

# **ENTERPRISE AND CULTURE COMMITTEE**

Tuesday 23 November 2004

Session 2

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## **ENTERPRISE AND CULTURE COMMITTEE**

**26<sup>th</sup> Meeting 2004, Session 2**

### **CONVENER**

\*Alex Neil (Central Scotland) (SNP)

### **DEPUTY CONVENER**

Mike Watson (Glasgow Cathcart) (Lab)

### **COMMITTEE MEMBERS**

\*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)  
Michael Matheson (Central Scotland) (SNP)  
\*Christine May (Central Fife) (Lab)  
\*Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD)

### **COMMITTEE SUBSTITUTES**

Mark Ballard (Lothians) (Green)  
Mr David Davidson (North East Scotland) (Con)  
Fiona Hyslop (Lothians) (SNP)  
Margaret Jamieson (Kilmarnock and Loudoun) (Lab)  
George Lyon (Argyll and Bute) (LD)

\*attended

### **THE FOLLOWING ALSO ATTENDED:**

Brian Adam (Aberdeen North) (SNP)

### **THE FOLLOWING GAVE EVIDENCE:**

Carolyn Baird (Perthshire Tourist Board)  
John Brown (Scottish Executive Education Department)  
James Fowlie (Convention of Scottish Local Authorities)  
Ian Gardner (Scottish Tourism Forum)  
Mairi Macpherson (Scottish Executive Education Department)  
Alan Rankin (Scottish Tourism Forum)  
Robin Shedden (Scottish Area Tourist Board Network)  
Peter Taylor (Scottish Tourism Forum)  
Kenneth Wardrop (City of Edinburgh Council)

### **CLERK TO THE COMMITTEE**

Judith Evans

### **ASSISTANT CLERK**

Seán Wixted

### **LOCATION**

Committee Room 4



## Scottish Parliament

### Enterprise and Culture Committee

*Tuesday 23 November 2004*

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

#### Area Tourist Boards Review

**The Convener (Alex Neil):** It is now after 2 o'clock. We allowed an extra two minutes to give people plenty of time to get here, as there was a fire alarm earlier. Welcome to the 26<sup>th</sup> meeting this year of the Enterprise and Culture Committee. I ask everybody to switch off their mobile phones—even if they are on silent mode, they cause a problem. I have received apologies from Mike Watson and Michael Matheson. I welcome Brian Adam to the committee. He is here for the first item, on tourism.

I welcome Alan Rankin, chief executive of the Scottish Tourism Forum. I will let Alan do the rest of the introductions.

**Alan Rankin (Scottish Tourism Forum):** I wish first to record the fact that the STF welcomes the opportunity to give evidence today. I will introduce my colleagues. On my left is Peter Taylor, chairman of the Town House Company. He is also vice-chair of the Scottish Tourism Forum and chair of the pride and passion initiative. On my right is Ian Gardner, marketing manager at the National Trust for Scotland. He is also the chairman of the Association of Scottish Visitor Attractions and an STF director. I am chief executive of the Scottish Tourism Forum. Our immediate connections with the new network and the tourism network Scotland—or TNS—project are as follows: Peter Taylor sits on the ministerial steering group; Ian Gardner is a member of the project communications group; and I sit on the project's progress group.

I will make some comments by way of summing up our submission. There is a clear need for VisitScotland further to embrace a consultative position and to develop further relations with the industry. We would like VisitScotland's role as a supporting agency to be developed, given that it is the businesses that must sell product to achieve the 50 per cent growth targets. We seek clarity for businesses in the emerging local relationships between the local enterprise network, local authorities and VisitScotland, through the new, emerging hubs. It is critical for there to be a sustainable financial platform on which to base the new network.

One major criticism of the old set-up, which the new network replaces, is the poor financial positions of the area tourist boards. It would be lamentable were such a situation to arise again. We seek assurance that there will be best value for all expenditure under the business plan with respect to marketing and local visitor service delivery.

As the project moves to the implementation phase, it is critical that a meaningful communication plan is executed and that the industry reviews are responded to and taken on board. In addition, through our working with the project teams, we have been very impressed by the dedication and commitment shown by the VisitScotland staff and by the quality of their work in what has been a huge and complex project. We hope that, during the implementation phase, a positive work culture is developed throughout the network, despite staff going through an uncertain period.

We welcome new initiatives such as the challenge fund, which can be accessed by businesses. It should strengthen co-ordination between the national and local marketing efforts. There is, however, a frustration. Here we are, many months after the ministerial announcement in the early spring, yet businesses, and apparently local authorities, to some extent, do not have a clear understanding of how local delivery will be affected.

**The Convener:** Do either of Alan Rankin's colleagues wish to add anything to that at this point?

**Ian Gardner (Scottish Tourism Forum):** No—I would simply endorse the points that Alan has made.

**Murdo Fraser (Mid Scotland and Fife) (Con):** I will start by picking up one of your later points, Mr Rankin. You said that it is critical to have a sustainable financial platform for the new organisation. In the past, a membership fee was paid by private sector members. Now, the intention is for private sector suppliers effectively to buy services from the new structure. Given that you represent those in the private sector, can you give us any feedback on your understanding of how that will work in practice? What response have you picked up among your members as to how receptive they will be to the new operation? How far down the road have the ideas been progressed? How enthusiastic will your members be in supporting the new structure?

**Alan Rankin:** I refer to my comment that there is some frustration in the industry and among our members and front-line businesses. It is not as yet clearly understood how services will be purchased and under what terms. There is a concern about

how the membership subscriptions, which we understand to be in the region of £2 million, will effectively be replaced through buying packages of services, the nature of which has not yet been clarified. That is the critical stage that we are entering now.

**Ian Gardner:** The membership subscription scenario cannot be ideal. I work for a national organisation. Until now, we have had to buy membership of 11 out of the 14 area tourist boards in those areas where we have properties and want to engage with the ATBs. We have found that to be a cumbersome and complex process. We see it as an advantage to have one national body to engage with.

With the system of membership subscriptions, it was a case of buying all the benefits—we could not choose which benefits we wanted to buy. Some benefits had more meaning to some businesses than to others. I hope that, under the new set-up, businesses such as ours will be able to choose much more carefully what we want to buy, based on our own business objectives. That will make it clearer what we are spending our money on and what we are getting back on our investment, rather than just being members of an organisation.

**Murdo Fraser:** In effect, you are saying that you welcome the change in principle, but that you will need a lot more detail about how it is going to work in practice.

**Ian Gardner:** Yes. As of next April the new structure will be in place. It might be a year or two down the road before we see what impact it is having. We certainly welcome the new streamlined structure.

**Murdo Fraser:** I am concerned about one point. Given that organisations such as yours will be buying in those packages, and that, at this stage, you do not know how it is all going to work, there must be an issue about the financial viability of the new structure in its early days.

**Alan Rankin:** The situation for the 2005 season is virtually the same as it is now. The seasonal purchasing of marketing opportunities is now under way, so we are really talking about the 2006 season. There is therefore time for those issues to be resolved, but many businesses have an 18-month planning window and will need to find out about the new structure now. It will not have a major impact on the marketing activities for next season.

**Christine May (Central Fife) (Lab):** I share some of the concerns about marketing planning for the following season, but that is not what I want to ask about. In your statement earlier, you said that you hoped that VisitScotland would adopt a more consultative position and be a supporting

agency for businesses. The fourth bullet point on the first page of your submission says that you hope that what will come out of that will be

“Effective and sustainable partnerships with local authorities”.

How do you envisage VisitScotland consulting and being a supporting agency for businesses? Will it be a facilitator of good working or will it be a broker of deals? Talk me through how you see it happening.

**Peter Taylor (Scottish Tourism Forum):** We see VisitScotland as more of a broker.

Jumping back, the principle of buying packages will make sense. We are not quite sure when we will know more of the detail on that and I was just asking Alan Rankin about that because he has had a preview of the possible content of those packages.

The most important thing is that the local authorities are right in there at the table with the enterprise networks; we should not underestimate the value of the enterprise network in the equation. Ideally, the team at hub level—or local level—should all be singing from the same hymn sheet. We need to know much more detail and, as we all know, the devil is in the detail. As a forum, we are trying to do our bit as honest brokers feeding back perceptions and concerns from the industry, and trying to get as much information as possible. However, we are at a difficult stage.

**Christine May:** Given what you have said before about the necessity for clarity on marketing programmes for businesses for the season after next, do you think that the delay in getting this done will hinder the more essential work that might be being done to determine the viability of businesses in 2006-07?

**Alan Rankin:** There is a real need on both sides. It has already been said that an understanding of the revenue that will be generated from selling the packages is essential to the development of a sustainable business plan for the new network. The cart is being put before the horse; the revenue generation needs to be better understood.

One the other side, if the situation is not clear to those businesses that are in their 18-month planning stage by the turn of the year, there could be a negative impact. However, the timing is such that as long as the process stays on track it should be in place in time. As with all businesses, we want to know as soon as possible.

14:15

**Brian Adam (Aberdeen North) (SNP):** I return to the question that Murdo Fraser asked earlier. It is still not clear to me how the new system will

work financially. Does the STF foresee individual businesses buying marketing services? Do you also see the private sector buying marketing services collectively, either for an area or on a theme? You suggest in paragraph 10 of your submission that you expect surveys to be carried out. I assume that, as all that is to be done on the basis of something equivalent to a service level agreement, the private sector will have to make a contribution towards such surveys. What mechanisms do you envisage being in place to deal with marketing and/or survey work that is being undertaken on a collective basis on behalf of the private sector, as opposed to individual businesses buying a service in?

**Ian Gardner:** My understanding is that there will be a mixture of both, but that the opportunity will exist for individual businesses to buy such services on the basis of their individual business needs. A new initiative of challenge funding is being made available for groups of businesses that want to come together with innovative ideas for marketing. That is a collaborative approach and the costs are spread between the businesses and VisitScotland. I think that we will end up with a mixture of both individual businesses and groups buying services.

**Brian Adam:** Paragraph 10 of your submission states:

"Ongoing research and surveys are needed to identify changes in customer attitudes".

That is clearly a reference to market analysis. Do you envisage the private sector contributing towards that? If so, on what basis?

**Alan Rankin:** One of VisitScotland's core roles is to look at future trends and the changing landscape of the global market. It is one of its core responsibilities to undertake research to support future marketing plans. Some market intelligence is obviously an asset to businesses, and there is an opportunity for collaborative working to secure additional private investment for that research, which is critical for the future of the industry.

