works as well as it might do.

I want to ask, not how the proposed new set-up will work at official level—the previous witnesses gave us a clear exposition of that—but how the more intangible process of drawing together the information that is needed to formulate policies and strategies that are acceptable locally and that fit in with national strategies will be developed in the new framework. What are your thoughts on that?

Mr McAveety: The model that you describe is not unattractive. The current discussion has led to a greater capacity for engagement, not just with COSLA, although the discussion with COSLA is moving forward. Wider issues to do with COSLA's relationship with the Executive colour much of what we need to do about the delivery of policies, including tourism policy. The substantial involvement of COSLA in the project team offers an opportunity for direct and effective relationships between the Executive and COSLA as well as between COSLA and VisitScotland.

We are increasingly engaging with local authorities. I have already met two major city authorities at their request and at least two other authorities have sought further discussions—I think that one of those is in your area. When we get round the table, the common consensus is that the previous system had a lot of weaknesses—although it had some strengths.

Another big issue that emerged was whether there would still be the capacity to influence the shaping of marketing and product development at a local level. Reassurances were sought on that and the discussions have been positive. There is also the issue of having a sense of ownership of certain aspects of how people determine what they wish to do locally, which, in addition to the convention bureau agenda, is an important part of the product of the two gateway cities.

The discussions have been highly constructive. I hope that that will continue as we evolve over the next nine to 10 months. Although the next nine to 10 months are critical, the process is about the long-term future and direction of tourism in Scotland, which benefits all parts of the country. One of the great strengths of the area tourist board review is that, if it is done well, it will have a genuine impact on employment opportunity or on tackling social exclusion in particular parts of Scotland, as well as on improving the general range and quality of product. That is what we are trying to achieve through our discussions. I think that there is a chance to shape and influence matters a bit more along the lines of the model that you are speaking about, without repeating some of the mistakes that people have identified in that model.

John Brown: Like Philip Riddle, I am a member of the team that is visiting every local authority—I am the Scottish Executive representative. I will provide an example from some of the discussions that we have had. North Lanarkshire Council and South Lanarkshire Council—which we met separately—are interested in getting together and working with their hub in a tourism strategy group for the whole of Lanarkshire. To me, that is an ideal way for local authorities to have influence at the political level.

We are deliberately not adopting a one-size-fits-all solution. We are glad that the Lanarkshire councils have come up with that collaborative way of working with their new hub. I expect that such models will emerge in other parts of the country; we certainly recognise that there is a need for that. VisitScotland and the Executive will develop various options to address the issue that you raise.

Chris Ballance: How will you ensure that best practice at local level is taken up in the national network and is not just lost in the review?

Mr McAveety: We have already recruited into the key action teams some of the best personnel in the area tourist board structure. There are three substantial levels of secondees, who include Riddell Graham from the Borders, as well as a few other individuals who have appeared before the committee at various stages over the past few years. I would describe them as critical friends who care passionately about Scottish tourism. Although they have a strong sense of the contribution that they believe they have made at area level, they recognise the opportunity that is provided by increased resources from marketing combined with a closer integration with VisitScotland.

Ultimately, the real shift is that we are not talking about the same kind of tourism structure that existed four or five years ago. VisitScotland has evolved dramatically in the past two or three years. That process has involved a lot of pain. Although the organisation still has a long way to go to reshape itself, it is facing the right direction much more than it was three or four years ago. We are trying to update the area tourist board structure so that it relates to that realignment. At the same time, we want to provide opportunity through the marketing agenda.

From my visits throughout Scotland in the past three or four months, my experience is that many folk think that, over the next number of months, they need to have the space and time to influence what the final solutions and the final suggested structures will be. I think that there is a real chance to get the best of the practice at local level. The letters that I have received indicate that the biggest concern is about not losing in the review process a sense of what has been done well locally. As Philip Riddle said, the review involves a risk, but the risk is worth taking, because we can get the best of local practice and ensure that the national agency is able to work effectively with local bodies, through its marketing and its broader strategy.

