

# **ENTERPRISE AND CULTURE COMMITTEE**

Tuesday 7 December 2004

Session 2

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## ENTERPRISE AND CULTURE COMMITTEE 28<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 GAVE EVIDENCE:

John Brown (Scottish Executive Education Department)

Peter Lederer (VisitScotland)

Philip Riddle (VisitScotland)

### CLERK TO THE COMMITTEE

Judith Evans

### ASSISTANT CLERK

Seán Wixted

### LOCATION

Committee Room 6



## Scottish Parliament

### Enterprise and Culture Committee

*Tuesday 7 December 2004*

[THE CONVENER *opened the meeting at 14:01*]

#### Item in Private

**The Convener (Alex Neil):** As it is 1 minute after 2 and we have a quorum, we will start. I welcome everybody to the 28<sup>th</sup> meeting of the Enterprise and Culture Committee this year and ask everybody to switch off their mobile phones.

We have received apologies for absence from Michael Matheson. Chris Ballance will be late, Jamie Stone may need to leave early and—if we continue until near 5 o'clock—Richard Baker may have to leave early. However, I assure members that we will not continue until nearly 5 o'clock.

Agenda item 1 is consideration of whether to discuss items 3 and 4 in private. We have previously considered the draft report on the arts in the community inquiry in public. Do members want to continue that practice for item 3?

**Christine May (Central Fife) (Lab):** I am comfortable with doing so.

**Members** *indicated agreement.*

**The Convener:** Do members agree to discuss item 4 in private?

**Members** *indicated agreement.*

## Area Tourist Boards Review

14:02

**The Convener:** Agenda item 2 is the area tourist boards review. I welcome Peter Lederer, who is the chairman of VisitScotland, Philip Riddle, who is the chief executive of VisitScotland, and John Brown, who is head of the Scottish Executive Education Department tourism and architectural policy division. Who would like to lead off?

**Philip Riddle (VisitScotland):** We ask John Brown to do so.

**John Brown (Scottish Executive Education Department):** I would like to make a few scene-setting remarks before I pass over to Peter Lederer and Philip Riddle.

The policy that underpins the development of the tourism network, which the committee is considering, was set out in Frank McAveety's statement to Parliament back in March. It is important to stress that the Executive retains overall responsibility for delivering the policy that was set out then.

Ministers formally commissioned VisitScotland to run the tourism network project. Obviously, the network will underpin the delivery of our shared ambition to grow tourism revenues by 50 per cent over the next decade. The overall remit of the project is to build on the strengths of VisitScotland and the area tourist boards in order to create an integrated network that will support the national tourism strategy, to establish closer engagement with stakeholders, including local authorities—that is important to us—and to make best use of tourism resources throughout the country.

To discharge that remit, the Executive asked VisitScotland to undertake various tasks. Those included putting together a project team to develop proposals for the function and structure of an integrated network—which has been done—and to implement those proposals by April next year under the leadership of the Executive. The agreed objectives for phase 1 of the project were to design and agree the business processes that are needed to discharge the remit that we gave VisitScotland, which was achieved on target at the end of June, and to design and agree a network structure to implement those processes, which was agreed on target at the end of October.

Another objective is to develop a network business plan—I know that the committee is interested in that—with a sustainable financial position. That has always been due by the end of December and I understand that we are on target for it to emerge by then. Negotiations with local authorities on tourism partnership funding ran

throughout the summer and are due to close by the end of February. Other objectives were to identify and manage the risks in the project and to deliver an integrated tourism network within the project budget by 1 April next year.

That is the remit. I know that I speak for my minister, Patricia Ferguson, when I say that we are pleased with progress on the project so far. Statutory instruments came into force recently to create the network tourist boards, to provide for the dissolution of area tourist boards from 1 April and to transfer their assets and liabilities to the network boards, which will be under VisitScotland's control. By 1 April, an integrated tourism network will be in place. I have had much to do with the project and I chair the fortnightly progress group. I am reasonably confident that an integrated tourism network will be in place.

That comprises phase 1 of the project. Once we get there, VisitScotland will be responsible for managing the new structure. Phase 2 will comprise further development and refinement of the network and will take place next year and through to March 2006. By that time, we will have a fully functioning integrated network. We also recognise that further development might occur after that. A tourism bill is scheduled for 2006-07 to wind up the network tourist boards and for other purposes. We regard that as phase 3. We are undertaking phase 1 now. Phase 2 will take place next year to refine the network further and make it fully functional. Phase 3—the tourism bill—will take the process all the way.

My introduction gives some phasing and structure to what Peter Lederer and Philip Riddle will speak about. I hope that what have I said has helped.

**Peter Lederer (VisitScotland):** It has been said before that tourism is one of the most competitive industries in the world. There are 193 countries out there all trying to access the same customers as come to look round the Parliament building. In my business, I have only 24 hours to sell my product. It is no use the next day; it is gone. The most competitive element is a golf tee time, which lasts for 10 minutes. If I do not sell it at 2 o'clock, it is gone for ever.

We are very ambitious for tourism and for the benefits on many levels that it can bring to Scotland in economic success, social improvements and our country's pride in itself. The keys to that have always been great marketing by VisitScotland and the industry; fixation on improving quality and value for money; improving the skills of everybody in the industry—particularly its leadership; and most important, passion, a can-do attitude and a frame of mind that asks how we can do things better and faster. We all need to join

up to provide a first-class experience for every visitor, every time.

The tourism network Scotland project is an important enabler. It attempts, as we all want to, to make two and two equal five or—better—even more. We should recognise the scale of the project and the amazing amount of commitment to and effort that is going into creating a new culture, a new way to work and a new way to add significant value to the Scottish tourism industry.

TNS is a framework; it is not the answer to all our prayers. TNS in itself will not bring a single visitor to Scotland. VisitScotland, the area tourist boards and the Scottish Executive are merging 15 independent legal entities while continuing the day job of increasing visitor numbers. By the way, we thought that we would move the offices, too. That is a huge ask, but I am proud of and impressed by how all the organisations have responded.

With 20:20 hindsight, of course we could have done some things better. We could have communicated with even more people and asked for even more opinions, but we did not have time. We have consulted on the matter for five years. We must deliver change faster. People's careers and futures depend on our undertaking the project well and quickly.

Philip Riddle and I have seen many reorganisations, change programmes, mergers and takeovers—they are never easy and they require huge effort and commitment and, most of all, an attitude that the job must be done fast. I have toured the country from top to bottom and from east to west speaking to local authorities, area tourist boards, people in the industry and visitors. I am confident that we have the right people and the expertise and knowledge in the network, as well as new thinking coming into the organisations, to deliver our ambitions for Scottish tourism.

**Philip Riddle:** On behalf of VisitScotland and the project team, I thank the committee for this opportunity. We are ready to move to questions.

**Christine May:** I will start where we left off in our previous discussion, when we heard from Robin Shedden on behalf of the area tourist boards. He suggested that from his perspective there is considerable unhappiness with various elements of the review. He has provided us with a follow-up statement, which I believe the witnesses have seen. One of the major issues that he raised was the level of knowledge that staff have of reports that are being signed off, ostensibly in their names. He alleges that staff have not seen the reports or agreed to them. Will you comment on that?