**Brian Adam:** What mechanism do you envisage for that collaborative research? I understand that a company that has a niche market may wish to have a certain question asked. How do we deal with such issues on a collective basis, or do you see that as the responsibility of VisitScotland?

**Peter Taylor:** That will be almost entirely for VisitScotland, although in a specific market sector, such as whisky tourism, an industry—for example, the whisky industry—may support additional, specialist research. We are keen to shape the research to ensure that it is not just the same old research, and VisitScotland is considering different and better ways of conducting research.

**Brian Adam:** If there is to be a new partnership arrangement and if you want to shape the research, surely you should make a significant financial contribution to that. If we are to have that new arrangement, now is probably the time to lay the ground and make changes, and the mechanisms whereby the specialist questions on whisky or whatever are to be asked and the market research is to be shaped need to be decided now or very soon. We also need to know what contribution will be made by each of the partners to enable that to happen.

**Peter Taylor:** Conversations on those issues are already taking place between ourselves, the industry and VisitScotland.

**Alan Rankin:** I was recently asked to join a scenario planning group that is considering tourism trends to the year 2025, and it is clear that fairly clear agendas in looking forward are embedded in VisitScotland's research budgets. The project is also considering how some larger operators in Scottish tourism can be attracted to help to sustain that research jointly. However, our view is that the core responsibility rests with VisitScotland.

**Ian Gardner:** Industry partners also have a responsibility to share their research. Our organisation certainly conducts market research and makes the findings available to VisitScotland. Rather than everyone doing their own bits of work, we should try to pool as much knowledge as possible. Obviously, some research is commercially sensitive, but there is a responsibility to make information—whether it is on profiling, attitudes, ways in which people have found out about particular things or people's perceptions—available as widely as is practicable.

**Brian Adam:** That would certainly make sense.

I would like to ask one more question on a totally different topic, if I may. In paragraph 8 on page 2 of your submission, you state:

"There is a need to review the geographic spread of tourism business centres (Hubs) as they at present do not offer a fair coverage of the country."

Where do you think that they do not offer fair coverage? What are your suggestions for the different hubs?

**Alan Rankin:** A complete review of tourism in Scotland is being done, which obviously represents an opportunity to consider where tourism support offices, hubs, or whatever they end up being called should be located. It is clear that the 14 existing locations have been used as a stepping-stone, and I can understand having 14 locations as a requirement of the transition period. A lot of change is happening and having 14 locations is a sensible stepping-stone, but we would like to see quick thinking about dispersal

into other tourism areas. For example, the Argyll, the Isles, Loch Lomond, Stirling and the Trossachs Tourist Board covers a huge geographic area, but there is a potential for some form of tourism business support centre that is located over in the west to support the gateway to the islands, or for a centre further over on the west side of Scotland.

**Brian Adam:** Would that be the only change? Would that centre be instead of, or in addition to, something else?

**Alan Rankin:** If I may apply the term, market forces will resolve where the area hubs or business offices should be. They will support the businesses that channel the tourism market, which is channelled to develop 50 per cent growth. The relationship that is being developed is very much a commercial relationship, and I see that following through.

**Brian Adam:** I do not think that only market forces will determine things—I think that discussions will. Obviously, you have thrown one potential change into the pot, but are you likely to state your views publicly on where else there might be a change? You have carefully not said anything else. I am trying to put you on the spot.

**Alan Rankin:** There is geographical access to the Western Isles, which are not served by any mainland tourism office from the Tarbert and Inverary area right up to Oban and the Kyle of Lochalsh. There is no hub on the agenda right now, but we would certainly hope that that area would be considered when the overall assessment is being made of where the best places are for tourism support offices. However, I emphasise that the first stage of using the 14 existing area tourist board head offices is the right approach, although we would like to see things developed fairly quickly.

**Susan Deacon (Edinburgh East and Musselburgh) (Lab):** I will ask about a number of aspects of the decision-making and implementation process. To some extent, I want to park the substance of the change and to get more of an understanding of where things are at, how we got here and where we go from here to progress change.

I have just revisited the interim report on the area tourist board review that the committee did earlier in the year, after our first round of evidence taking. At that stage, we observed that there was great potential for the new structure to deliver improvements—that view was universally shared—but we were concerned about the uncertainty that existed, especially as there had been talk about change for more than two years. It was interesting to reread that, in spite of some of our concerns about the uncertainty, most of the people from the industry who came before us were

fairly confident that all that would be thrashed out in the months to come, because a process had been put in place to get people round the table. That confirms my recollection. I think that Mr Taylor said earlier that he considered his role to be about being constructive and facilitating dialogue and so on.

However, in spite of all that machinery to involve people in the discussion, it sounds to me as if there is still a great deal of uncertainty. I am trying to understand why that is. You may feel that we should put such questions to the minister; we will do so in due course. Given that you and others have a seat at the table, why is there still such a profound problem with getting some of the flesh on the bones of the proposals? That theme runs through all the submissions. Is it the case that the machinery has not been effective in involving people and giving them a chance to contribute, or have people put their views but the Executive has not taken them on board? At some point, we need clarity on that. It would be helpful for the committee to understand how the process of decision making and dialogue is working.

**Peter Taylor:** I would like to think that, if we were holding this discussion in four weeks' time, we would be able to talk with more confidence about more of the detail. At present, Alan Rankin knows more than I do. We are at the crucial stage when things are about to be delivered and when packages for members, such as individual businesses, are about to be worked up. Alan Rankin has had sight of that, but has not been able to share what he has seen. We are nearly there. Alan Rankin might want to say more.

**Alan Rankin:** Peter Taylor is right. We are at a critical stage. As recently as last Friday, the new challenge fund was launched. That is a tangible result of the project that we support wholeheartedly, because it rightly seeks to connect local marketing with national marketing ambitions. As recently as last week, I was involved in a focus discussion group on how the packages could be best designed for leading hotels; there was an excellent discussion with some of the major hotel chains. I am fairly confident that the people who managed that discussion will embrace what was talked about.

We are aware of the overall timetable that the tourism network Scotland project group proposed. Over the next few weeks, the issues will emerge and, in four weeks' time, more documents might be available to the industry. We are at a critical stage. It is clear that we have come from what could be seen as an abstract planning stage to the implementation stage.

**Susan Deacon:** I want to understand where we are at. Do you remain confident about obtaining the necessary clarity and detail within a



reasonable timeframe? In other words, is our discussion just a bit premature?

14:30

**Peter Taylor:** We will hold our industry conference, "Scotland United 2004", in Aviemore this coming weekend and the occasion will be used to make a number of announcements to the industry. As I said, the problem is the timing of today's meeting. Three or four weeks from now, we will all be able to talk with much more confidence about the detail.

**Susan Deacon:** That is helpful. The minister will come before the committee in January.

**The Convener:** On 25 January.

**Susan Deacon:** I presume that it is reasonable for the committee to expect that, by that stage, there will be clarity around the issues that we are talking about.

**Peter Taylor:** If there was not, we would be concerned.

**Susan Deacon:** Having clarified that point, can you give a little more feedback about the consultation process to which I have referred and about which we heard a lot earlier in the year? It sounded like an inclusive process that was bringing in a lot of different inputs. Notwithstanding the point that everything has still to be fully cooked and announced, do you feel that that process has been effective?

**Alan Rankin:** A huge amount of work has been done by the project teams. I recognise that the process is complicated, but there is frustration at the fact that it has not been fully understood by the industry. Understanding the complexity of the process is perhaps not people's top priority, but the opinion has been expressed consistently throughout the process that there has been a lack of consultation and that views have not been taken on board. A fair amount has been done to address that, but it has not suppressed all the frustration and suspicion.

The process has been hugely complex but, whenever we have come face to face with the detailed working, it has been shown to have been well founded and well thought through, although perhaps lacking a final, embracing communication. During the main tourism season, some individuals would not have been interested in the process, as they would have had businesses to run. However, we have come to the end of the season and the spotlight will come back on to the project. We are in the implementation phase and the communication will move into a different gear.

**Ian Gardner:** One of the roles of the Scottish Tourism Forum will be to bring together the

industry, the public agencies, VisitScotland, the Scottish Executive and others through our meetings and dialogue. The fact that individual concerns, ideas and suggestions will be brought directly to the decision makers has been welcomed by both sides.

**Susan Deacon:** For my final question, I keep my anorak's hat on to ask how everything will come together. Looking to the future, I absolutely take the point about the importance of communication for implementation. Given the nature of the industry that you represent and the pressures on people's time, do you have any thoughts on what the communications plan and implementation process might look like, bearing in mind the need to ensure that people in the industry get the information that they need in a way that is accessible, usable and timely? Who will be responsible for developing the communication plan, or who do you think should be responsible for developing it? There may not be an answer to that, but I would like to hear your opinion.

**Alan Rankin:** As the project is VisitScotland's, it is ultimately VisitScotland's responsibility to ensure that the communication is good. As we move forward, there will be different levels at which key business decisions should be taken to keep the big turners of volume and value up to speed. The VisitScotland communications network, the associations and the likes of the Scottish Tourism Forum should be used. The message should not just be seen as VisitScotland's; it should come through some of the association intermediaries, which many small businesses will heed.

**Ian Gardner:** I have been involved with the communications project team for the past few months. Our work to date has been based on a number of delivery mechanisms. Our newsletters have been published on [scotexchange.net](http://scotexchange.net), the industry website, and through trade associations that are represented in the forum. There have also been face-to-face briefings. One communication method does not suit everyone. We need to refine the process; we need to do more research to find out what suits the industry better. There needs to be a mixture of printed, e-mailed and face-to-face communications. That means that there will be a two-way process. It is not just about telling people what is happening; it is about listening to what is going on and taking comments on board.

**Peter Taylor:** Let us be honest: it is a mammoth task getting 15 organisations, plus VisitScotland, together. Inevitably, there have been a lot of chicken-and-egg questions as to what can be communicated. Where in the consultation process do we start to ensure that everyone is buying into the process? April is only the start of the process.

The most important issue—and where the industry is looking for some win-wins—is for the local authorities, VisitScotland, the enterprise network and the industry to be singing from the same hymn sheet and working together. If those public bodies pull together, that would be a real win-win.

**The Convener:** We are probably taking this evidence too early. We should perhaps have organised this session for about a month from now. The Minister for Tourism, Culture and Sport will be before the committee on 25 January. Originally, she was going to come next month, but we have postponed it. She could not pick a better day than Burns day for giving us an update on the situation.