Chris Ballance: Fair enough. I want to ask about personnel. Last week, we heard that you have given a guarantee that there will be no significant redundancies. I wonder whether you could repeat that guarantee for the record and say whether it will cover staff who are on contracts to work for five months each year, who might not necessarily be subject to redundancy notices but who could simply not be re-employed the next year. I suppose that I am asking for an assurance that staffing levels will be more or less the same after the review.

Mr McAveety: I would much prefer to say that we want to work towards ensuring that staff who are able to make a contribution to tourism will continue to be there. It would be wrong to give an

absolute guarantee about how the situation will develop. However, given the resource commitments that are being made at the moment and which I hope will continue to be made, from both local and other sources, there is capacity for the folk making a contribution at the local level to continue to do so. Those matters will be dealt with operationally by VisitScotland. Perhaps John Brown will touch on that process to give you a stronger reassurance, but I can tell you that we are working towards maintaining staff.

John Brown: I have little to add to that except to say that that question is often raised with us. My general response is that we are not engaged in a head-count reduction exercise, to use a terrible modern euphemism; we are engaged in making the network work as well as it can. We need people who can make a contribution to that in the future. Our concern is to retain the strength and expertise that already exist in the ATB network and to build on that in the new network.

Chris Ballance: What will you do if income goes down because COSLA members feel that they do not have enough local input—or perhaps the term is engagement channel—and withdraw some of their funding? It might be easier for local authorities to withdraw funding from an organisation that is based centrally rather than locally. What will you do if the local tourism providers are able to pick and choose the services to buy in, which is an option that has been offered to them? They might end up being much choosier and spending less on such services than they do at the moment. What will you do about staffing levels and expenditure if the amount of income falls?

Mr McAveety: I am a natural optimist and I believe that there is potential in tourism. A substantial contribution is made to tourism by local government and it is in the interests of both the local authorities and the Executive to believe in the potential for economic growth and employment opportunities. Those authorities that have contributed in that way much more actively than others have over the past three or four years can demonstrate that it has made a genuine difference to the economic development in their communities. There is an imbalance in resource allocation, which is perhaps one of the weaknesses of the old area tourist board structure.

In our discussions, it is recognised locally and nationally that we have a mutually supportive structure and that we want to sustain the resources. We want to work with COSLA to sustain the level of contribution and we have had positive discussions so far that make me think that we will arrive at a constructive solution over resources. The Executive has allocated grant-aided expenditure to spend on tourism and I would

like that to be considered as part of a negotiated structure with COSLA. I hope that we can arrive at a solution with which everybody will be satisfied.

Brian Adam (Aberdeen North) (SNP): We know more about what the review is not about than what it is about. You say that the project is about integration and not centralisation and that there has been a long gestation period with discussions about what you plan to do. Why did you not have a pilot project in an area where there was enthusiasm for the idea?

Mr McAveety: Every other area would have objected to that. We did not consider that idea. The best solution is to find a structure. The two add-ons to the project since last year are marketing and training, which were not included in the initial review structure. We needed to take time to add those in. Since that time, many folk have recognised that marketing and training are as critically important as the organisational structure of tourism.

Brian Adam: Given that the allocation of a marketing budget is controversial and that you say that the project is about integration and not centralisation, can you understand concerns about taking a two-city approach and having gateway cities from areas that already complain that they do not see much in the way of VisitScotland money and that there is little promotion of their part of Scotland in the VisitScotland strategy or indeed in the VisitBritain strategy, especially when we are in a developing market and in competition with the former communist countries for weekend city breaks? We have more than two cities in Scotland.

15:30

Mr McAveety: That is true—we have six, but due to their scale they operate at different levels. That is why VisitScotland would like to have flexibility in the nature of its discussions and partnership agreements. For example, it is understandable that Glasgow City Council, which I know well from my previous, local authority role, would always wish to have greater resources. Glasgow was very critical of the tourist board that preceded VisitScotland; in the early days, VisitScotland came in for a hard time as well. Through discussions, though, Glasgow has engaged in a partnership arrangement to consider the mutual marketing of the city. In the past two or three months, VisitScotland has developed the idea of a website for city breaks, in which the six cities of Scotland have a chance to be profiled, and to be marketed appropriately, not just through the website but through specialist advertising. The youth market, for example, is one of the key areas for weekend breaks. The greater the marketing budget that each authority can put in, the bigger

the growth. It depends on the contribution at a local level.