**Philip Riddle:** In the process of bringing different organisations together, there is bound to

be a degree of anxiety. We acknowledge that and we do our best to manage it. We must understand the process. I am careful about making analogies with construction, but in building a ship, one starts with a concept. We got our concept from extensive consultation, followed by the ministerial statement on the issue. In our case, the concept was an integrated network, but it could have been an ocean liner. The next stage in building a ship is the design and, after that, the build and then sailing the ship. We are at the design stage, which cannot be done completely by consensus or completely democratically. We can ask as many people as possible for ideas and submissions to the process, but somewhere along the line, we must decide that we have collected great ideas and got great input and that it is time to put them together to make a ship. However, in that process good ideas sometimes have to be missed out because they do not all fit together to make a workable ship.

That was the process. It was not a consultation in which we wanted people to chip in on whether we needed an ocean liner or a battleship; we had already decided on the ocean liner. The process was intended to gather input to go into the melting pot for the design. I believe that it was extremely effective—we got fantastic representation and great ideas, but at the end of the day, we had to do something with that. We did not go backwards and forwards asking people whether they agreed with certain paragraphs and nobody in the teams will be held personally liable. Ultimately, the matter comes back to the project team, which considers all the brilliant ideas and then reports to the Executive with the recommended design. It is up to the Executive to decide whether it likes the idea. I accept that not everybody all the time has got all the reports back, but that is the nature of the beast.

**Christine May:** My second question leads on from that. There has been a sense of real hurt and dissatisfaction in what we have heard previously. Have you had a flavour of that from staff generally in the ATB network?

**Philip Riddle:** I would not say that I have sensed hurt and dissatisfaction. We have had 13 staff meetings up and down the country in places such as Glasgow, Edinburgh, Angus, Dundee, Dumfries and the Scottish Borders. I would characterise those meetings as having been mostly constructive. It does a great disservice to our staff to say that they are hurt and dissatisfied.

14:15

Most managers are not buckling; they recognise that the process is difficult and are just getting on with the job. As I said, people have concerns and anxieties, which primarily come back to the question of where they will sit in the new

organisation. That is understandable; indeed, we all feel that anxiety and are trying to follow a fair process to allow people to find out what their new positions will be.

That said, I have also been very impressed by the way people have embraced and taken ownership of the situation and have come up with great ideas about how things will work in their areas. I would not say that that approach has been taken everywhere. There is a mixture; some people see the potential in the new arrangements, some people are concerned about their position in the new organisation and some people are a bit confused and want to know how certain elements will work. The questions that that last group has asked are, of course, constructive because they make us think that we have not explained the matter or put all the pieces in place.

I characterise the situation by saying that people are approaching the new arrangements professionally. They are determined to get on with the job. They are not going to let anyone get away with anything, they are ensuring that they ask leading questions and they are taking ownership of the process.

**Christine May:** Before I ask my final question, I should point out that “hurt and dissatisfaction” is my phrase. It does not appear anywhere else and I am not sure whether anyone actually said it. I used it merely to express my feeling about a particular point of view.

I know that the funding is mostly in place for next season and that people have largely prepared for it. However, what about the following season, which usually starts in March or April? That will be handover time. How will you motivate people at a time of such significant change to get involved in preparing for that season? Moreover, how will you ensure not only that funding stays at the same level or is greater than in previous years, but that the Executive’s additional money for marketing will remain the cherry on the top and not be used to substitute for a loss in funding?

**Philip Riddle:** Your first question is primarily about industry contributions. Undoubtedly, we are taking a bit of a risk with the new organisation—after all, membership income will cease. However, it is the only way to go if we want to refresh the network.

As you correctly pointed out, next season is already done and dusted and we are now developing the marketing opportunities for 2006. In fact, they are more or less ready and we will launch them into the market next February, which gives people plenty of time to adjust. We are using focus groups to find out how people understand, appreciate or take to the new arrangements. The new approach, which is based on a phased move

away from membership, offers marketing opportunities to the industry with a baseline buy-in that gives people more or less all that they would have had as an ATB member. As a result, people will be able to say "I will take that easy option as a starting point", after which other options will be offered. It is up to us to ensure that that is understood. There might be a short-term blip, but I am confident that the industry will embrace the new approach and keep income up.

It is no secret that we will have carefully to examine the overall finances. That said, in the medium to long term, things will really come round and we will have a very balanced and strong network. We know that we will have to face certain short-term hurdles, which is why we are making the changes, after all. For example, the network is already running with a £2 million deficit, which we know will not disappear overnight, and the transition to the new network will incur other costs. We will simply have to address those issues.

We have received clear instructions that the Executive's additional money is for marketing; that is how we want to use it. The ethos of the change is not about massive cost cutting or cutting services and staff, but of increasing effectiveness. By taking that approach, we recognise that there will be a bit of a gap and that, when we have defined it, we might have to make a case to the Scottish Executive for funding to fill that gap for a short time until we get the network moving.

**Christine May:** I am sure that other members will want to pursue these matters.

**Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD):** Christine May has covered some of the ground that I was going to cover, but I will ask two questions, one of which follows on from Christine's. Colleagues can correct me if I am wrong—they might need to—but when we heard from the Kingdom of Fife Tourist Board and other ATBs, my impression was that on top of the morale issue, there is a danger that some staff might walk, or had walked, out of the overall set-up. I am interested in your comments on that, because I am concerned about the damage to the base level of your human resource. Is there any evidence that that is the case, and what can you do to address it if there is? Are you in danger of some sort of brain drain?

**Philip Riddle:** There is always a risk of that. In a period of uncertainty, the best people will start to look around, but we have no evidence that there is any massive loss of personnel or resource over and above what we expect from the cyclical nature of our business. There will always be people coming in and out.

However, we will hit the crunch point, although we have not hit it yet. We are now sketching out

what the jobs will be in the new organisation and we are beginning to fill those jobs. That is the crucial point at which we have to make some quick and good decisions to ensure that we capture the good people early and place them in the new organisation. Some people will look and say, "I thought that I was going to be there, but I see that I'm not going to get that post," so there is a slight danger on the horizon, but there is no evidence that there is any problem at this point.

**Mr Stone:** My second question arises from my first, although I should perhaps have asked it earlier. When local government was reformed in the mid 1990s, the situation was always rocky, particularly when authorities were aggregated. Your situation is similar. I do not want to get on to more ships—we have heard quite a lot about them—but will one ship fit all the different requirements of the different areas of Scotland? Will you tell us more about using your hubs and how you can reflect the fact that the tourism product in Dumfries differs substantially from those in Lothian or the Mearns? I ask because that is an underlying thread that might have been behind what the Kingdom of Fife Tourist Board told us. I seek reassurance on that because I am certain that the Scottish product is not one homogenised blend and that we need different ships for different purposes.

**Peter Lederer:** Absolutely. The Scottish product is the opposite of an homogenised blend, which makes it a unique set of products. You mentioned what the Kingdom of Fife Tourist Board said; it is interesting—for me—and frustrating to observe that throughout the process I have never received a telephone call from a chairman or a letter from anybody saying that they have a problem. It has not happened once, so we need to put the matter in that context.

As you know, I have been to almost every area tourist board and Philip Riddle has been to those that I did not make it to—more than once in some cases. We have been round all 32 councils. I spent considerable time in Fife, including in the business that is run by the chairman of the Kingdom of Fife Tourist Board. When I am touring round, my premise is that we are not trying to centralise. It is not sensible to centralise what does not need to be centralised, but in respect of certain functions, such as finance or human resources, it does make sense.