**Richard Baker (North East Scotland) (Lab):** I will return to some of the issues that our witnesses covered in response to Brian Adam. The second bullet point under paragraph 8 of the submission refers to

“the geographic spread of tourism business centres (Hubs)”.

That chimes with some of the comments that Mr Taylor has just made about people buying into the strategy. Are you picking up concerns from any of your members around the country? Are some of them more concerned than others about how the marketing strategy will develop centrally while still being sensitive to the needs and wishes of local organisations that are buying into it?

**Alan Rankin:** The overall national strategy is understood by a selection of the industry. The larger-level marketing strategy will not necessarily assist some of the smaller businesses. Next year, we will have virtually the status quo. The real questions about how the local marketing strategy integrates with the national marketing strategy will be asked in spring next year. That is not particularly clear at this point in time.

**Richard Baker:** So some people are concerned about how the situation will develop and how whatever strategy is in place later will be properly sensitive to the needs of different parts of the country.

**Alan Rankin:** Yes. That will form part of the process and I am sure that it will be considered at the time. The considerations at this point are how ATB deliveries will be replicated, changed or improved for small businesses. How that links with the broader national strategy still has to be articulated for the 2006 season.

**Richard Baker:** That harks back to the points that Susan Deacon was making. At several meetings, we have heard that the crystallisation of some of the issues is just around the corner. That has been the case for some time, so I am encouraged to hear that that is because the issues

are being considered deeply and that good research has been done to enable decisions to be made. However, I presume that, until some of those issues are crystallised, concerns will persist among your membership.

**Alan Rankin:** There are a number of concerns. Critically, the challenge fund initiative seeks to join up local marketing. I took part in the discussion group that took that work forward, which was my first experience of businesses being quite clearly pushed towards the national objectives and the national portfolio. That is a clear, tangible sign of good joined-up thinking, which we expect to be followed through as other issues are taken forward.

**Peter Taylor:** We hear a range of concerns, which arise mainly because people do not know enough and are waiting to hear the detail. There are more than 300 local action groups—call them what you will—which range from the fairly sophisticated Edinburgh tourism action group to one man and a dog in some areas.

**The Convener:** We will not ask you to name the dog.

**Christine May:** Or the areas.

**Peter Taylor:** Such groups can influence what happens locally.

**Richard Baker:** To what extent will the groups buy into the national strategy? Will they be convinced that the strategy meets local needs, rather than the need to market the brand of Scotland as a whole?

**Peter Taylor:** The groups need to be persuaded that they should not promote their areas in competition with the areas down the road. The real competition is, at the very least, with the rest of Britain and we would prefer it to be with countries outwith the United Kingdom.

**Richard Baker:** However, the marketing of a specific area will be part of the collaborative strategy.

**Peter Taylor:** Absolutely, but we must persuade people locally to buy into national strategies, as Alan Rankin said, so that we work as a country instead of as Perthshire versus Grampian, for example.

**Ian Gardner:** That is one of the big opportunities of the new structure. Rather than having 15 potentially conflicting strategies, we will have one strategy, which will have the benefit of being delivered according to local needs.

**Richard Baker:** The strategy must also reflect needs throughout Scotland.

**Ian Gardner:** And throughout all sectors of the industry.

**Richard Baker:** We are told that the fact that some businesses regret that they will no longer be part of a membership organisation might encourage the setting up of more action groups. Is that happening?

**Peter Taylor:** Yes, and we welcome it. There are self-help groups, some of which have funding. Most people are passionate about the industry and want to do their bit to work together, which is brilliant.

**Ian Gardner:** The groups have been set up for a specific purpose; they are not just groups that keep going because they have always existed. They also provide a new opportunity for bodies such as the Scottish Tourism Forum and individual trade associations to engage more effectively at national level.

**Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD):** One of the witnesses said that the structures are not the most important factor. There is probably something in that. I do not think that tourism providers or customers are particularly worried about which ATB area they are in.

I have probed this issue with other witnesses previously: do you have anything to say about the tourist information centre structure? Centres are often at the sharp end of tourism provision because visitors want to access information quickly about what they might do in an area. The TIC network is important, although you might take a different view.

**Alan Rankin:** The TIC network is part of the delivery chain of services to visitors. It is clear that, in an age of changing technology, the role of TICs will change—it has changed significantly during the past couple of years. There remains a need for a local, face-to-face service for the visitor provided by a well-placed network of tourism information centres. It is good that TICs are at the front of a national organisation and can access visitor services information for the whole country.

We understand that the information centres have to undergo a review to determine where they are most effective and where they are least effective. The project has to face up to that process, but it is a case of stepping stones. Using the existing structure, initially, is the right way to go, but the review needs to consider whether that is the best use of money within the overall business plan.

14:45

**Mr Stone:** Do you agree that, if we consider VisitScotland as the organisation and TIC Auchnagatt as the visitor face, the resources are concentrated too much on the empires of what

may now transform into hubs, with some additions, and that not enough is put out to the point of sale or delivery?

**Alan Rankin:** I have not considered the concept of empire building, as we are talking about a national network.

**Mr Stone:** Perhaps I am being a little pejorative in my use of language. What I mean is that a lot of revenue—a lot of resource—has been put into the administration structures for the former ATBs, to be spent on admin, payroll and other such functions, and that not so much of the money has been spent on the TIC, which is the point of sale. Do you agree that the spend pattern may have been skewed too far one way and not enough towards customer service at the point of sale?

**Alan Rankin:** We allude to that in our written submission. We recognise the need to develop a financial plan that will represent absolute best value in marketing expenditure and the local provision of services to visitors. When all the organisations are brought together, there will not be the best fit and there will have to be some rationalisation or opening up of new visitor centres. That will have to be taken into account when the organisations come together.

**Chris Ballance (South of Scotland) (Green):** Good afternoon. In your wish list of what you hope to come out of the process, you mention equality of skills, training and career opportunities for all network staff. That ties in with the previous point about the engagement and motivation of staff both during and after the process and the creation of a true team structure. How do you envisage that being done and what is not happening at the moment that causes you to list it as a potential worry?

**Alan Rankin:** Tourism is, essentially, a people business. There are a great number of highly motivated individuals at local level within the current ATB structures. We want a careful process to be followed to ensure that the integration, which will be an unsettling period for every member of staff at ATBs and at the head office in Edinburgh, is fair and well communicated. Opportunities that exist in the network must be made available across the network so that a one-company, one-team feeling and culture are created.

**Chris Ballance:** The unsettling nature of the changes is something that we commented on in the interim report. If you were VisitScotland, what would you put into place to ensure training and career opportunities for all staff? How would you like the new development to build on the national network?

**Peter Taylor:** It is inevitable that we will have to go through pain—there is no way of avoiding pain. Whenever there is a takeover, a merger or a

coming together of organisations, there is a clash of different cultures and a period of settling in is required. There is no way of getting through that other than through strong leadership and trying to convince people that the changes are for the best. It is necessary to identify, as quickly as possible, who is going and who is staying.

**Chris Ballance:** I thought that we had been assured that everyone was staying.

**Peter Taylor:** Yes, but some people might be moving to central locations rather than being kept at area level. I believe that there is some possibility of movement of that sort.

**Ian Gardner:** The comment just reflects the fact that a new organisation is being created. That organisation is not necessarily an extension of a single organisation; the best of 15 bodies will be brought together to make a new organisation with a new culture that ensures equality across the board as regards recognition and opportunities.

A lot of work has been done on behaviour, how the new culture should come in and what it should be like. There has been a recognition that the organisation will be a kind of new incarnation of VisitScotland that will take on board some of the ATBs' best practice.

**Chris Ballance:** If we are to achieve equality in the provision of skills and training so that the skills of people throughout the country are raised to the same level, it sounds as if a substantial amount of effort will be required on the part of the new organisation. Do you agree?

**Alan Rankin:** Absolutely. There is a lot of good talent across the network and it is critical that that is retained to deliver that local service.

**The Convener:** Thank you. Both your written evidence and your oral evidence were very helpful.

We will now hear from our second panel. We have received apologies from Councillor Sandy Park of Highland Council, who is not able to be with us. However, I welcome Ken Wardrop, who is economic development manager at the City of Edinburgh Council, and James Fowlie, who is the policy manager of the Convention of Scottish Local Authorities. I invite one or you—or both of you—to make some introductory remarks.

**James Fowlie (Convention of Scottish Local Authorities):** First, I apologise for the fact that there is no elected member representation from COSLA at today's meeting. That is unfortunate. We try to bring along elected members when we can but, owing to a variety of circumstances, we could not get anyone from our tourism reference group to come along today. All the comments that are in our submission and those that we will make during our evidence will reflect the views that have

been communicated to us by Councillor Dunn, our economic development planning spokesperson, and other members of the executive group and our more focused reference group.

Local government is committed to tourism. We have demonstrated that over the past few years and—as far as the restructuring exercise is concerned—over the past few months. As we mentioned the last time we gave evidence, our priority is democratic accountability in the new structure and real local government involvement in it.

Nationally, we welcome the chair's committee that the chair of VisitScotland announced recently, which will have seven places on it. We also welcome the national convention that has been announced, which will allow all 32 councils to meet the VisitScotland board annually, although we do not yet know what the structure or the status of that body will be or how it will feed into the VisitScotland board. COSLA has long argued that local government needs to have representation on the VisitScotland board. We have had long and hard discussions about that with the minister and others over the past few months. I think that the minister accepted our point, provided that the Nolan principles would be adhered to, and we hope that there will be representation on the board in the very near future.

After a long lobbying process, we believe that we have found a framework that allows further discussion at local level. That framework provides a certain level of consistency that we can build on locally. We now need to pull that together over the next two or three months. Our frustration at how long it has taken us to get to this stage reflects points that have already been made.

Other witnesses have mentioned the business plan. We will be up front by saying that we think that it is difficult for local authorities to commit funding without a business plan being in place. We feel that that should have been one of the first aspects of the exercise to be considered. We in local government want to have direct influence on the business plan, both locally and nationally, and to have a role in monitoring it effectively.

**The Convener:** Thank you. We have received your submission, but could I just check that members have received a copy of it?