There will always be a creative and critical tension because of the folk who argue that Scottish tourism is less about the cities and more about the rural areas and the Highlands and Islands. There is the demand of the cities, particularly Edinburgh and Glasgow because of their significant airport status. However, Aberdeen is developing its capacity—I am sure that Brian Adam knows more about that than me. It is about trying to find a network that can meet all the obligations. The real strength in the process is that we are talking about a substantial growth in marketing moneys. Everybody has the opportunity to share in that, rather than was perhaps the case three or four years ago, when people might have thought that there was a declining share, or a very contestable share, of marketing. There is a real opportunity to shift that.

Brian Adam: I welcome that. What guarantee is there that all the areas of Scotland will get an increasing share of that increased marketing budget? Traditionally, if anywhere in the United Kingdom is marketed, it is London. If you are lucky, you might get to go to Stratford-upon-Avon, then Edinburgh. With VisitScotland, people arrive in Edinburgh then go up the A9 to Inverness. The Angus glens and Deeside are just ignored. Everybody is contributing to the national marketing, but there is no evidence that there is a fair distribution of the national marketing budget to all areas.

Mr McAveety: It sounds like a debate about local government finance. Wherever they are, people will have passionate views about this. We cannot easily square the circle. One of the key agendas of VisitScotland, and one of the key partnership agreement commitments, is to ensure that we try to spread tourism throughout Scotland. To give an example, only the other week there was a strong commitment from the Scottish Borders Council and local tourism providers in the Borders to invest in the information centre at Jedburgh as a key gateway to Scotland. Marketing the Borders and other parts of Scotland is one of the key shifts that has happened in that area. That is a good model that could be—and is being—replicated throughout Scotland. John Brown could perhaps clarify the process for the committee. It is not for me, as minister, to determine where the marketing budget should go; that is a matter for negotiation between VisitScotland, the providers and the contributors to that budget. There is also the complementary funding from various providers.

John Brown: VisitScotland's budget is now on a par with VisitBritain's budget for marketing Britain to the whole world. We are talking about a

substantial budget for marketing Scotland. The minister's statement to Parliament made clear that the additional marketing money was for national and local marketing. It also made clear that ministers want the benefit of the 50 per cent growth that is our overall ambition and is driving this process to be spread throughout Scotland. As gateways, the cities will be very important in that respect.

The Scottish people account for 40 per cent of tourism activity in Scotland. The integrated network that is proposed will be able to sell Scotland to the Scots in a way that in the past has not happened as it might. The big tourism information centre at Waverley station, which is the second most visited centre in Britain, after London, is currently run by the Edinburgh and Lothians Tourist Board and contains mainly information about Edinburgh and the Lothians. In future, it will be possible for other areas such as the north-east and Dundee to have marketing material there. That is the sort of benefit that having an integrated network will bring.

Brian Adam: Surely, one way in which you should try to grow tourism to meet or exceed the target that you have set is to increase the number of gateways. If tourists from the big overseas market come to the United Kingdom almost exclusively via London, with a dribble coming through Edinburgh and Glasgow and hardly any coming through other places, we will not get people to the parts that other tourists do not reach. If we open only one or two gateways, we will reduce our potential for growth. The more gateways that we have, the more opportunities there will be for local dispersal.

Mr McAveety: No one disputes that. The issue is how we get partnerships and transport links, by rail and, for international visitors in particular, by air. However, we need to remind ourselves that 90 to 92 per cent of those who holiday in Scotland come from the domestic market. There are other ways in which people can arrive in Scotland. The development that I highlighted in the Borders is intelligent in that respect. There is a substantial population base in north-west and north-east England, and people from those areas may make their way to the Borders. From there, they may proceed further up the country. We need to find different ways of building partnerships. That is why continuing dialogue with transport providers is needed.