Fife is very different from Dumfries and Galloway, which is very different from the Western Isles; they all have different issues. My approach, which seems to have had some success, is to ask those whom I meet in each area whether it would make sense if the local authorities, VisitScotland, the enterprise networks and the industry in each area were to come up with one local strategy with



which they all agreed and, out of that strategy, to develop action plans by which all those partners could be measured. I have had an interesting reaction to that, which I did not expect. Two or three councils said that, if we did that, they could envisage putting more money into tourism because the approach would make sense, as they would be able to see the money that was going into tourism and how it comes back to them in their area.

That is how we envisage VisitScotland working. To return to the metaphor of the ship, the ship is moving in the right direction, but that does not mean that the crew are all doing the same thing. They all have different jobs to do. Different areas will require different initiatives and different thinking.

**Philip Riddle:** We must respect what the industry in Scotland wants to do, but we must put what visitors want ahead of that. The future of tourism is in ensuring that we understand our visitors. It is a fact of life that visitors do not look at Scotland on the basis of geographical boundaries. They ask themselves what they can do here, what they want to get out of their visit and what experience they want. As Peter Lederer said, we are very lucky because we can offer visitors a fantastically diverse range of experiences, but they are all in different groupings and departments. We must adapt to that.

**Mike Watson (Glasgow Cathcart) (Lab):** It is comforting that, although tourism ministers come and go with some regularity, the professionals provide a certain amount of continuity, which is important in an exercise such as this. No doubt the industry is comforted by that.

I want to touch on three strands. Under the heading "Partnership approach", the framework document deals specifically with local authorities and the enterprise networks. Two weeks ago, the committee took evidence from the Convention of Scottish Local Authorities, which expressed some disappointment about "a fairly bureaucratic process" and suggested that it had "got bogged down". That was not really a criticism. COSLA representatives said that the timescale for introduction of the new system, which is to be up and running by 1 April, was "ambitious". They seemed to hope that it would be up and running by that time, rather than to be certain that that would happen.

I invite you to comment on COSLA's evidence. I think that I am right in saying that the partnership agreements between the executive of VisitScotland and the local authorities are not due to be concluded until the end of February, so there is still some time to go. How do you see the process unfolding, so that the new arrangements will be fully in place by 1 April?

**Philip Riddle:** I reiterate John Brown's point that we see this as a two-year project. By 1 April, the most important elements must be in place. It is very important that by then our people know where they sit in the organisation, what they will do and where the organisation is going. Other things will happen after 1 April, especially in relation to the efficiencies that we will seek in the organisation and in restructuring of certain areas of its operations. However, we must get the people sorted out very quickly.

We have had really good discussions with local authorities about partnership agreements. We have visited all 32 authorities, have opened up an interesting debate with all of them and have found a great deal of common ground. It is easy to produce a partnership agreement that is just a list of clauses—we could do that overnight and put our signature to it. However, we must investigate and discuss more fully the range of opportunities that are available to local authorities to join in with the network. Much local authority attention has focused on what we can do locally, but we want to talk to local authorities about what they can do locally, regionally, nationally and even internationally with the new network. There is recognition that that process may take some time.

We have suggested that local authorities keep in place their current levels of funding next year under a broad-brush partnership agreement, and that we use some time next year to discuss in more detail how everything fits together. That message has been reinforced by some encouraging words from the Minister for Tourism, Culture and Sport. There would be an agreement, but it would be on the basis of business as usual while we explore matters in more detail.

**Mike Watson:** That is a fairly important point, because funding beyond 1 April is crucial. We have talked about the fact that membership fees will no longer be paid, so you will be dependent on people buying services. If local authorities did not continue to provide funding, there could be difficulties. Can you say with certainty that you will be able to achieve that in the partnership agreements with all 32 local authorities?

14:30

**John Brown:** The co-operation between local authorities, COSLA and us on the work that we have been doing has been unprecedented in its closeness in my fairly long experience. We embraced COSLA's suggestion that we should not enter straight into detailed partnership agreements but use next year as a continuity year and allow time for the partnership agreements to be thoroughly worked through, as Philip Riddle said. The minister wrote to all council leaders to say, "We think the suggestion is a good one. If you are

prepared to maintain your core funding for one more year on a continuity basis to allow more time for area tourism partnership plans to be worked out and for partnership agreements to be built on those plans, we are prepared to maintain our funding." The funding from the Executive and VisitScotland is being sustained.

I met 27 of the 32 local authorities and was immensely encouraged. Although one or two authorities have decided to trim their tourism budgets next year, one or two are making large increases and a great many are at least sustaining their level of input. We will not know the answer to your question until February, when budgets are set, but as a result of that intensive round of meetings I am fairly comfortable about saying that the local authorities will fund the network next year and work closely with it in the new partnership arrangements that Philip Riddle outlined.

**Mike Watson:** Certainly if we compare the evidence that COSLA gave to the committee a fortnight ago with the evidence that it gave us in May, it seems that a sea change in attitude has taken place, which must reflect the discussions that have taken place in the intervening period.

According to the framework document, a national convention on tourism will be established to discuss "strategic issues". What does "strategic" mean in that context? What will be the convention's function when the new structure is in place? Will the convention have a narrow role that relates only to local authority activity or will it have a wider role?

**Philip Riddle:** It will have a wider role. We regard the convention as an important body, which will consider, comment on and influence the national strategy for tourism—the strategy that emerges from work with the minister rather than the national strategy for VisitScotland. You will know from your experience that it is all very well to come up with initial proposals, but before the ink is dry the proposals have to be adjusted a little. The national convention will be crucial in that part of the review of the overall national strategy.

**Mike Watson:** The implementation framework document says:

"The tourism network will work in close co-operation with Enterprise Networks"

by

"Aligning tourism strategy to the Executive's FEDS strategy".

However, as well as "The Framework for Economic Development in Scotland", quite a lot might be gained from the enterprise strategy that is set out in "A Smart, Successful Scotland". I understand that the refreshed strategy probably had not been published—although it was being

produced—when the framework document on tourism was published, but given your emphasis on quality and skills, "A Smart, Successful Scotland" might be useful in the context of relationships between the tourism sector and the enterprise networks. Have you given thought to that? If so, how might you develop that work?

**John Brown:** I will pick up on that first and perhaps Philip Riddle or Peter Lederer will comment. A team for tourism must comprise more than the Executive, VisitScotland and the current ATBs working closely together; it must include local authorities and the enterprise networks. For that reason I have been leading a senior management team from the enterprise networks and VisitScotland since the summer, which is developing a detailed co-operation agreement.

Our objective is to align the work of the enterprise networks and the tourism network at three levels: the strategy level, which is where FEDS and "A Smart, Successful Scotland" come in; the business planning level, which considers the three years ahead; and the operational level, to ensure that local enterprise companies and tourism offices on the ground work well. We have approached the matter in a spirit of co-operation and the project has been fruitful. The project operates alongside the tourism network project. We have had many meetings and I hope that the detailed co-operation agreement will be signed off around March. The agreement will set out in detail how, for example, a tourism office might refer a business that asks it for advice to the business gateway down the road—or vice versa. At all three levels—from strategy and the refresh of "A Smart, Successful Scotland", down through business planning to how the system works on the ground—we are looking for good alignment and very close co-operation and we have a mechanism in place to deliver that.