**Christine May:** I have only just got it.

**Mr Stone:** From me.

**Christine May:** I pinched a copy from Jamie Stone.

**Mr Stone:** I received three copies.

**The Convener:** Your e-mail must be working better than everyone else's.

**Richard Baker:** Last time COSLA gave evidence to the committee, it had many concerns, but there seems to have been some progress with your representation on the board, in accordance with the Nolan principles, and with business tourism activities in cities. That is hugely welcome. The local authorities to which I spoke a couple of months ago were greatly concerned about the lack of information and progress, so I seek reassurance that there has been sufficient progress. As you said, we need more information on two key issues—the business plan and the partnership agreements—to ensure that local authority funding, which is absolutely crucial if the new system is to work, will come on board. Are you confident that we are getting there on a reasonable timescale and that not just COSLA but individual local authorities are receiving information to reassure them about the progress that is being made?

**James Fowlie:** Yes, although progress has not been as quick as we hoped. We hoped that we would be at the stage that we are at now a couple of months ago. If that had happened, things would have moved forward dramatically by now. Communication varies across the country; as far as possible, COSLA has kept its leaders and spokespeople in touch with what is going on and with the negotiations. It was only recently that we managed to get the democratic framework that we seek accepted. Before that, there were huge concerns among local authorities about what the new structure would look like and what local government's involvement in it would be.

**Kenneth Wardrop (City of Edinburgh Council):** Obviously, local authorities are reaching a critical time in the budget process and we are all exercising our minds about the partnership agreement. The business plan is fundamental to the partnership agreement because the partnership agreement has been set up in such a way that it is a framework document. It refers to the business plan as the primary mechanism for defining the service that will be offered and how that will be monitored in terms of the outputs that will come through the business plan. The business plan is now critical. I understand that it is due out in December, but things are getting a bit tight for local authorities. The other option is for local authorities to roll over their budget provision for next year. It is up to individual authorities to decide how to proceed.

At the City of Edinburgh Council, we are very much focused on the business plan, with the philosophy that we are buying a range of services and entering a new era. Some interesting decisions will have to be made about the balance between the various services that are on offer. Each authority will approach the matter differently. VisitScotland will visit all the local authorities in the

next four to six weeks, which is welcome, because dialogue and communication are fundamental.

**Richard Baker:** So you are making progress with the partnership agreement template but you cannot finalise it until the business plan is published.

**Kenneth Wardrop:** I understand that the partnership agreement framework will be sent out in the next few days. It is important to recognise that it is only a guiding document; it is not prescriptive and it will be for each local authority to decide how to interpret it. Historically, some local authorities have not had service level agreements. For example, the City of Edinburgh Council has had an annual minute of agreement for the best part of 10 years. There are different practices in different local authorities, but the document is a framework. The issue comes down to the nitty-gritty of the business plan and what services will be offered locally by individual hubs, area offices or whatever we want to call them.

**The Convener:** Will there be 32 partnership agreements or 14 partnership agreements?

**Kenneth Wardrop:** There will be 32, I imagine. Most local authorities will need to have an individual agreement for funding because of the requirements to follow the public pound and improve best value. That is where things will differ. For example, the City of Edinburgh Council will give £1 million of council tax money to the current area tourist board, which is in theory to pass to the hub. Some local authorities give small sums of money. That is why some local authorities have exchanged letters whereas others have had a detailed service level agreement to which a business plan is attached, as in Edinburgh. We have only a partnership agreement framework because it is for each local authority to decide how to respond. Will it have the full bhuna or will it choose something that is more basic and involves an exchange of letters? As I said, the framework is not prescriptive.

15:00

**The Convener:** If a hub—currently a local tourist board—covers three local authority areas, for example, does that mean that three partnership agreements will be made?

**Kenneth Wardrop:** That is what happens at the moment. Each local authority has a service level agreement. Edinburgh and Lothians Tourist Board covers four local authority areas and each authority has a service level agreement, which will stand. The common factor among area tourist boards is the business plan, which is more important. Collectively, all the authorities that Edinburgh and Lothians Tourist Board covers buy into the business plan. The same should apply

under a partnership agreement, which will make the business plan fundamental.

**James Fowlie:** That is why we have argued long and hard for the area tourism partnership, which could bring local authorities together to work to identify priorities for the benefit of the area as a whole. We are not competing.

**The Convener:** When you refer to the business plan, are you talking about the national business plan or a local version of it?

**Kenneth Wardrop:** We have not yet seen the national business plan. We have argued strongly for the VisitScotland integrated networks business plan. Edinburgh, Glasgow and Aberdeen are cities that have as much interest in international marketing as they do in domestic UK marketing, so we are interested in VisitScotland's marketing offer to promote Edinburgh internationally. We must see the VisitScotland business plan.

The complexities are amazing. The goalposts have been shifted into a different dimension and we are in a new era. VisitScotland will have to work from the bottom up as much as from the top down on how the business plan is formulated. It is important for area tourism partnerships to have a key input into the business plan, because influence and partnership working will emerge through it.

**The Convener:** We should not rely totally on the hypothetical, but if we have one national business plan and a tourist board covers three local authority areas in which the authorities take different views on the business plan, will we not have a mishmash?

**Kenneth Wardrop:** No. I understand that we will have a national business plan and local strands. We also have thematic marketing to consider. Edinburgh will be interested in short-break marketing and in festival and cultural marketing.

The way in which the system works is not as complicated as it sounds. We buy a range of services and buy into a marketing programme. If a programme is for short-break UK marketing, Edinburgh will want to support it and buy a part of it. The proposal sounds unduly complicated, but it is similar to how the system works at the moment. People are used to that and to area tourist board business plans. The difference is in the impact on the national business plan, which is to be welcomed and makes VisitScotland more accountable locally for its national marketing programme.

**Christine May:** I agree with Mr Wardrop that the proposal is close to what happens with agreements at the moment. However, the current set-up has always had a problem—and the new set-up replicates it—when capital investment is

required to build developments such as new TICs or the new hubs that were spoken about in earlier evidence. Have the witnesses seen any sign of arrangements for that?

**Kenneth Wardrop:** That is where area tourism partnerships and plans come in. They will fit in with the national tourism strategy. That is important because the local enterprise companies, the private sector and all the public sector agencies are needed in the area tourism partnerships so that, together, they can put the infrastructure in place. The area tourism partnerships involve the same players so their work is joined up. Good practice exists in the area tourist boards and their area tourism strategies. Again, it is welcome that we are now feeding much more into the national strategy and becoming more connected. The area tourism partnerships should achieve that if they are offered the right mechanism.

**Mr Stone:** I am thinking out loud here, which is a dangerous thing. From experience, I know that the police authority had its own capital block and could requisition revenue funding from the local authorities that it covered. Is there not a weakness in that there might be a scrap between two or three local authorities? We all know how heavily burdened local authorities' capital budgets are. Further to what Christine May said, I am concerned that if a serious capital spend was required for city TICs, there could be problems. Do you think that all the bodies will pull together? In some ways, it is almost easier to access LEC funding than local authority money.

**Kenneth Wardrop:** Bodies would come together in partnership to decide on priority spend. There is not generally a huge capital programme for tourism—we are all working with tight capital budgets these days and we all have to try to work in partnership and work with the local enterprise company to maximise the funds that they have. The area tourism partnership and the area tourism plan will define the priorities and the agreed agenda and get everybody to sign up.

We have a good example in the Edinburgh tourism action group, which has just launched the Edinburgh tourism action plan for the next three years. Within that plan is a series of themes and champions from the public, private and voluntary sectors. People who are involved in tourism all take their lead on different bits of the plan and it all comes together. It is the same with skills and training and elements of transportation, which are part of the Edinburgh tourism action plan. The plan covers the whole range—that is the nature of tourism; it is holistic and covers a diverse area of activities.

The Edinburgh tourism action plan is a good model for what an area tourism partnership plan

should look like. The plan fits in the context of the existing Scottish tourism strategy, the objectives of which we are looking to achieve. We are all conscious of the ambitious targets that we have, but we are all up for it and believe that we can make the industry grow to £6 billion. People generally recognise the different roles that they play. Now we have to join those up to ensure that we achieve the ambitions of the programme.

**Brian Adam:** You talked about area tourism partnerships and you suggested that, in the next short period, we will hear more detail about those. Prior to that, you talked about the local authorities being the lead agency in partnerships. Has that been agreed, and if so, how are the local authorities going to lead the area tourism partnerships?

**James Fowlie:** Clearly, local authorities are in the tier of government that is closest to the people. They have responsibility for community planning and tourism is a key part of that. When we talk about leading those partnerships, we do not mean that in every case an elected member will chair an area partnership. What we mean is that local government has a key role to play in facilitating and co-ordinating the activities and drawing together the area tourism strategy. Local authorities have a link into the national picture through the chair's committee and through the minister. Perhaps Ken Wardrop will comment on how that will work in practice.

**Kenneth Wardrop:** Edinburgh and Lothians Tourist Board took a paper on Friday that talked about the area tourism partnerships. They are still a bit of a blank sheet, but people are up for it. Edinburgh has said that we want to move quickly on the proposal and we aim to get our partnership up and running so that it is in place for April 2005. That will be fairly important in influencing the future shaping of business plans and national strategies.

We are keen that the City of Edinburgh Council should chair the local area tourism partnership; the local authority has a good track record in facilitating and supporting such vehicles. With our partners Edinburgh and Lothians Tourist Board and Scottish Enterprise Edinburgh and Lothian we were instrumental in getting the Edinburgh tourism action group and its plan up and running. We are geared up to take that role. Obviously VisitScotland and the new area offices will play a key part and we welcome the fact that the offices will be supported and serviced by VisitScotland, as the minister's framework document said, because it is important that offices and officer time are resourced. The detail remains to be worked out, but local authorities argued for a mechanism to address the democratic deficit and COSLA's view is that we should get involved with that mechanism and make things happen.

**Brian Adam:** You talk about the different ways of addressing the local democratic deficit. Are potential partners concerned that we are returning to the system that operated perhaps two reorganisations ago, when local authorities were the substantial players? COSLA's submission does not suggest that a majority of members of area tourism partnerships should be councillors, but it says that local authorities should be the "lead agency" and you have talked about chairing the partnership. Does that not run counter to the spirit of the approach, which is to do with how we bring all the partners together to market local areas within a national strategy?

**James Fowlie:** That is what we are attempting to put in place. As Ken Wardrop said, the structure will allow true partnership. We talk about leading because local government has the responsibility to lead in a local area—it is as simple as that. That is why local authorities are elected. Ken Wardrop explained how the system might work in practice. We certainly regard the proposed body as a partnership, which presents an opportunity to bring the key people to the table to discuss the way forward and develop an area tourism strategy that feeds into the national strategy.