We must try to ensure that the route development fund is spread more evenly around the country. There has been some debate about that issue. Understandably, route development is driven by market conditions, because that is the best way of judging whether a route will work. We must work with airport providers on how to attract

flights to places other than Glasgow and Edinburgh and on how to use airports such as that in Aberdeen much more effectively.

Susan Deacon: John Brown has answered my first question, so I am happy simply to ask the minister whether he would like to add anything. I realise that there is a wider debate about gateways, but I am interested specifically in the proposal to develop the role of major cities as gateways. Your statements on the issue indicate that you have high expectations that the new structure can develop the role of major cities. Do you want to say anything more about how that can be achieved? Are there specific issues that need to be addressed during the current period, when the shape of the new structure is being designed, to ensure that that happens? Can you do more to paint a picture of your vision of the future role of the city in this new arrangement?

Mr McAveety: We have had discussions with the two large cities that are currently defined as gateway cities. That designation is based on the evidence of where tourists arrive in Scotland. It is self-evident that the two cities concerned are dominant players. In the past four or five years, there has been a good partnership with commercial providers in both cities. As the cities develop their community planning role, they will increasingly identify links that they can establish as part of their economic development strategy.

We need to recognise that another impulse for investment in tourism is to widen cities' employment base. The recruitment bases in the two cities that we are discussing are markedly different from each other. There is undoubtedly a lower level of access within hospitality and tourism in Glasgow and the west of Scotland, and substantial vacancies still exist there. If we were to target a strategy at Glasgow, that could have a positive knock-on effect on the city's social problems. By contrast, in Edinburgh, the increasing problem is staff retention. We need to upskill staff and ensure that they are kept within the city, because they can be attracted to other parts of the UK and elsewhere. The two cities are sometimes a wee bit different, so we need to engage in different processes.

The third big issue is that, if people are coming through the cities by choice anyway, it is important that, until we address the issues that Brian Adam identified, other parts of Scotland get a chance to benefit from that through traffic and that we spread it a bit more widely than the conventional tourist routes. We can discuss that option with the cities, which recognise it and want to be a bit more open to it. As long as there is broad growth for everyone, the cities will feel more comfortable. We must reassure the individuals who are involved in the process that there is opportunity for

everybody. We need to get the structures nailed down over the next seven to nine months so that people are comfortable with what they are buying into and with the product and development that they will get back.

Susan Deacon: I have an unrelated second question. I would like you to say a little more about the hubs—not so much the concept, but the descriptor—and a wee bit more about what that key building block of the new arrangement will look like. I am sure that I am not alone in struggling to relate to something that is called a hub, even if I can understand the concept of how it might operate. For the people who will have to relate to the thing that is currently dubbed a hub, it is not unimportant to have some way of identifying with the hub as an organisation and with the individuals within it. However, the concept seems very vague.

Mr McAveety: The tourism hubs will be covered in our current discussions. I understand the scepticism about the choice of word—perhaps we should have a wee competition about what best to call them, although we could use the word “hub” and say that there is finally a buzz about the place.

There are three key areas. First, we envisage that the hub network will be centrally involved in local marketing. Secondly, we will explore options for ways in which the hubs could be budget holders; budget holding was raised by a witness last week. The third key area is the way in which we provide information locally and nationally. There has not been enough knowledge of what VisitScotland has been trying to achieve or of what some of the area tourist boards have been trying to achieve and their synchronicity and engagement with each other have existed technically, but not in spirit and culture.

The real issue is how we bring about the necessary shift in the industry's culture and attitude towards how it organises itself and in the dynamic for that organisation. In essence, we envisage those things evolving and one of the key project teams will examine how they develop. I do not want to be prescriptive on that today, but I will welcome the development as it happens and determine whether it fits in with the broad philosophical framework of plugging into the best of the local.

Along with Philip Riddle and others, John Brown has had a chance to go round a lot of the local authorities that have asked the same question. Perhaps he will say how some people have responded to those discussions.

John Brown: I do not want to defend the terminology too much, but the term “hub” is used to convey the fact that we think of the hubs as the centres of tourism activity in their areas. The hubs

will not be regional offices of VisitScotland, and that is not how they will be branded. They will involve VisitScotland, but they will also involve the local authorities, the LECs and the tourism businesses, and they will do what the very good ATBs are doing.