**Peter Lederer:** As I mentioned, the enterprise networks take part to a significant degree in discussions around the local strategies. For example, Scottish Enterprise Fife plays a key part in creating the strategy for the area. I regularly meet the chairmen of Scottish Enterprise and Highlands and Islands Enterprise—I talked to HIE only yesterday, in fact. Philip Riddle and I have a meeting scheduled with the chair and the chief executive of Scottish Enterprise and we met the board of Highlands and Islands Enterprise a year ago and intend to do so again. The dialogue that is going on at various levels with the enterprise networks has improved greatly because we want to ensure that we join up the system. One of the key complaints from people in industry has been that they do not know who to talk to and are always being sent to other people. In tourism, we are working to pull everything together.

**Mike Watson:** The key words that you used were “improved greatly” and I am encouraged by that.

I notice that Graham McKee, the director of operations at Scottish Enterprise, is on your project advisory board. I can see from the minute of the advisory board’s meeting that took place on 1 November that Graham McKee talked about

“a need to conclude the discussions around clarifying the respective roles of the enterprise network and VisitScotland.”

Peter Lederer has just touched on that. Graham McKee also said that there were

“opportunities for co-location with the enterprise networks which can be explored.”

I am not quite clear what that might mean. Is the suggestion that enterprise companies might close their offices and move into old area tourist board offices or the other way around? Has that proposal got past the drawing-board stage yet?

**John Brown:** It is not off the drawing board yet, but it was part of the Minister for Tourism, Culture and Sport’s announcement to Parliament in March that co-location would be considered. It is important to work out what should be done before working out where the people will sit to do it, but that is still an option. The idea of examining co-location opportunities at the right time was an original top-level aim.

**Philip Riddle:** I have nothing to add to that. I am sure that that is how we will take the matter forward.

**Mike Watson:** I was worried by a comment that I read elsewhere in the minute of that meeting. Robin Shedden, from the Kingdom of Fife Tourist Board, said something that mirrored what he said to the committee a couple of weeks ago. The minute reads:

“Overall, the ATB network did not feel it had ownership of the proposals and no trust in the process, which would result in lack of buy-in to enable staff to sell it to the industry.”

I am not asking you to comment on those words, but I would like you to comment on the possibility that if that is a feeling in the ATB network, staff might not have the necessary morale to ensure that the new set-up is a success. What talks have you had or do you intend to have with people in the ATBs to ensure that if that is the perception—and we all know that perception is more important than fact—it is overcome?

**Philip Riddle:** As I said, we have had a series of meetings to which all staff were invited. I have been to several of them and other staff have been to others. The meetings are extremely open and are held in slightly different ways in different places, depending on the preferences of the staff.

Like most of the staff who attended them, I have found them useful for clarifying the situation, finding out where we are going and getting a feel for the overall vision, which is crucial.

The big point, as I said before, is that people need to know where they are going to sit in the new organisation. It is great to talk about the wonderful things that we are going to do, our vision, our plans, our business and the way in which we will engage with the industry, which is a key part of the work that is to be done, but we are all human and most of us are immediately concerned about what will happen to us in the new organisation. As soon as we sort out the organisation and have people fully geared up in their jobs, we will probably see quite a lift in morale. That is not to suggest that morale is particularly low just now. Generally, people are going about their jobs in a very professional and competent way. We have great people out there, which is a fantastic thing to see. I would say that things are much stronger than they would be in the private sector because we have people who are committed to Scotland. People are not buckling under or sitting wringing their hands but getting on with the job.

However, there will be a sea change once we identify people into positions. Better engagement with the industry is one of the big things that will be emphasised in the new organisational structure.

**Susan Deacon (Edinburgh East and Musselburgh) (Lab):** Before asking about the current issues that are still to be resolved, I want to look over how we got to where we are now.

Peter Lederer said earlier that we need to get better at effecting change and taking it forward faster. Personally, I say three cheers to that in this and many other areas. However, I am sure that I am not alone in asking why a change that has taken five years in its entirety to get to this stage seems to be ending in a sprint finish. Even from those who have been fairly supportive and sympathetic towards both the process and the outcome, the constant cry that we hear is, “The devil will be in the detail, but we still await some of that detail.” Are there any lessons to be learned from the process that might be applied in future to avoid our ending up in what feels like a rather unbalanced change process over the five-year period?

**Peter Lederer:** Getting rid of democracy might help. As I sit on both sides—I have a public job and a private job—I know that there is no question but that if a private sector organisation had a similar job to do, it would have completed it by now if it had made the announcement in April. There would have been clear timescales and a lot of money would have been put in to ensure that

the job got done. However, in the private sector, we do not have committee meetings such as this one and we do not have to explain everything in the public arena. That is just a fact of life for projects that are run in the public sector.

Do I think that we could do things faster? If we had absolute total commitment from everyone to get the thing done faster, then yes. However, from day one, my biggest fear about the project has been that there is so much talk and so much going round and round the same stuff that the job does not get done. That is incredibly frustrating. For me, that is why things take longer than they should. I understand that we need to go through a process but, even then, the fact that everything is public and everyone needs to have their view means that the process takes a lot longer. A private company would have rammed the changes through in six to nine months.

**Susan Deacon:** However, the reality is that we are talking not about a private company but about a major industry that is dependent on substantial public sector resource and direction. A key challenge for your organisation both now and in the future is managing and interfacing with the democratic process.

Your response raises two questions in my mind. The first is a retrospective question, which might be more for John Brown, although I honestly do not know. Why has the consultation phase taken so long relative to the current phase, in which we grasp the outcomes of that consultation and translate them into specific moves forward? Personally, I do not accept that the requirement for a democratic and accountable process makes it inevitable that there should be such a length of time in consultation mode.

Secondly, especially in the light of your response, I have a forward-looking question. Given that the democratic process and accountability can and must play an essential part in the operation of your organisation both now and in the future, what steps is VisitScotland taking to ensure that it strikes an appropriate balance by maintaining the pace and sharpness of operation that we all want to see in the development of tourism while providing appropriate opportunities to engage with the democratic process? One hopes that those two things would add value to each other over time.

14:45

**Peter Lederer:** I have two comments. First, from my observation, it is crystal clear that VisitScotland is a much sharper, faster-acting and more commercial organisation and that it will become more commercial as we advance, which is as it should be.

The second point is about the five-year period. It has been incredibly frustrating for me because, when I took the chair of VisitScotland in 2001, I spent the first six months working with the chairs and chief executives of the area tourist boards to try to get them to come up with a solution. They were not able to do that, so a lot of time was wasted. That is where the matter should have been dealt with; the industry could have led the process through those bodies.

Then we started again and asked how the Government could be involved. That was not my recommendation because I do not believe that Government should lead such processes. The industry should lead them and the faster that we move away from Government leading the tourism industry and make the industry take the lead with some support and encouragement from the public sector, the better.

It has taken a long time to reach this point. The industry and the public sector body were in some crisis and we had to change that first. VisitScotland would not have been ready to make this change two years ago. A number of factors led to this point. There is good reason why it has taken so long to reach where we are today.

**John Brown:** We are speaking about a total period of five years, but Peter Lederer is absolutely right. Think about what has happened in that time: first, we re-engineered the Scottish Tourist Board into VisitScotland. That was not done overnight and it involved replacing the entire management team, which was a huge culture change for the Scottish Tourist Board.