**Brian Adam:** There is a major difference between facilitating and leading. I suspect that, regardless of the issue about leading, many people in local government rely heavily on the fact that locally elected representatives are involved and give greater weight to their decisions.

**Kenneth Wardrop:** A decision was taken on Friday to include more private sector representatives in the proposed scenario in Edinburgh than are represented in the current area tourist board structure. A partnership in Edinburgh would comprise eight representatives from the private sector, whereas the current area tourist board has seven, so the balance would be better in the new set-up. Local government is set up to support such organisations. The private sector finds it easy to turn up and make decisions, but it does not want to get bogged down in administration; people want to be out running their businesses and making money. That is why there is a need for facilitation and support from the public sector.

**Brian Adam:** Are we handing responsibility back to local authorities by default?

**Kenneth Wardrop:** No. That is not what we are saying.

**Brian Adam:** The COSLA submission says that the remit of area tourism partnerships will include

"Inputting to the National Tourism Strategy and review of local alignment on an ongoing basis".

Has COSLA taken an initial view on what the local alignment might be?

**James Fowlie:** The local alignment will by definition vary from area to area.

**Brian Adam:** Is the statement a reference to the location of hubs in areas that are different from those of the area tourist boards? For example, the STF suggested that there should be a hub to service the Western Isles and a hub for Ayrshire.

**Kenneth Wardrop:** The statement relates to alignment with other local strategies and key strategic priorities, not to geographic alignment.

**Susan Deacon:** My first question is a truncated version of the line of questioning to the previous witnesses about the decision-making and implementation process. What are your views on how effective that has been? What is the local authority point of view on where the implementation process should go from here? What should the local authority input to that be?

15:15

**James Fowlie:** Ken Wardrop will speak about what has happened in practice, because he has been involved in one of the working groups. COSLA has found this a fairly bureaucratic process. When we came to the committee previously we welcomed the consultative nature of the way in which things were going. The reality has been that we have got bogged down a lot. Things could have been a bit more focused, and we could have got through this a bit more quickly. Some of the decisions may not have emerged as quickly as we might have liked.

**Kenneth Wardrop:** That is a fair comment. The complexity of the whole thing has been apparent, and the timescale has been very ambitious. It is a bit like a Chinese puzzle, because if we move one part of the puzzle, another part is knocked out. That has become apparent only as we have gone along and especially as we have tried to address the issue of the democratic deficit. For example, if we make a concession in one area what does that mean for the other aspects of the structure?

It is important that we get the chair's committee that has been offered up and running—that engagement will be important. We need to get the area tourism partnerships in place so that they are up and running for 1 April. We are getting into the time for serious negotiation. It is budget time in the local authorities. Budgets are being set for next year and we need to bolt down the partnership agreement and the business plan. The process has been complex. There has been a lot of ticking of boxes, and some of the nitty-gritty issues that needed to be discussed got a wee bit lost somewhere along the line. It has been complex, and there have been some very detailed negotiations. It involves bringing a multitude of parties together to try to get a consensus view. We

are talking about 32 local authorities. I am amazed at the distances that people have travelled at short notice for meetings. There has been a high degree of commitment towards participation. However, the committee must accept that that is quite challenging at times, because of the number of players.

**Susan Deacon:** You said that the timescale was "ambitious". Was that a literal or a diplomatic use of the term? Was the timescale unrealistic?

**Kenneth Wardrop:** The proof will be in the pudding on 1 April.

**Susan Deacon:** Fair enough.

It is no secret that there have been a number of changes of minister since this process was initiated. Has the recent further change of minister contributed to the delays that you have described? Has there been any change of direction as a result of that change?

**James Fowlie:** The simple answer is no. We had a good relationship with the previous minister and we have a good relationship with the present one. The previous minister was quick to accept the argument about democratic deficit, and he was quick to look for the best means of addressing that. Where things got bogged down was when that message from the minister and from COSLA got into the bureaucracy that was the various working groups. The difficulty lies in getting from the vision to the achievement of the vision. I do not see any change of emphasis from the minister. The minister has been very supportive of our case all the way through.

**Kenneth Wardrop:** There is a strong focus on the need to ensure that the customers do not see too much difference in service, and there is a great sense that the existing employees should get a fair crack at the whip. This is a critical time for them, and we are very conscious of what that means for people at a personal level. We are trying to ensure that the transition is as easy as possible. It is focusing many people's minds. People are conscious of the timescales because the transition is real, it is live, and it is affecting colleagues and people whom they know. For the sake of continuity of service, we have to get everything sorted for 1 April.

**Susan Deacon:** Finally, on a completely different matter, I recall that the original brief for and aims of the review, as set out by the Executive, referred to the importance of developing gateway status for cities. I am aware that there are plans to do that in the proposals that have emerged since then. In your submission you mention

"Special Purpose Vehicles for Business Tourism activity in Aberdeen, Edinburgh and Glasgow".



I have a number of questions on that, and I would like you to decode some of your comments. I baulk when I see acronyms such as SPV working their way in. Most of us mere mortals can understand language such as “convention bureau”, but I hope that we are not going to start talking about SPVs.

**Kenneth Wardrop:** We will not.

**Susan Deacon:** Thank you. In all seriousness, will you give us an idea of how the new bodies will build on what is there already? I guess that Kenneth Wardrop will have a particular comment on that, given the success of Edinburgh's convention bureau.

**Kenneth Wardrop:** The changes are very much about protecting the success and added value that the convention bureau brings. It generates about £45 million per annum for the Edinburgh economy. Overall, I think that the international convention business generates about £95 million for the Scottish economy. If we are to deliver on our ambitions in Scotland, we must recognise that business tourism is one of the key growth areas throughout the UK; it appears in the national policy statement. We are pleased that we have had the concession in that regard.

A special purpose vehicle is just a mechanism for protecting the convention bureau. We hope that customers will not notice the difference and that the transition will be seamless. The Edinburgh convention bureau will not change its name and we are keen for it to remain located within the hub because there are synergies of activity that need to be maintained and we want to hold on to the staff.

It is critical that we move on the matter quickly. As you know, it came out of a statutory instrument that was put before Parliament and which has now been adopted. I think that that is where the terminology SPV came from—it is a technical term. The statutory instrument set up the convention bureau as a stand-alone company because it is well documented in evidence that city convention bureaux are highly effective vehicles for selling business tourism. A high level of intellectual capital is invested in them, in terms of their databases and their local knowledge. They work in tandem with the national agency, which is concerned with building the profile of Scotland and building brand awareness of Scotland as a business tourism destination.

We are moving fast. We are drafting a business plan with the existing staff and we have had a meeting with the key stakeholders. It is interesting that the new body will be a membership organisation and will take subscriptions from the trade. That is important to its operation. We are keen for the enterprise company in Edinburgh to

continue to support the convention bureau's activity, given its importance to the economy, and the city is keen to support it. A few weeks ago we had a meeting with key stakeholders, including existing members, and they are supportive. We are pressing on; it is critical to get the SPV up and running as quickly as possible because we do not want the staff to have to transfer twice. We are heavily involved in negotiations with VisitScotland. Glasgow and Aberdeen are in the same boat and we are communicating with one another to ensure that we share practice and make the transition as fast and seamless as possible so that the customers do not notice the join. The bureau will keep the same name but will change its status and become a company limited by guarantee.

**The Convener:** Thank you. That was helpful and illuminating.

I welcome our third panel of witnesses, which comprises Carolyn Baird, who is Perthshire Tourist Board's chair, and Robin Shedden, who is chair of the Scottish area tourist board network and of the Kingdom of Fife Tourist Board. We thank you for your paper. Will you say a few words of introduction?

**Robin Shedden (Scottish Area Tourist Board Network):** No. Everything is in our paper, so we will go straight on.

**Murdo Fraser:** Good afternoon. Your paper is extremely robust, which is no bad thing. You make your case well. Reading the paper gives a sense of the frustration about the process that the organisations that you represent feel. Yesterday, I spoke to an ATB chief executive—I will not name the person—who confirmed what your paper says about a lack of involvement with ATBs and a general feeling of disengagement and being disfranchised from the process. I will try to move on in a more positive light. What needs to be done now to remedy the fact that you feel that ATBs have not been properly involved in the process?

**Robin Shedden:** The business plan needs to be completed quickly. I would like to see a business plan—there is no plan yet, although a structure is being put in place, posts are being defined and people are being matched to posts. We are still concerned about the ability of the whole picture to stack up financially—I am choosing my words carefully. I think that big financial holes exist and I am desperate to see a business plan. We are trundling quickly down the road. There is the skeleton of a structure, which we are all for, but it has no flesh on it and it keeps changing, so we are a little scared. I would love to have a business plan quickly, but I do not think that it will be quick.

I do not remember the other part of your question.

**Murdo Fraser:** My question was what needs to be done now to remedy the situation, but you have probably answered that.

**Robin Shedden:** We need to progress as quickly as we can. We are at the bottom of the trough—the most chaotic part where there is still plenty of mud and no clear picture of the finished structure, how it will work, whom we will target and how everything will piece together. The sooner we start climbing to reach the top of the wave, the better.

**Murdo Fraser:** You were not present when we took evidence from the Scottish Tourism Forum. I will ask you the same question that I asked the forum. What feedback have you had from your members about how the financial arrangements might work when the new structures are in place, when they will no longer pay a membership fee but will have to buy in services? Have your members said how receptive they will be to that process, or is it too early to assess that?

**Robin Shedden:** I have received no positive feedback. I will choose my words carefully again. The vast majority of area tourist board members are not fully tuned into the process—it has not hit them—although it is starting to be discussed at annual general meetings. Their heads are down and they are just getting on with their businesses, because whatever will happen will happen. They are not particularly tuned into what is going on.

My personal view is that the impact of the changes will be a fall in the amount of money that they put in. That makes the financial gap in the equation bigger. Businesses will not make a big leap in expenditure to fill the gap that the loss of membership fees will create. Much will depend on business buy-in. If businesses do not buy into the process, the new system will struggle to succeed. I am not overly sure whether businesses are on board or sold on the idea. Big, national businesses are definitely on board, but the vast majority of smaller businesses are not yet on board—not because they will not be, but because they are unaware of what is going on.