We seem to keep using the Borders, where the minister was last week, as an example, but it is a good example. Riddell Graham, the chief executive of Scottish Borders Tourist Board, has excellent links with the local authority, the LEC and VisitScotland. Much of what the hubs will be doing will look like that, except that there will be better integration with what VisitScotland is doing. As the minister said, much of the detail has still to be filled in and the hubs might eventually be called something else. However, the name is supposed to convey the idea that they are at the centre of tourism activity in a region.

15:45

Mike Watson: The three organisations that spoke to us last week made the point that there is not a lot of detail at the moment. My main concern is that, although you have set up a steering board and project groups, the organisations did not seem to feel that they were sufficiently confident in the project that we would see it brought to a conclusion before April 2005. How can you get the area tourist boards, the Scottish Tourism Forum and COSLA in particular on board in time to have the new system fully up and running by April 2005?

Mr McAveety: We need to keep working together and engaging with all the key players. The discussions with COSLA are getting much better. COSLA was worried about whether what it had proposed was reflected in the statement. Further, individual authorities have differing views and the opinion of one local authority might not be the same as the view that was submitted to the committee on behalf of local government in Scotland.

We are at an early stage in the process. Once the project teams are up and running, a number of the issues that have legitimately been raised can be addressed. All the issues that have been raised today have been raised at the local authority consultations. The questions relate to the retention of ownership of key brands, if that is appropriate; the relationship that local government would have with VisitScotland; and whether VisitScotland understands the culture of local government and its decision-making processes, especially with regard to the contribution that local government feels it can make in terms of direct funding and its broad community plans and other strategies. Through COSLA's participation in the steering group and the other opportunities for engagement

that we are putting together, we have a chance to address those questions. We need to keep working on that in the coming months.

Mike Watson: You said that you were an optimist on the question whether people would come round to appreciating the benefits of having a new structure, and I share that view. However, the question of funding remains. There are a number of strands to the issue, one of which is that, if COSLA or the local authorities are not happy with the new structure, they will simply invest less money in it. Secondly, as the hubs will not be membership organisations, there will be no income from membership fees and no guarantee that the money that would have come in from that source will be replaced by money from local tourism organisations buying the product. A third strand relates to the fact that, in the period following that for which you have announced funding—from now until 2006—European Union funding will cease. That funding, at something like £6 million a year, has been quite significant.

Funding is crucial. Even with £17 million of new funding—and £3 million for training—the plan could be severely hampered by a lack of existing resources. What plans do you have to deal with that situation, should it arise?

Mr McAveety: In our original discussions with local government, there was a bit of worry about whether investment would continue. The outcome of those discussions has always been positive. We have had good meetings with two or three large contributors—I am sure that John Brown could tell you more about that—and I hope that we can continue to do that. The fallback position would be to address the issue through grant-aided expenditure and top-slicing, but I do not want to do that; I would prefer to have a reciprocal arrangement with local government. That is the best model, because everybody is committed to the arrangement, as their contribution is voluntary.

As Philip Riddle and Peter Lederer said, there is an element of risk in membership income. We aim to move to a much more obvious market relationship with local providers. The real test of that relationship will be the quality of the products and services that are on offer and the buy-in to them. The evidence on tourism is that investment in marketing, product, and training and development has a substantial impact on the income that businesses generate. We have an opportunity to showcase that. We should move away from statutory provision, which often means that people are not flexible, imaginative and innovative because they assume that things will always be there. We need to work hard on that issue; that is why we have invited on to the project groups representatives of a variety of businesses, both large and small.

Mike Watson: At least statutory funding provides a base below which funding cannot fall, whereas, in the interim period, there is a danger that funding may fall. The Scottish Tourism Forum suggested that some organisations may not pay this year's membership fees to the area tourist boards in anticipation of the changes. Even the base level is threatened.

Mr McAveety: John Brown has been involved in discussions on the issue.