Then we went through the process that Peter Lederer has just outlined when we spent six or nine months examining whether the ATB structure could become a fully functioning, integrated network. The answer was, "Sorry, we can't do it." So then the Executive picked up the problem and ministers launched a consultation exercise that elicited more than 300 responses; members will recall the evidence that they have already had about that. The single theme that came through those responses was, "Whatever you do with the structure, integrate it."

Then the Executive looked at how we should set the remit for the new body—I am stating matters of fact and not policy. The question was whether we should design a blueprint and say to VisitScotland, "This is exactly what we want you to do," or whether we should give it an outline and ask it to fill in the gaps. For reasons that have already been explained to the committee in earlier evidence, ministers took the decision not to give VisitScotland a detailed blueprint for the new network, but to ask VisitScotland to design it with the ATBs. That took the first six months of this

financial year, through to about September or October.

However, the timescale of six months for integrating 15 separate legal entities into one is extremely ambitious. I accept what Peter Lederer says about the private sector. However, although Diageo might have achieved the same in nine months, for the public sector to do it in 12 months is already drawing some gasps of amazement from people in the private sector who are looking at what we are doing and saying, "Wow, that's quite ambitious and so far you're on track—well done!" That is one of the things that gets me up in the morning.

**Philip Riddle:** I will pick up Susan Deacon's point about the future. You asked, quite rightly, where we will go from here and how we will ensure that the new organisation will be democratically accountable. We are building in a series of measures to achieve that.

In relation to local authorities, we have already spoken about the national convention. There is a commitment to increase the size of the board of VisitScotland, but that will take some time because it requires legislation. In the meantime, Peter Lederer has offered to set up two chairman's committees—one to represent industry players and the other to represent local authorities—to help to influence the board.

We also seek to have in place area tourism partnerships, which will produce area tourism plans and feed into our national strategy. Of course, we remain answerable to MSPs and to the Parliament, which is our biggest source of funding. We are always keen to keep the doors open. There will be all sorts of opportunities to ensure that the organisation remains open and democratically accountable.

**Susan Deacon:** I am sure that we are keen to keep the doors open as well.

I will pick up where you left off and continue to look into the future. You told us a great deal about the structural mechanisms that are being put in place to work with other players, stakeholders and so on. Will you say a little more about how you plan to build what your submission calls the "corporate culture" that is necessary to move forward? You say:

"We will be 'one team for tourism, working in partnership, to exceed visitor's expectations'. Embedding a new culture, new values and new ways of working will be critical to our success."

That is a big and challenging thing to do with any organisation, and I take the point that VisitScotland has already come through considerable change in that regard. What plans do you have further to embed and develop that

culture in the organisation as you move into the next phase of development?

**Philip Riddle:** The work happens in a series of ways. It has to start with a compelling vision of what the organisation does. That is something that we have identified and developed, but we have to roll it out. It is clear to John Brown what makes him get out of bed in the morning, but we admit that not everybody in the network today has that same compelling view. The new integrated network has an important role, which is primarily about promoting Scotland—we must be clear about that, because there has been a little confusion and a little greying. In the promotion of Scotland, we also have a duty to make sure that we are with the industry, local authorities and the Government and that we are all working in the right direction. We have to focus on how we position ourselves and how we position Scotland, and we have to get that compelling vision across.

Beyond that, the work is about all sorts of little things, such as communication. We must make sure that we are open to people and that people feel that they can have their views heard. During the past few years, I have been tremendously impressed by the way in which people in VisitScotland have adopted the new culture and the new way of looking at things. Our employee opinion surveys show a remarkable change, with people feeling that they understand where we are going and what their jobs are within the organisation. We can learn from the things that we have got right in the past couple of years and roll them out to the wider network.

**Susan Deacon:** I move on to some final specific questions. On building the partnership culture, many people are concerned about the possible loss of the insight and expertise of people in the ATB network and the local authorities. What are you doing to ensure that you draw on that knowledge and insight in making the transition, particularly in relation to appointments into the new structure? How are you ensuring that the knowledge and insight—I cannot think of alternative words—of people who know their local business well are drawn on effectively in the matching exercise that is taking place?

**Philip Riddle:** The process is a good one and it is fair. Each job has a job description and we invite everyone in the network, through the area tourist board chief executives and through our staff communications, to suggest whether a job is comparable to an existing job. We assess that and make measurements and if the job is found to be comparable, that is fine. If not, another process takes over. The process is clear.

On capturing wider input, it would be unfair and improper for anybody to go round asking, "Who would you like to go into this job?" It has to be

done by the process. I think that I can assure members that people are not reticent about getting their views across. We all have lots of input on how well people will fit and how well they are doing in the existing positions. That will be taken into account in the process.

**Peter Lederer:** My experience tells me that, in situations such as this, while local knowledge is important, new blood is also important. This is not about re-creating the area tourist boards and putting them back in place with a different name. As well as keeping the knowledge that we have, we need to get fresh thinking in—it is about blending the two.

**Susan Deacon:** Those points are well made. What we are all looking for is achieving an appropriate balance between continuity and change, which I realise is a challenge. My final question, which I have asked other witnesses, relates specifically to cities, and particularly to their gateway role. Various ministers—or at least one that I recall—have made a clear commitment that one of the explicit aims of these changes would be to build on and to develop the role of Scotland's cities as gateways.

As an Edinburgh member, I declare a particular interest in this, but it is a matter of huge national significance. I do not need to remind our witnesses today, but it is worth remembering that Edinburgh and Glasgow combined generate 90 per cent of Scotland's conference business, which is worth about £90 million. I am interested to know what steps you are taking to ensure that a reality is made of the ministerial aspiration to build on those successes, and I am particularly interested to know what you are doing in relation to business tourism. I understand that quite a lot of work is still being fleshed out about the relationship between VisitScotland and the local convention bureau, for example. Edinburgh's convention bureau in particular has been widely recognised as a model of good practice. Many of us would have the legitimate concern to ensure that we retain that good practice, albeit that we would want to build on it in future. How will you ensure that those objectives are achieved?

**Philip Riddle:** I am glad that you asked about that because one thing that I am very excited about is the current marketing campaign that we have just launched, on urban-rural combinations. That is fantastic for cities and it also helps to meet our objective of ensuring that tourism gets to rural areas. You are probably all aware that one of the biggest growth markets for Scotland nowadays is the short-break market. The cities are fantastically positioned for that, but it is a very competitive environment. If we look around Europe, Scotland's cities, but particularly Edinburgh and Glasgow, can hold their heads up with the best as being great

destinations. What we have in Scotland, which practically no other country in the world has, is the ability for people to have a short break where they can get the best of the urban and the best of the rural. We sometimes go on about our infrastructure and transport and so on, but it is not that bad and we are a compact country. You can be walking round a Titian exhibition in Edinburgh in the morning, having lunch in George Street, white-water rafting on the Tay in the afternoon, and dining at a country-house hotel in the evening. You can be walking the hills the next day, playing golf, and then shopping in Glasgow that evening.

**Susan Deacon:** You would be pretty exhausted, mind.

15:00

**Philip Riddle:** That is what people come for; that is what the short-break market is about—and that is one of the more relaxing packages. It is a compelling advantage.

There has been a happy marriage here of—one might say—more political and socioeconomic concerns with a real marketing possibility. Our latest campaign is built around people being able to come to Scotland and get the best of the city and the rural together in a short break. It is a tremendous proposition. That is one key thing that you will see emerging.