15:30

**Carolyn Baird (Perthshire Tourist Board):** At our AGM, members asked me to whom they would pay their membership fees after April 2005. There has been a failure to understand the psyche of the small business. Many of our members enjoy belonging—and need to belong—to a network that is structured on their behalf. It takes all their energy and concentration to run a small business. There are few people to whom they can hand over, so they are in the front line seven days a week and they need the back-up of an organisation that can do some of the thinking for

them. The proposals that we have seen so far—I must add the rider that we have not seen enough detail—do not take that matter into consideration sufficiently seriously. We seem to be designing something for big businesses, which will welcome and be able to handle the system. However, as Robin Shedden said, the majority of businesses that are involved in tourism are not big businesses. That is a major problem.

**Murdo Fraser:** Six months have passed since we took evidence from you at the end of May. Is the situation any clearer than it was six months ago?

**Robin Shedden:** Sadly, no. It is sad, but that is an accurate answer. The situation is no clearer. We have seen the skeleton of a structure, but the detail on how the system will work is conspicuously missing. Worse than that, the little splatterings of detail that we receive from time to time change constantly, which is disconcerting. It seems that things are happening on the hoof.

I was interested to hear your witnesses from local government tell you that everything could have happened in a shorter timescale. We are shocked. We are outside the circle and have not been involved as things have passed us by. We do not yet have answers that tell us what will happen, what the hubs will do and how the hubs will interact. The detail is not there yet. The principles float around in a muddy pool in the middle, but I want to get out of that pool and to be given a clear picture. That has not happened yet, which is frightening.

**The Convener:** I presume that you have put your concerns to VisitScotland's senior management. What reaction have you had?

**Robin Shedden:** We are told, "It will be all right on the night."

**The Convener:** Has no extra effort been made to ensure that your members are taken into VisitScotland's confidence a little more?

**Robin Shedden:** There has been effort from the Executive, but nothing has materialised from that.

**The Convener:** Will you expand a wee bit on that? Have promises been made to you that have not been kept?

**Robin Shedden:** Things that we were told would happen have not happened.

**The Convener:** Can you give any examples?

**Robin Shedden:** I probably can. The most recent rattling of the tree took place at the chairs and chief executives meeting in Stornoway, which was held about a month ago.

**Carolyn Baird:** The meeting took place on 27 October.

**Robin Shedden:** We were made promises. We said that we were being left on the outside, but we were assured that that was not the case and that we are very much part of the process. We were assured that things could be done, none of which has happened.

**The Convener:** What was supposed to happen?

**Robin Shedden:** We have yet to see any reports from the working party groups. Some of the people who were in those groups have not seen the reports of the groups that they were in. The reports were locked away so that they could not see them. We were promised that we would see all the papers of the working party groups, but that has not happened yet. We are still very much in the dark. We were promised consultation on the matrix management structure that was introduced to us at Stornoway and that caused a bit of—perhaps irrational—fear. There was to be a rolling out, an explanation and an exploration of that as well as consultation. It has not happened. What were the other things that we were promised?

**Carolyn Baird:** We feel that we are partners rather than stakeholders in the proposed new organisation, but the input that we have been invited to make has been minimal. We felt that a clear signal needed to be sent round the ATB network that that was being addressed, so we asked whether we could be part of the recruitment process for the senior management team of the new organisation. We got the impression that that request would be taken seriously and that it was accepted that that would send a clear message that the proposed new body was to be a partnership. However, we are not a party to the recruitment process. It seems that someone will be appointed as an independent assessor and that they will be involved in the recruitment of the managers for the hubs, but that is as far as the participation will go.

**Robin Shedden:** There is not a lot of point in going backwards, because we cannot change what has been. From the word go we were supposed to be partners in the process, but the reality is exactly the opposite: we are no more partners in this process than a flea in the air would be. From our side of the fence, this is not a merger of two bodies; it is a takeover. That is how it has felt from the start and that is how it still feels sitting here today. There is an acceptance of that situation in the ATB network—a resignation to the fact that that is what is happening, so we should just get on with it. That is terribly sad.

**Carolyn Baird:** The concerning aspect is that the new structure, as we have seen it so far, totally underestimates the value of the area tourist boards. We are not saying that we should keep the area tourist boards; we are talking about their current job, which is misunderstood. There is no

accurate understanding of the role that the area tourist boards perform. Therefore, I do not see sufficient planning to replace the role that the ATBs fulfil in the new structure.

**The Convener:** I presume that if you do not participate directly in the organisation of the new body, it is difficult for you to feed in your views.

**Carolyn Baird:** Absolutely.

**Richard Baker:** You say that you have not been involved or consulted, but you have members in the progress group. Do they not relay information back to you? Do you feel that they do not have access to the right information? I presume that the people who fund the area tourist board network are in those progress groups.

**Robin Shedden:** That is the perception and that is what is sold to us all the time—we are told that we have so many people in those groups that we are the groups.

**Carolyn Baird:** Are you talking about employees?

**Richard Baker:** Yes.

**Carolyn Baird:** Those employees are shortly to become employees of the new organisation, which must limit their ability to speak their minds.

**Richard Baker:** Knowing some of the people who fulfil that role in those groups, I would be surprised if they felt in any way limited in speaking their minds.

**Robin Shedden:** There is no point in going back. I could give you hard evidence of members of working groups who are not being given access to the submitted reports to which their names are attached.

**Richard Baker:** I find that surprising.

**Robin Shedden:** So did I.

**Susan Deacon:** My question is similar to the convener's line of questioning. We need to have that information, if the witnesses can give it to us.

**Robin Shedden:** We are going backwards—

**Susan Deacon:** With all due respect, this is not going backwards. I have spent the afternoon asking questions about the decision-making process because it is germane to where we are going in a very important area to which all of us in the room share a commitment. That commitment is shared by the Executive from the minister downwards. We must, retrospectively, get behind what has or has not worked, not least so that we can make improvements in where we go from here.

I am sorry that I am jumping into my planned questions rather than just asking a quick supplementary.

**The Convener:** No problem.

**Susan Deacon:** When you came to our previous evidence session, I distinctly remember both of you, especially Mr Shedden, being positive, verging on extremely enthusiastic, about what was to come, not least because you thought that there would be oodles of opportunity for you and others to shape the process, contribute to it and take us to a better place. I am sure that we all shared the aspiration to get to that place, but today we are hearing something that is very different in both tone and substance. We need flesh on the bones of what you have said in order to understand what has happened to change completely the view that you expressed to the committee.

**Carolyn Baird:** I expressed concern at the previous meeting—

**Susan Deacon:** I recall that.

**Carolyn Baird:** I thought that, in addition to employees, there needed to be more industry members on the working groups, because they would not have the same difficulty in expressing their thoughts.

**Robin Shedden:** Believe me, I have tried very hard not to be where I am now. I tried to accept everything that I was told, to take it at face value, to be positive and to see all the good things. There are plenty of good things and they might all still happen, but we are not party to making them happen. I have resigned myself, as has 99 per cent of the area tourist board network, to that stark fact. That does not mean that the process will not work at the end of the day, but we are not part of it.

**The Convener:** Do members have any other questions on the point? We will exhaust it, then go back and allow members to come in on other points. Has Susan Deacon finished her questions?

**Susan Deacon:** My specific further question is: can you put any meat on the bones? You said a number of times that “they” have not shared information with you or told you outcomes. Who is “they”?

**Robin Shedden:** Do you want specific examples? Is that what you are asking for?

**Susan Deacon:** We need specific examples and we need to understand what is going on—that is our job. If information is not being shared as perhaps it ought to be, we need to understand whether that is a conscious decision on the part of politicians or just poor administration and process by some relatively lower level of support. We need to understand whether any shortcomings are happening by accident or by design.

**Robin Shedden:** I do not see the problem as accidental. I now see it as conscious, which is

unfortunate. The specific example that sticks most in my mind involves a member of my tourist board who was on one of the financial committees—I cannot remember its number off the top of my head, but I could find out fairly easily. The committee met once and talked briefly about what it was to examine and discuss. The individual then got a phone call—I cannot remember how much later—to say that the lead person in the group had written the report and would submit it. The member said, “That’s super—can I see a copy, please?” The answer was, “No,” and the report was subsequently submitted. The committee had met just once, and we have still not seen a copy of the report.

I raised that matter and other examples with the Executive and the chief executive of VisitScotland. The reply that I got from the chief executive said that there were sensitivities in that particular group that meant that the report could not be made available—I am trying to think of the exact wording of the reply, which I have kept—and that they did not want to cause concern within the network. There was a chilling line at the bottom of the reply, “This may have happened in other groups as well.” I know that it has happened in other groups.

**Susan Deacon:** For clarification, are you talking purely about the process that is being administered under the auspices of VisitScotland, or about the Scottish Executive?

**Robin Shedden:** I am going way back in time. We cannot change any of that, so I do not think that there is an awful lot of point in dwelling on it. A couple of months ago we were jumping up and down about not being part of the process, but we are past that. The climax of that was at our last chairs and chief executives meeting, in Stornoway, at which we were promised changes. They have not happened, so we accept now that they will not happen.

15:45

**The Convener:** I emphasise the point that Susan Deacon made. The situation is historical, but it is nevertheless important, because our job is to consider and evaluate the process. One of our tasks is to ensure that such issues do not arise again in future reorganisations, whether of the tourism industry or other sectors.

The information remains relevant to us. We need to hear the other side before we make a decision, but if you were to provide us with written supporting material—four or five examples—that would be extremely helpful. I know that you do not want to go through all the examples today, but it would help if you followed up the matter with the clerks and gave us additional information.

**Robin Shedden:** We can do that.

**The Convener:** We are not trying to sort what cannot be sorted. We will assess the process, what lessons need to be learned and whether the situation will be a dog's breakfast. If the situation goes topsy-turvy, committee members and their colleagues will carry the can with the public for a massive waste of public money, so you can understand why we are very interested.

**Mr Stone:** I endorse the remarks that have been made.

Robin Shedden mentioned resignation and I think he said that resignations have started. We have asked you to provide details—

**Robin Shedden:** I was talking about mental resignation, not about people physically walking out of the door.

**Mr Stone:** Have people walked out of the door?

**Robin Shedden:** Not that I am aware of, but I know that we are fairly close to that. I cannot think of a person who has walked out.

**Mr Stone:** In that case, we will deal with mental resignation. I presume that that has had an impact on the effectiveness of elements of your work force.

**Robin Shedden:** Definitely.

**Mr Stone:** How far back does that go? Does it go back three, six or nine months?

**Robin Shedden:** The potential for rot has always existed. Susan Deacon was right about the enthusiasm. From day one, I said, "This will work. This is great and fantastic. This is it. Let's go," but now I am in a completely different place. I realise that the system may work, but that we are not part of the mechanism that creates the finished product. We may be among the cogs, but we are not designing the cogs or fitting them together.