John Brown: There is a risk that there will be a fall in income: that is one of the risks that the project identified. The committee heard what Philip Riddle said about that. We have identified the risk and we are seeking to address the issue through good communications. As I have gone round local authorities, I have been encouraged by the fact that when we explain the opportunities that the new network will provide, there is a willingness to maintain funding and, in one or two cases, to increase it. There is a risk of a fall-off in funding, but we are cautiously optimistic that we can contain that risk. The situation could be difficult in the two-year interim period, but we are confident that by having a range of services that businesses want to buy into and a range of opportunities that local authorities can take advantage of for their areas, we will eventually have a network that offers people what they want and into which they will be prepared to put their money.

Mike Watson: The issue is not within the same timeframe, but I also asked about European funding beyond 2006.

Mr McAveety: We have had discussions about that with the Minister for Finance and Public Services as part of the spending review.

Richard Baker: Last week we heard optimism about the new structure, but we also heard from COSLA that it wants local accountability for each hub. We have heard evidence from chairs of area tourist boards that businesses in their area rue the loss of membership of the ATBs. Have you at any time been tempted to think that it might be easier and better to leave the structure as it is and simply to improve, refine and enhance it through the additional funding for marketing? Is a radical overhaul necessary or desirable?

Mr McAveety: In my portfolio, measures that initially seem reasonable are often fraught with big dangers. However, I much prefer discussing this issue to discussing opera again. The Enterprise and Lifelong Learning Committee's report in the previous session of Parliament on the future of tourism was an important piece of work on the potential of tourism to provide economic development and employment. The central issue is that if we are serious about fulfilling that potential, we need a gear shift. That will require

some folk to redefine what they do; perhaps they should not even be in the sector providing what they do at present, because it is not good enough. All the research evidence is that customers are much more discerning and critical and that they expect much more of what they receive.

We need to raise the standard in Scotland and there are two or three ways of doing that. If we give out a promissory note saying that, for people who live in Scotland, the UK or overseas, it is worth spending time or a holiday in Scotland, we need to deliver on that. That is why we need to lift standards in training and development, increase the range of products that are on offer, and get people to see the scale and variety of this nation. That is worth doing. It will be a tough task over the next nine or 10 months, but given the quality and talent of the folk who have been recruited to the project teams, I know that they will make substantial contributions, and I hope that they will arrive at something that we all believe can make a difference.

Richard Baker: I will try to roll my final two questions into one. First, accountability is a huge issue. John Brown said that the new hubs will not be VisitScotland regional offices, but VisitScotland's submission makes it clear that the hubs will be accountable to it. Beyond service agreements and beyond businesses and local authorities being able to take or leave the products that hubs offer, how will local stakeholders ensure that they have on-going input into the development of local hubs' strategies? How will hubs be accountable to them in the wider sense?

Secondly, uncertainty is a key problem. At the moment you have a tight deadline of April to finalise the changes. Before you make a final announcement, as the project teams meet, as decisions are made and as you get an idea of what the structure will look like, to what extent will you be able to indicate to local authorities, businesses and everybody who has an interest the kind of structure that you are looking to develop?

Mr McAveety: That last point is critical. There are staging posts at which we can send strong signals of direction, instead of waiting until 1 April to present the big show to everyone. That has formed part of our discussions with a number of authorities on what they can retain and what it would be better to negotiate. Some of those discussions have been positive. I expect that post-summer a much clearer picture will emerge from some of the project team discussions, which might allow for signals to be sent.

John Brown: I will link to the minister's remarks and take Richard Baker's second point first. I expect that, by August or September, clarity will start to emerge on structures and the way in which stakeholders will engage. For instance, take local

authorities. By the time that their budgeting cycles start for next year, they will need to know what the score is, and they will. The project will deliver a framework partnership agreement around August or September. We have explained that to local authorities, and they are happy about it. Allied to the whole project is a strong communications strand; we need to tell people what is happening as it is happening. One of the nine project streams is a communications project group, which is key to making the project work properly.

In terms of how stakeholders will engage, we have covered pretty thoroughly the way in which we hope that local authorities will engage with the network. In terms of how businesses engage—they are key customers of the network—we are keen on the model that we see all over Scotland of tourism businesses getting together and doing things collectively, although it is not a one-size-fits-all model. We have tended to label those groups as tourism action groups. There is a good example here in Edinburgh, called the Edinburgh tourism action group, but it is by no means the only model. There are more than 100 such groups throughout Scotland. We see there being links between the hubs and those groups, which are not always marketing groups—sometimes they are product-based groups. For example, there is a strong activity holiday group in Perthshire.