Early in the process, we realised that, in the world market—which must drive us—business tourism is handled a bit differently from leisure tourism and that the fully integrated network might not be the best way in which to handle some of the specifics, in particular the convention centres. There is an impetus to sell the cities that have made a big investment in becoming convention centres as city destinations rather than as part of a more joined-up product. We have entered into constructive discussions on that, which one would expect, given the people who are involved in business tourism. As yet, we have not formally agreed anything, but the discussions are well advanced.

The idea is to have special purpose vehicles to run the business convention bureaux and business tourism in the cities. They will be joint ventures, with 50 per cent representation from the cities and 50 per cent from VisitScotland. I envision the bureaux working slightly independently of the network, but with extremely close ties to it. VisitScotland will have a 50 per cent representation and say in the overall direction. That harmonious balance will work well and will help to develop the cities' business tourism interests. However, that does not mean that business tourism opportunities elsewhere in the country will be neglected. I see opportunities

for joining up other business tourism interests and giving them a fresh impetus. You are right that business tourism is a big growth sector. Given that we are going for growth in value and not quite so much for growth in footfall, we must consider growing business tourism.

**Susan Deacon:** For the avoidance of doubt, when will we have the details, including the financial arrangements, about the relationship with the local convention bureaux?

**Philip Riddle:** The bodies must be in place by 1 April 2005, but I hope that they will exist before then. We must be careful about issues such as staff transfers. The measures must be synchronised—we can go only so fast with one measure because other changes have to catch up. Everything might have to happen on 1 April, but we might be able to put those bodies in place a bit more quickly, given that discussions are well advanced.

**Murdo Fraser (Mid Scotland and Fife) (Con):** I have two questions. I am sorry to return to the issue that my first question raises, but I am not convinced that we have had an altogether satisfactory response to the points that the area tourist board chairmen made in oral evidence two weeks ago and in their follow-up written submission. They referred to perceived secrecy and lack of trust and talked about a takeover, not a merger. Do you have any regrets about the way in which you have approached the process?

**Philip Riddle:** I do not have any regrets. As Peter Lederer and John Brown have mentioned, of necessity, the process required a lot of discussion with outside parties. If it were not for that requirement, we would have gone through the design stage, reached decisions and acted on them much more quickly than we have done. I would have had regrets if we had done that. Our acknowledgement of the need to involve many people has slowed down the process, but I do not regret that because it was necessary in the environment in which we are working.

We have done a great deal to involve people. More ATB people than VisitScotland people have been involved in the teams that were set up. The project director and half of the project managers are from the ATBs. We have involved more than 100 people from the ATBs as well as people from VisitScotland and outside parties, which was necessary in the circumstances.

**Murdo Fraser:** I hear what you say, but the feedback that we have received from the ATBs suggests that they are deeply unhappy with the way in which the process has been conducted. What do you intend to do to try to bring people on board from this point? You say that you do not

have regrets, but will the VisitScotland board change its attitude to the process?

**Philip Riddle:** I have been to quite a few staff meetings and, as I have said, I have found that staff are taking a constructive approach. Some people are uneasy and uncertain about things, but that feeling is not representative. The network is not falling apart. People out there are working very hard, doing a good job and moving ahead with the new arrangements. They will achieve what needs to be done within the available time and I do not think that there is any panic. Having attended the staff meetings and seen how the teams are working and what they have produced, I do not think that people are feeling lost and left out. They are getting to grips with the matter in a very professional way and we have competent people who will see things through.

**John Brown:** The staff meetings that Philip Riddle refers to are meetings of ATB staff, not his staff. I have not attended all those meetings, but I have made it my business to talk to ATB chief executives and chairs across the country and I get the same impression that Peter Lederer said he had. For every person who has real issues with the new arrangements, I could show you one or two senior people in the ATB network who are absolutely on-side and raring to go.

**Peter Lederer:** There is an ATB representative on the ministerial group and a chief executive sits on John Brown's group, which meets every two weeks. I have visited every ATB area and have met many chairmen, chief executives, many members, representatives of local authorities and other partners. A lot of effort has gone into this. If people really have so many complaints about and issues with the new arrangements, I wonder why no one has contacted me to say so. If a chairman has a constructive idea about how we should do something slightly differently in order to move forward, I am happy to hear it. The phone is there and my door is open seven days a week. I find it slightly frustrating that if there is a problem out there, no one has raised it directly with us. If there are any such problems, my board members and I can be contacted and we will do something about them. It is not very helpful to read about these things in the *Edinburgh Evening News*.

**Murdo Fraser:** Thank you for those responses. I should point out that, when we took evidence from Robin Shedden on this matter two weeks ago, he said that he had raised the matter with the chief executive of VisitScotland. I do not know whether his concerns went to Philip Riddle or Peter Lederer. I should also say that I have spoken to ATB chief executives and have picked up the feeling that was expressed in the evidence that the committee received. Perhaps we should simply agree to differ on some of these matters.

My second question is on a completely different subject. The G8 summit will be held in Perthshire next July. Is VisitScotland well placed to capitalise on the opportunities that might stem from that event?

**Peter Lederer:** I do not think that I should answer that question.

**Mike Watson:** Which hat are you wearing, Mr Lederer?

**Philip Riddle:** Where is the summit going, again?

What we are able to do is very much governed by the overall organisation of the event, which is in the hands of the Foreign and Commonwealth Office. However, we are very involved with the various committees in relation to the G8 and have put proposals on the table.

One exciting development that is in the pipeline is our Scottish village, which is a prefabricated structure that will be used to represent Scottish interests—not just tourism—around the world. For its launch, we will take over the Vanderbilt hall at Grand Central station during next year's tartan week to exhibit the best of food and drink, arts, dance, culture, tourism and business. We aspire to have something similar at the G8 summit, but the matter is not entirely in our hands. We can only put forward proposals. Many considerations, not least of which is security, have to be taken into account before there is any decision on what will happen.

**John Brown:** As you would expect, the Executive is doing a lot of planning for the G8 summit and VisitScotland is represented on many of the planning committees.

**Murdo Fraser:** I deliberately asked the question because I am aware that the local authority is frustrated, because it is sometimes difficult for it to get a look-in, as everything is being run by the FCO.

**The Convener:** I will not take up Murdo Fraser's point about the Foreign and Commonwealth Office's future in Scotland.

I have questions on three areas. My first is on the process. Right at the beginning, Philip Riddle said that the process is important because it is important to get buy-in from people in a difficult exercise such as this. Like Murdo Fraser, I do not think that we have completely bottomed out the difference of opinion between VisitScotland and Robin Shedden, who gave evidence to us in his capacity as representative of the entire area tourist board network. I have a couple of specific questions about the area tourist board network's follow-up paper.

In the section that deals with the new tourism network's engagement with local authorities, Robin Shedden states:

"In July, the relevant TNS working group drew up a paper articulating various scenarios for local engagement and submitted it to the TNS Office. They were advised that a revised version had been submitted to the VisitScotland Board, but nobody in the group ever saw this and the subject was not progressed in the group."

Is that true?

**Philip Riddle:** I do not know the precise details of the situation. As I said before, the process involves collecting proposals for design. On occasion, those proposals need to be adjusted to ensure that we have the right overall picture and that the ship sails properly. We have to be clear that we are not simply consulting people. Involving area tourist board members in teams was not about consultation but about collecting ideas and input. We wanted to capture people's expertise to help us to design the ship.