**Mr Stone:** I assume from what you have said that you made representations to VisitScotland's chief executive.

**Robin Shedden:** We did so on one point.

**Mr Stone:** That is fair enough. What you have described impinges on your organisation's effectiveness. The situation is fairly serious and has worsened as the weeks and months have gone by. Have you made representations to the relevant MSPs who represent Fife?

**Robin Shedden:** No—not specifically.

**Mr Stone:** Why not?

**Robin Shedden:** The answer is poor, but because I was dealing with the Scottish Executive and VisitScotland, I kept the matter in-house. That answer is not good, but that is it.

**Mr Stone:** The answer is perfectly honest. In retrospect, do you wish that you had made representations to MSPs?

**Robin Shedden:** If I thought that making representations would have changed anything, I would wish that I had done so, but I do not know whether it would have had that effect.

**Mr Stone:** My next question is the simplest. Why is the proposal happening? Is it simply a cash-saving exercise throughout Scotland? Is that why Perth and Fife are being rolled up?

**Robin Shedden:** Why is what happening?

**Mr Stone:** Why will we shift from ATBs to hubs and have a general coalescing, notwithstanding what I said about TICs? What is the *raison d'être*?

**Robin Shedden:** The *raison d'être* is simple. The process started as a rationalisation—that is the wrong word. It started as a concreting—a better way to describe it would be as an attempt to stabilise—of the finances of local area tourism support, which was in a muddle in some areas. Such support had no fixed financial arrangements and so was in trouble in some areas.

The starting kernel was stabilising financial arrangements for local area tourism provision, which grew into tying together the national and local bodies and having co-ordination throughout the system. That was right and was the source of the enthusiasm, because it was and still is a super idea. I hope and am sure that we will get there.

**Mr Stone:** I have two short last questions, convener.

Without accepting your argument, for the reason that the convener set out, which is that we have to hear all sides of the argument, is your area tourist board an example of good practice in terms of the stability of its finances and so on?

**Robin Shedden:** The honest answer is that there is good and there is bad. I have no problem with the concept of the ATBs going into the process and trying to achieve the structures that we are still trying to achieve. The principles have not changed: the tying together of local and national is a great idea and the stabilising of finances is desperately needed.

However, we have not yet addressed the finance issues and the huge holes in the financial picture are worrying. That returns me to the subject of the first question and it is the reason that I am so desperate to see a business plan. We do not have a business plan as yet, because nobody has started to put numbers to anything. As I said, we see big holes in the numbers. The principles are still right, however.

**Mr Stone:** Are you telling us that product delivery, in terms of services to tourism and the promotion of tourism in Fife, will be worse off in the future than it is today?

**Robin Shedden:** That question is probably akin to getting the belt.

**Mr Stone:** I am, however, permitted to ask such questions.

**The Convener:** Although you are not obliged to answer, Mr Shedden.

**Robin Shedden:** My off-the-top-of-my-head answer is that services will not be better in the future. The reason for that is the damn good provision that we have in Fife at the moment. I will speak specifically about Fife. Although it has taken us a wee while to get to the point that we are at today, there is now co-ordination between the local authority, the LEC and the tourist board. Everybody is involved and things work damn well.

We are getting the benefits of the ATB network. If all of that were to go out of the window because the local authorities do not get tied into the new system properly, tourism and tourism support in Fife will have to endure horrendous losses. The provision of service to visitors will be a damn sight worse than it is at the moment.

**Christine May:** Everybody has told us about the lack of a business plan—witnesses on all three panels have mentioned that a plan needs to be put in place quickly. I am concerned that we are hearing about the disillusionment of staff. We heard positive things from the local authority side in COSLA's evidence, although it also highlighted the issue of the business plan.

Some of the concerns about the involvement of the local authorities seem to have been addressed. The Scottish tourism forum was generally positive about the plan, albeit that it had other issues to raise. In its evidence earlier this morning, the forum said that it hoped that VisitScotland would play a consultative role and that it would be a facilitator of partnership working. From the evidence that you have seen and in the discussions that you have had, is that likely to be the case?

**Robin Shedden:** I would love that to be the case. The direct answer, however, from what I have seen so far, is a very flat no. It is the wrong answer to give, but I have been asked to say what I think.

**Christine May:** Okay. What is it about the way in which the discussions have gone so far that makes you believe that the situation cannot be changed?

**Robin Shedden:** "Cannot be changed" is a different thing altogether; I am sure that things can be changed.

**Christine May:** I will rephrase the question. What would it take to make the situation different?

**Robin Shedden:** It would take a change of management style at the top of VisitScotland. We need more inclusivity and a willingness to share,

instead of which we have a corral mentality. Since the beginning of the process, we have been on the outside of a closed corral. That is not what we are told, but that is the reality, which is accepted by pretty well the entire area tourist board network.

**Carolyn Baird:** We should consider the history of the organisations that are coming together. Industry engagement took place with the ATBs locally, whereas VisitScotland centrally had different areas of expertise. It is disappointing that that has not been recognised, because an attempt could have been made to capitalise on the ATBs' strengths to create the scenario that Christine May described. A golden opportunity has been missed.

**Christine May:** Is there still time to pick up and run with that opportunity?

**Carolyn Baird:** Between now and April?

**Christine May:** During the year and a half or so before the 2006-07 season, which is the first crunch season for which marketing must be done.

**Carolyn Baird:** Yes, there would be time, if during that period there were a major rethink and a completely different approach to the management of the change process.

**Christine May:** That is helpful.

**The Convener:** Have we exhausted questions on the process and participation? I will take a question from Chris Ballance on that and then move on to other issues.

**Chris Ballance:** My point follows from the questions that Jamie Stone and others asked.

The witnesses have obviously had a deeply unhappy six months. Your submission is strongly worded. It describes VisitScotland's management style as "centralist and hierarchical"; talks about "a crisis in waiting"; says that in relation to finance there is a risk of "things getting worse"; and complains of a "lack of representation", a "lack of accountability" and a "lack of clarity" throughout the process. You also talk about the effect that the situation has had on staff. Will staff still be affected when the Easter season opens in March?

**Carolyn Baird:** I congratulated Perthshire Tourist Board staff at our AGM a month ago. They are consummate professionals and they have not allowed the outside world to see anything of their concerns throughout the process. Given the timescale of the review, the wait for the review's outcome and the change process that is going on, we all owe staff a debt of gratitude for carrying on regardless. I think that they will continue to do their damndest not to let the cracks show, but there are inevitably many personal concerns and misgivings. We are not serving our staff well and we need to get rid of as much of the uncertainty as we can do in as short a time as possible. If we do

not do that, some very good people will try to find employment elsewhere—I am talking not specifically about the Perthshire ATB, but generally about staff in Scotland. There is a tremendous amount of experience and expertise in the ATBs, which we cannot afford to lose.

**Robin Shedden:** There is real fear about redundancies. The process started with assurances that there would be no compulsory redundancies. I welcomed those assurances, but I did not think that they reflected the real world. We have seen a series of figures and people fear that there will be serious redundancies—not 15 or 30, but big numbers. If the financial hole materialises, as we in the ATB network are fairly sure that it will, we know where cuts will be made. If the numbers do not add up, how many TICs and staff will be affected?

We have been given many mixed messages recently about how the system will work. We are told that marketing will happen centrally, so what will happen to the 60 or 70 people in local authorities who are currently involved in marketing? How many marketing people will be employed? A dozen? Will there be one person for each area? What will happen to the other people in marketing? Who knows?

Finance, too, will all be taken into the middle. What will happen to all the people who deal with the ATB finances? There is terrible fear. Carolyn Baird is right. The cracks have not shown at the coalface, but there is great fear and anxiety, which will continue until we get back out of this situation.

16:00

**Chris Ballance:** So you are talking about demoralised, fearful and somewhat unmotivated staff operating in a new organisation with no business plan.

**Robin Shedden:** We are at the bottom of the trough, but if we are where we now are at the end of March, we will be finished. We cannot be there.

**Chris Ballance:** How do you expect to get out of that position in the three months that are left?

**Robin Shedden:** We need details. I liked the council guy who spoke about a Chinese puzzle. Somebody might stick up their hand and say, “I don’t like this bit. We don’t tie into this.” We will sort that bit, but that will push three other bits out at the side. Somebody else will stick up their hand and say that that will not do, so there will be another shunt around. We do not have the finished picture. We need a business plan, please.

**Chris Ballance:** It sounds to me that you are saying that there will be inevitable effects that will be noticeable to tourists and tourism industries come next Easter.

**Robin Shedden:** I hope not. Please prove me wrong.

**The Convener:** We have pretty well exhausted the issue, but members have questions on other issues and I want those questions to be asked to ensure that we cover those matters today. I know that Christine May and Susan Deacon have questions to ask.

**Susan Deacon:** My questions have been dealt with.

**The Convener:** Susan Deacon has exhausted her questioning. Do you have a question, Christine?

**Christine May:** Perhaps my final question leads on from the previous issue. The final paragraph on page 2 of your submission refers to the potential of Tourist Board Training Ltd to be used as the training organisation. What discussions have been held about that potential? What feedback have you received?

**Robin Shedden:** None.

**Carolyn Baird:** There have been no discussions that we are aware of. We made that suggestion, as we think that there is another rich resource that does not seem to have a place at the moment.

**The Convener:** I thank the witnesses, whose written and oral evidence has been illuminating. We look forward to receiving the follow-up information, which we would appreciate as soon as possible.

**Robin Shedden:** We could provide it within a week.

**The Convener:** Great. Thank you very much.

Before we leave consideration of the item, I should say that a number of concerns have been expressed, not least about the apparent lateness of the business plan and the potential implications of that lateness. Fairly critical comments have also been made about VisitScotland. Do members agree that we should invite VisitScotland to come in at some stage in the next four or five weeks to give us its side of the story and an update?

**Members indicated agreement.**

## Subordinate Legislation

### Scottish Network 2 Tourist Board Scheme Amendment Order 2004 (SSI/2004/465)

16:03

**The Convener:** After two hours of meeting, we will now deal with agenda item 2. Nobody should read into that that there has been a reduction in our level of productivity, as three items were, in effect, dealt with under agenda item 1.

I welcome John Brown and Mairi Macpherson from the Scottish Executive's tourism unit. I think that this is the second time that we have discussed a variation of this piece of subordinate legislation. I ask John Brown and Mairi Macpherson whether they want to add anything to their written evidence.