We see the hubs liaising with those groupings of tourism businesses, but we do not want to be prescriptive. We want to support whatever makes sense in the local area.

The Convener: The point was made last week—it is not directly related to the review—that tourism businesses in the Highlands and Islands Enterprise area found it easier to get funding for their projects than did those in the Scottish Enterprise area. Are you aware of that? Is that criticism justified? If so, is that because HIE has the social remit that Scottish Enterprise does not have?

16:00

John Brown: That difference exists because HIE and Scottish Enterprise have different tourism policies. That is because tourism is a bigger part of the Highlands and Islands economy than it is of the southern Scotland economy. That leads HIE to offer grants to tourism businesses, for example, whereas Scottish Enterprise does not do that. Tourism businesses—especially those that are located near the boundary between the areas of Scottish Enterprise and of HIE—often comment on that difference.

The Convener: Scottish Enterprise could offer such grants if it chose to do so.

John Brown: I imagine so. That is a matter of policy for those organisations.

The Convener: Is tourism Scotland's biggest industry by some measures?

John Brown: I like to say that tourism is one of the biggest industries. If we considered the retail sector as an industry, we would probably find that more people worked in it than in tourism. At the UK level, construction is probably the biggest industry and tourism is second pegging, but I know that tourism is the biggest global business sector—at least, that is what the World Tourism Organisation tells us. It is fair to say that tourism is one of the biggest industries in Scotland.

The Convener: Concern is felt that funding from local authorities or membership income to what were the ATBs may reduce. We will know the figures in the future, because all income will be to VisitScotland, but if I lodge a question next year to ask whether the total income has increased or decreased, will the figures from before the reorganisation—individual ATBs' incomes—be available centrally? Next year and the year after, it will be important to know whether the total income has reduced.

Mr McAveety: Is there any particular answer that you would like?

The Convener: I would just like an answer.

Mr McAveety: We will give you an answer, but whether you will like it is another matter.

John Brown: I assure the convener that, for once, the answer will not be that the information is not held centrally. We have that information now and we will be able to compare it with what happens in the future.

Mr McAveety: I look forward to seeing that question next year.

The Convener: I thank the minister and his assistant for their evidence.

Community Arts Inquiry

16:02

The Convener: We move seamlessly to agenda item 4, which is on our inquiry into community arts and on which a paper has been circulated. It has been suggested to me that “arts in the community” would be a more appropriate title for the inquiry than “community arts”, because the latter has a special significance. I am happy with that suggestion.

We have an introductory paper with recommendations. We agreed the inquiry’s remit at a previous meeting and the paper sets out how we might conduct the inquiry. I hope that those who desired not to have formal evidence sessions on all occasions will be gratified by some suggestions. Do members have comments? They should not feel that they must comment.

Mike Watson: The paper is essentially good, but I will add to some details. The idea of informal external meetings is good, but I suggest that we should have more than one. It is important to move away from the central belt and from Edinburgh in particular. I stress that Craigmillar Community Arts Centre is worth visiting, but it should not be the only place that we visit for an informal meeting. We need to cast the net a wee bit wider and I have two suggestions on that.

I am also unsure about why the informal round-table discussion should be in the Parliament. We are too tied to the parliamentary village. We should aim to hold that discussion somewhere else—I have suggestions on that too.

The inquiry will be of a different kind and we will treat it differently, so I seek to alter some of the details in the paper.

The Convener: I am open to that and I take the point about talking to other people. I assume that everybody will have something to say along those lines, so I ask members to e-mail suggestions to the clerks. The number of discussions that we have outwith Edinburgh will have some budgetary significance, but that depends on how many suggestions we get. If members are willing to e-mail their suggestions, we will take them on board.