We already have the concept. If we have decided on an ocean liner, it is no good for people to come along later and suggest that it should have a few guns because they quite like battleships. We already have a clear concept of an integrated network, which is what we must deliver. We pulled together ideas about how the integrated network should be designed so that we could have one design going forward. We collected ideas from many sources. We could not always go backwards and forwards on those ideas, but we sometimes did. For instance, we had a management session in which we reviewed a series of proposals and decided which were good, which needed more work and which would not fit. The process is that we take those ideas and deliver a proposal to the Executive.

We still have no final agreed version of the partnership agreement with local authorities. We had a lot of good input from many sources, including a team that considered partnerships in general, and those ideas have been taken on board. To my mind, what has not been bottomed out is how we capture the range of opportunities—from local to regional to national and international—that will be available to local authorities. In our to-ings and fro-ings, we have captured quite well the clauses and formalities that might be in the agreement, but we have not captured the more visionary aspect of how local authorities might be involved.

**The Convener:** I am more interested in the process of that discussion. Throughout my working life, whenever I have been appointed as a member of a working group, even if the purpose of the group was to generate new ideas, I have expected to see the final report before it went anywhere else. Is Robin Shedden right when he



says that the working group's report was submitted without the members of the working group signing up to it?

**Philip Riddle:** Which working group are we talking about?

**The Convener:** I refer to the local authority working group.

**Philip Riddle:** Let me check my notes on some of those details.

I have checked the details. The report was referred back to the project group, which shared it with the lawyers to get a legal opinion on it. The report was then referred back to the team, which has now agreed it and it has gone out to the local authorities.

**The Convener:** Are you saying that it is factually wrong for Robin Shedden to say that that particular working group did not see the report before it was submitted to the VisitScotland board?

**Philip Riddle:** I believe that that is the case.

15:15

**The Convener:** I will pick two or three of the examples that Robin Shedden gives, rather than go through them all. It is important that we get to the bottom of this issue, if for no other reason than to ensure that we learn lessons for the future.

The paper, which I think you have a copy of, says that the marketing working group considered a suggestion that

"certain niche marketing activities could be devolved, with 'hub' staff having an important role. Eight of the group agreed with this suggestion, two (the two most senior VS members)"

—there were only 10 members of the working group—

"favoured a more centralised approach. It comes as no surprise to discover which argument appears to have won the day."

He says the same thing about the finance working groups and various other working groups. Basically, he is saying that they were a waste of time and that members were ridden over roughshod, did not see the reports before they were submitted and certainly did not sign off the reports.

Could you respond briefly to the paper now and then provide us with a follow-up submission in writing that details where you believe the paper to be factually inaccurate? The committee needs to get to the bottom of the matter one way or the other. We are not here to be judge and jury, but our job is to monitor the process and the use of public money.

**Philip Riddle:** No problem. The example that you gave is typical of such comments, in that its tone tends to suggest that something appears to have been the case. In the kind of circumstance that we are discussing, people often jump the gun and speculate about matters. That is quite common.

No decision has been made—certainly not one that niche marketing might not be done by an area office or a hub. In fact, the situation is quite the reverse. Even before we entered into this exercise, VisitScotland promoted the idea of having niche marketing carried out by the area tourist boards. We proposed that area tourist boards should take on national initiatives. We certainly would not discount that in the future—in fact, that will be one of the strengths of the system.

To people who draw conclusions quickly to fit a certain agenda, the situation might appear to be as the example suggests. However, that has never been stated. One has to be a bit careful about going too far down that line.

**The Convener:** This will be my last question on this matter, as you have agreed to submit a follow-up submission. With regard to the marketing working party, Robin Shedden says:

"The group members from ATBs did not have the opportunity of seeing the finished report before it was submitted in their name."

Is that true?

**Philip Riddle:** I do not believe that the report is finished. It has not been finalised. I believe that there is still work to be done on it.

**The Convener:** Is the working party going to meet again?

**Philip Riddle:** If that is necessary. Certainly, it will be communicated with.

**The Convener:** Will all of the members of the working party see the report before it is submitted?

**Philip Riddle:** They will certainly be communicated with. If more work needs to be done on the report, they will see the report.

**The Convener:** I want a specific answer. Will they see the report in their name before it is submitted? Yes or no?

**Philip Riddle:** Yes, they can see the next report. I am trying to say that the report might be produced in stages. The process is not about everyone coming together to produce one report and that being the end of the story. That is not how it works. There have to be iterations; people have to come together, share ideas, test those ideas across the network and come up with one design. There is a process of iteration.

We can produce a report that everybody sees but, at the end of the day, that might not be the final thing—in all its detail—that goes into the end design.

**The Convener:** I understand that the working groups are advisory, but you must understand the point that Robin Shedden is making. If you are a member of a working group, you obviously expect not only to see the report but to be able to say whether you agree with it before it is submitted to anybody. I am trying to find out whether Robin Shedden is right when he says that that did not happen, in which case I would say that some of his criticisms of the process are valid, or whether he is wrong, as you are indicating, in which case his criticism would be invalid. That is the issue that we are trying to get to the bottom of.

**Philip Riddle:** We will respond in writing on those points. Perhaps in one or two cases, reports did not go back to the working groups. One must be careful about the staff implications when reports are submitted. Some of the suggestions that were made had implications for specific jobs. We must ensure that the process of matching and pointing runs parallel to that of sharing ideas about exactly what will happen in certain sectors. If a proposal that comes in is turned around or shaped differently and then goes back out into open water, that can sow disquiet or feed the rumour mill if it has implications for the people on whom we rely to run the network today. We should not let general decisions about project design worry individuals unduly about their futures.

**The Convener:** I appreciate that.

**John Brown:** I will briefly supplement Philip Riddle's comments. I am the chair of the project progress group, the main role of which is project assurance. There are nine project teams to deal with the dozens, if not hundreds, of work strands in the project—at least one team has had 15 separate work strands. As the person responsible for project assurance, I cannot say that every single work strand has been carried out exactly as it should have been and to everyone's satisfaction, but I assure the committee that the project as a whole, covering all the different strands, has been carried out professionally. The project is reviewed every two months using the Scottish Executive's gateway review process. Those checks are an extremely important part of the project assurance role. There might have been one or two glitches, but it is important to put them in the context of the dozens if not hundreds of work strands that have been progressed.

**The Convener:** Robin Shedden did not suggest that there were one or two glitches; his accusation was more serious than that, which is why we need to get to the bottom of the issue.

**Susan Deacon:** Paragraph 10 of Robin Shedden's submission refers to a survey that was conducted of people's views and experiences of the process and asks whether the results can be published. I wonder whether that is a possibility.

**The Convener:** Is that possible?

**Philip Riddle:** I can share the survey numbers, but I hesitate to give individual comments, because they were made in confidence and could be traceable. The survey that we carried out showed clearly that people felt involved, well briefed and had good direction in their involvement. It is ironic that the only issue on which people in the survey felt that the process had fallen down was communication from the project board—on which the more senior people, including Robin Shedden, sit—which people said had not been sufficient. In general, the results show that people are comfortable with the process, but we can share the numbers with the committee.

**Christine May:** I am concerned about being told that we can see numbers, but not individual comments. The committee is accustomed to seeing confidential documents and to maintaining that confidence. It would be good if, in the spirit of openness, the full findings of the survey were to be shared with the committee.