**John Brown (Scottish Executive Education Department):** I do not think so, but I should explain that when the committee previously took evidence on the statutory instruments, members spoke to a colleague of mine, Lesley Fraser. Mairi Macpherson recently took over from Lesley Fraser, and she will be happy to answer any questions that members have. I thought that I would come with her, as I have been responsible for the entire project that members have just heard about and have an interest in the whole process. I was glad to hear the convener's suggestion at the end of the evidence session.

**The Convener:** That was the bad news. The good news—

**John Brown:** I wanted to say that I would be happy to answer any questions of fact that members have now, but that would be inappropriate.

**The Convener:** We are not allowed to ask such questions, as we must give notice to the public. However, I am sure that you are delighted by my suggestion.

I have only one question. Are you sure that there are no more typographical errors, that you have got the names right and that there are no problems?

**Mairi Macpherson (Scottish Executive Education Department):** We are confident that everything is now in order.

**The Convener:** Do members have any questions?

**Christine May:** No, just to say that I am a member of the Subordinate Legislation Committee. We considered the order again and had drawn to our attention some things that we managed to miss when we first looked at it, which

were the names of the area tourist boards and possibly the typo. However, we were content with the order when we considered it for the second time.

**The Convener:** Is everybody content with the order?

**Members** *indicated agreement.*

**The Convener:** I thank the witnesses. We look forward to seeing you again soon, John.

**John Brown:** So do I.



## Work Programme

16:05

**The Convener:** Item 3 is the paper on the work programme. As members will know, our work programme up to Christmas is agreed and set, with the possible exception of an additional item on VisitScotland. The purpose of this discussion is to consider the work programme from January to June 2005. We have not gone beyond that because it is impossible to predict between now and then what will come up. Information from the Executive leads us to expect that, from about October next year onwards, we will be dealing with substantial legislation on bankruptcy. It is likely that we will be the lead committee for that. Clearly, any decisions on our work programme beyond that period would have to take that into consideration.

I will invite members to make general comments on the paper, then specific ones. I will try to get agreement on the specifics. Generally, are members reasonably content with the paper's proposals?

**Members indicated agreement.**

**The Convener:** I consulted Mike Watson on the paper and had a brief chat with Christine May last week. Mike was not at our meeting, but he seemed reasonably happy. Do members have specific points that they want to raise, either to add to, subtract from or amend the paper's specifics?

**Murdo Fraser:** I have a point on the timings for the business growth inquiry, which could be a substantial piece of work. The work programme paper proposes another inquiry to follow that in May and June of next year. I wonder whether that is too ambitious, given that the business growth inquiry may take up much of our time.

**The Convener:** Can I make two points on that? First, we can take a final decision on the timing of the second inquiry once we agree the remit and methodology, and the timing of the business growth inquiry. As members will know, we hope to finalise that at next week's meeting on 30 November. Today, I want to get members' views on which of the paper's three suggested subject areas the committee should focus on.

Secondly, the business and Parliament conference is scheduled for September 2005 and I have a meeting with the Executive next week to start discussing it. I suggest that we agree that I discuss with the Executive making business growth in Scotland the conference's theme and using our report as the core subject for discussion. Therefore, rather than produce a final report before the conference, I suggest that we produce an interim one to take to the conference and get

feedback from the business community before finalising the report. That would probably give us a lot of scope timewise to accommodate two simultaneous inquiries. Are members agreed?

**Members indicated agreement.**

**The Convener:** I take Murdo Fraser's point, but as members will know, we review the work programme once a month or so and we can adjust timings. We never know what is going to come up.

I want members' views on which of the three proposed subject areas we should focus on. As you will remember, about a month or five weeks ago we asked for ideas on what you thought our priorities should be. The paper's three suggestions arose from that. My view is that employment and employability is the highest priority of the three, but it is up to the committee to decide.

**Christine May:** I agree that we should focus on employability.

I am interested in the second suggestion, which is about small towns that are under threat, but given that the city-region planning areas are to come on stream either next year or in 2006, there might be more scope at that point to consider the impact of those larger structure planning areas on towns. I am conscious that we might be treading on the remit of the Communities Committee in considering some aspects of small towns. I would like to take some time to think about whether the Enterprise and Culture Committee should do that work.

The third suggestion is for an inquiry on sport, which is important, but I feel that we would be looking for something to do rather than there being a big issue for us to deal with. The committee should not make up work.

**The Convener:** Last week's update of "A Smart, Successful Scotland" identified that one of the really big issues that we need to address is the level of economic inactivity in Scotland, much of which is a result of employability issues.

**Susan Deacon:** Do we get to know who the suggestions came from, by the way?

**Alex Neil:** The suggestion on employability was originally from Norma Hurley, who is a consultant with Blake Stevenson Ltd and who carried out research work for the committee two and a half years ago on lifelong learning. She made a suggestion, which I considered and which then became my suggestion to put into the pool.

**Susan Deacon:** You have gone back a stage. I was just asking which committee members had made which suggestions.

**The Convener:** I suggested that one—I take full responsibility. When I read in the *Sunday Post* that we were going to take responsibility for Scottish

football, I thought, "Oh God, we've got to get out of that."

**Richard Baker:** I did not see that report.

**Susan Deacon:** That was just curiosity on my part. As is the way of such matters, work is required on the definitions, but the bag of issues on employability is important. I am particularly interested in the people who are furthest from the labour market, which I think is the technical term these days. We should consider what is being done and what can be done to match up such individuals with the skills gaps that exist. The issue is a chunky one that falls fairly and squarely within the committee's remit and I agree with the suggestion.

I agree with Christine May on the third suggestion, which is about sport. There is a pile of valuable issues that could be addressed, but they do not have the same edge or focus or, frankly, the same priority that the first suggestion has.

I do not know where the second suggestion came from.

**The Convener:** Chris Ballance.

**Susan Deacon:** I thought that it might have been him.

**Chris Ballance:** The area that I represent has about 50 small towns.

**Susan Deacon:** The phrasing of the suggestion is in a sense pejorative, although there is a fascinating issue in there. However, I would like to come at it completely differently, from the point of view of the role and development of cities, rather than the threat that they pose to small towns. I will not bore members—some of them have been involved in the analysis—but fascinating work is being done internationally on global trends in city development and the economic impact of cities.

**Christine May:** What about city regions?

**Susan Deacon:** I accept that the city-region aspect is part of that, but what Christine May described is only a relatively small part of the bigger tapestry of cities' economic contribution. I would like us to consider that issue because it is emerging and important and it is something that we in Scotland have not quite got our heads—or our policy agenda—round yet. I do not think that the cities review achieved that. The issue is the flip-side of the coin that Chris Ballance has put before us. That would be my number 2 ranking, but I would like to approach the issue from a different perspective.

**The Convener:** Do you mean number 2 after the employability suggestion?

**Susan Deacon:** Yes.

**Chris Ballance:** Susan Deacon is right that her suggestion is the flip-side of the small towns proposal. I do not accept that my suggestion is pejorative. The Scottish Executive is undertaking research into the future and the economy of small towns—into what makes them tick. That ties in well with a campaign called small towns under threat, which is being launched by the south of Scotland European partnership. There is room for us to consider that in relation to the whole of Scotland, which is why I have suggested it as an Enterprise and Culture Committee inquiry.

I agree about the importance of employment and employability, and I wonder whether they could be included in the business growth inquiry. It seems a bit odd to be saying, before we have set the business growth inquiry parameters and remit, "We'd better do that as a separate inquiry because it's not going to be in the remit." I do not see why employability and the labour market should not be part of the business growth inquiry remit, because they are clearly vital to growth.

16:15

**Richard Baker:** All the proposals have merit. I know what Chris Ballance means when he talks about small towns under threat, but there are many issues that are pertinent to the committee, such as affordable housing and rural development. Chris's proposal is certainly worth considering. Employability might flow quite well from our inquiry into business growth; it is linked but it is also distinct. It chimes well with the framework for economic development in Scotland announcements and the refreshment of "A Smart, Successful Scotland". That is the key issue—that has been correctly outlined.

I understand the idea of having a major inquiry on sport, but it is possibly beyond the committee as far as our timescales for considering other areas are concerned. However, we could always have a minor inquiry on it, such as the one we did on the arts. We have to ensure that we cover our remit.

On my report on Scottish football—which I had not been aware had been flagged up in the *Sunday Post*—I am concluding the evidence gathering over the next two weeks and I will be giving an issues paper to the committee before the end of the year. That is on track.

**The Convener:** To sum up, there is some consensus. We appear to agree that we do not want to do an inquiry into sport in the immediate future. It is not seen as the top priority. On Chris Ballance's proposal, I suggest that we consider an inquiry in 2005-06 into—to use a terrible phrase that sounds very Eurocratic but covers all the points made—spatial economic development,

which covers the issue of cities, city regions, and small towns and so on. I do not want to call it regeneration in case I offend the Communities Committee. Spatial economic development is the remit of this committee. Such an inquiry could encapsulate many of Chris Ballance's points. Given that Europe is reviewing its attitude to those issues, 2005-06 might be the right time to consider them.

Apart from Chris Ballance, perhaps, the consensus appears to be that business growth and employability are two separate—albeit related—inquiries. We should bear in mind Murdo Fraser's points about timing. We should try to time the inquiries so that we do justice to both. Would that be reasonable?

**Christine May:** It is important to remember that the needs-versus-opportunities argument continues and I would like us to be able to focus on that. Some of that impacts on opportunities in small towns, where the opportunity for return on investment is not as great as it might be in a city, but where the need is likely to be far greater. The perennial question—which I will pose here for the record—is about the role of Scottish Enterprise. Is it a business development agency or an economic development agency? They are different.

**The Convener:** Is everybody happy for us to go ahead with the business growth inquiry? We can decide the remit next week, once we have heard the consultants' presentation. I have asked the Scottish Parliament information centre to prepare a paper to assist the committee in deciding a remit. After that, we can give priority to the employability inquiry and, when the time comes, we can build into our 2005-06 programme the possibility of a spatial economic development inquiry. Is that reasonable? Is everybody happy with that?

**Members** *indicated agreement.*

**Chris Ballance:** I am a great believer in consensual politics.

**The Convener:** There are no other points on the paper, other than to say that we look forward to Richard Baker's solutions to the problems of Scottish football.

**Richard Baker:** I have it all worked out.

*Meeting closed at 16:20.*



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