Brian Adam: One of the things that I found particularly interesting in the background papers is the fantastic variation in support in different parts of Scotland. Perhaps we need to know why Midlothian Council spends 0.17 per cent of its budget on the area, while Aberdeen City Council spends 2.13 per cent. Indeed, some might ask why Aberdeen City Council spends almost twice as much as any other authority. If we have any external involvement, we must ask about that.

Aberdeen must be doing something with community arts. I am quite happy to e-mail a specific suggestion to the clerk. [*Interruption.*]

The Convener: I remind members that we are still in public session, so we should comment through the chair.

Mike Watson: Brian Adam’s point is fair, but those figures relate to all cultural spending, not just community arts. I am more interested in the significant differences that the comparison shows between Midlothian, East Lothian and West Lothian, between East Dunbartonshire and West Dunbartonshire, between South Ayrshire and North Ayrshire, and between South Lanarkshire and North Lanarkshire. In the inquiry, it would be worth while probing the reasons for those differences and asking whether they impact directly on arts in the community. I agree with Brian Adam that the differences are huge; they need some explanation, whether or not that is done in our inquiry.

The Convener: I suggest that a potential item of inquiry and line of questioning has been highlighted.

Susan Deacon: First, by way of feedback, I think that the paper is excellent and it contains excellent suggestions. I hope that the outside world is similarly enthused by the committee’s willingness to practice what it preaches and to be innovative and creative in its approaches. I am sure that some of the proposed techniques will work better than others, but it is good that we are prepared to test them. To reassure the deputy convener, I point out that the paper says explicitly that there will be

“up to three case study visits to community arts venues”

and that it gives Craigmillar Community Arts Centre as an example. I am happy with that, as long as it continues to feature as one of the three.

I raise two points, either to be addressed today or to be considered as the inquiry evolves. First, we need to be clear about what we mean by “informal”, in relation to whether the public can walk in and listen to the discussions, and to recording. It would be quite legitimate for the discussions to be informal in the sense that would be understood by most of the people who will participate in them. They might not be big, open meetings, but it is terribly important to have a record of the outcome and the key points. Can that be clarified?

My second question is about external links. We are invited to consider whether we

“wish to invite the Culture Commission to give evidence in the course of the inquiry.”

That idea feels odd—I would have thought that, as suggested elsewhere, we would give input to the culture commission. I am sure that some dialogue with the clerks would be appropriate—I am sure that that would take place anyway—to work out how and when that can best be done.

The Convener: On the point about informal discussions, an

“informal round-table discussion in Parliament”

would allow us to use the official report. The committee rooms in the new Parliament building are a lot better than those that we have now. If we move outside Edinburgh, an issue arises about the meeting being on the record, and having a record of what is said will become more problematic and much more expensive. We can go outside and have discussions, but we would not necessarily have a verbatim record of what was said. That is not necessarily a problem, but members should be aware of the two possibilities.

As far as the culture commission is concerned, I share Susan Deacon’s sentiment, but I felt that we should at least give you the option of influencing the troika, or however many people are on the commission.

Murdo Fraser: The paper is very good. However, one little warning light flashed up at me. I do not want to say anything nasty about the Craigmillar Community Arts Centre, which I am sure does excellent work, but I do not want us to go down the route of selecting only formal community arts venues. All sorts of entirely voluntary musical, choral, Highland dance and other societies right across Scotland probably do not tie into any formal national organisation and exist quite happily on their own. We need to tie into some of those groups, because they do a tremendous power of work in bringing the arts to people in various communities. If we restrict ourselves to groups that operate out of formal arts venues, we will see only part of the picture.

The Convener: I fully accept that. We would be doing ourselves a disservice if we restricted ourselves to the usual suspects in community arts. That is by no means our intention.

Chris Ballance: I welcome the proposed approach. Do you want members to make suggestions at this meeting or do you want us to e-mail them to you for future reference?

The Convener: I would prefer members to e-mail their suggestions.

If members have no more comments, I ask them to agree to the recommendations. Perhaps we should amend the beginning of recommendation 6 to read “agree to liaise with” the culture commission. Are members agreed?

Members indicated agreement.

The Convener: Thank you. We now move into private session for agenda item 5.

16:12

Meeting continued in private until 16:15.

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