**The Convener:** I ask the witnesses to consider that point and get back to the committee.

**Philip Riddle:** I think that the request was for the results to be published.

**Susan Deacon:** "Published" is the word that is used in the submission, but the point is that, if views have been gathered on a process that we are examining, it would be useful for us to have access to those views.

**The Convener:** I sense a consensus among committee members that it would be helpful if we could get the results, which I presume could be put in the public domain, and for the committee to see individual comments, which at this stage would be confidential. I will give the witnesses time to consider that, but I think that that is the request.

**Christine May:** Yes.

**Mr Stone:** One does not want to err into the region of being ill-mannered, but this committee is sort of sovereign—

**Mike Watson:** Yes—sort of sovereign.

**Mr Stone:** It can ask to see an awful lot of things. We are making a polite but firm request.

**The Convener:** I think that Philip Riddle has indicated acquiescence to our request for the results to be published but for individual comments to be made available to us in private.

**Philip Riddle:** Yes, in confidence.

**The Convener:** I understand your wish for the comments to be made available only in private at this stage, and I acknowledge your offer to share them with the committee.

The business plan is due by the end of December. Will that be a public document? Where does it go from here? Is it a draft document, an interim document or the final document? Who approves it? When is it approved?

**Philip Riddle:** The document is the first cut. At the risk of getting into terminology, I would say that it is a bit more than a draft but far from being a final product.

We will pull the document together from the project team and share it with the Scottish Executive and the VisitScotland board. The question then is where we go with it. However, it will provide our first integrated overview of how things are coming together financially, which is the most important aspect.

**The Convener:** I know that this is not entirely within your grasp, but when do you hope to finalise the business plan? Presumably, the minister has to sign it off.

**Philip Riddle:** It has to be signed off by the VisitScotland board and the NTBs that are set up. I would expect that to happen in February. Over the course of January, we will carry out the important due diligence process across the network and feed that into the financial side of things. We can quite quickly define the heart of the business plan, as it focuses on questions such as what we are going to do with the integrated network and what it will achieve. However, putting together all the bits and pieces of the financial backing will take a bit longer and will be subject to due diligence.

**The Convener:** Will the final version be made public?

**Philip Riddle:** Our business plan is always a public document.

**The Convener:** I thank the witnesses very much. I realise that some of our questions might have been difficult to answer, but our job is to monitor and scrutinise the process and to look after public money.

## Arts in the Community Inquiry

15:27

**The Convener:** We move on to item 3. I would usually have a break at this point, but a couple of members have to leave the meeting early.

We have already agreed to take this item in public. Although taking these discussions in public has great advantages, one disadvantage is that we are not allowed to embrace the clerks in conversation per se. However, I know that Judith Evans has spoken to quite a few members who, when we previously discussed the matter, expressed interest in making some input into the report's structure. I propose to open the meeting up to general comment and then we can discuss any specific amendments that members want to make. *[Interruption.]* Mike, I take it from that noise that you want to say something.

**Mike Watson:** No, I was nodding to one of our visitors as he was leaving. That said, I want to make one or two comments on the draft report. In general, I am very happy with it; I might add one or two elements to the overall argument, but nothing very detailed. Do you intend to go through the report paragraph by paragraph?

**The Convener:** Well, I was thinking that we should look at it in detail, perhaps page by page.

**Mike Watson:** The report should stress the need for three-year funding, as far as that is possible. I suppose that that would apply to local authorities, because any funding that the Executive gives is largely for three years. The other, perhaps more problematic issue in that respect is lottery funding. As I have said, I am happy with the report's thrust, but I will raise one or two issues when we go through it line by line.

**The Convener:** We all agree that there should be more emphasis on three-year funding. After all, that seemed to be the committee's view when we last discussed the matter.

**Christine May:** I urge a note of caution. There should be longer-term funding; indeed, any funding should certainly last longer than a year. However, I would hesitate to say that three-year funding should be the norm.

**The Convener:** It could be longer.

**Christine May:** It could be longer, but it might, of necessity, be shorter, given the way in which some of the projects are structured.

**Mike Watson:** The term "longer-term" funding might be helpful.

**Christine May:** Yes.

15:30

**Susan Deacon:** Broadly, I think that this is a good first draft, especially as it deals with a subject that is difficult to get one's head around. Even if we cannot embrace the clerk publicly, we should at least express our appreciation of the work that she has done in wrestling with this particular jellyfish.

**The Convener:** I think that she would prefer a whisky mac, actually.

**Susan Deacon:** I want to flag up one or two chunky issues of omission and to note some phraseology that could usefully be strengthened. It is particularly important that this committee makes the connection between the arts and the development of creativity and an entrepreneurial spirit. I do not think that I need to justify that statement too much. Arts in the community is not only related to the social justice agenda but links closely into how we can build the social or human capital—that is a phrase that I think that the report should use—that we need if we are to create a confident, creative and economically smart, successful Scotland.

**The Convener:** When Lord Dennis Stevenson, the chairman of HBOS, addressed the cross-party group on the Scottish economy, one of the points that he made was that people wanted to come to Edinburgh because of quality-of-life issues such as access to a national opera company, a national ballet company and so on. More and more research shows the importance of the arts as a promoter of inward investment and economic development as well as a promoter of the aims of social justice. It all wraps in.

**Susan Deacon:** It would be helpful if we could build into the report a section on that.

On phraseology, I am not sure that we have quite captured what we want to say about the health and well-being of communities and the extent to which that community well-being can be improved. I am slightly concerned about the fact that we still approach some of those issues in terms of the negatives, such as problems and so on. A more positive construct needs to be stated in that regard, which relates directly to what the convener has just said about quality-of-life issues and to health and well-being issues.

The final chunky issue that I want to raise is that I do not think that we have made enough out of the importance of children and young people. I think that members of the committee agree that involvement in the arts can play a vital part in a child's development from an early stage. There are some specific points that we should weave into the report, not least to do with schools infrastructure. We make a general infrastructure point but, as we said during the inquiry, we should

say something specifically about schools infrastructure and artistic and creative programmes in schools.

**Mr Stone:** I will have to leave the committee fairly soon, so I would like to state my thoughts now.

The clerks can keep me right on this, but members might remember how pushed I was on the subject of trying to get art to some of the poorest sections of society, such as homeless people—I therefore applaud what Susan Deacon was saying about schools. In that regard, however, I note that one of the recommendations in the draft report says:

"We recommend that the Executive explore the potential to expand opportunities to link volunteers from corporate Scotland to voluntary arts organisations."

What I had in mind, however, was that a system of rules and carrots—as opposed to sticks—should be devised not just to encourage volunteers from the corporate sector, but to induce the corporate sector to get involved not only with high art, such as opera, but with arts in the community by, for example, sponsoring an exhibition for homeless people in Edinburgh. I take the view that art is for absolutely everyone.

I had occasion to visit Porterfield prison in Inverness yesterday, where violent efforts are being made on a number of fronts, but I have to ask myself what is happening in that institution in the way of art or performance. Those things might just provide a spark of humanity in those people's lives and it could help to reform and improve them. I might be out on a limb here, because that is my personal view. Of course, that might be in the draft report's recommendations and I have missed it; I do not know. I would like to persuade my colleagues to think about including it. Judith Evans can correct me if I have missed it.

**The Convener:** We could build it in if members agree.

**Mr Stone:** I do not want to drag the committee with me but there is an opportunity here to make a difference to some of the most hard-up people in terrible situations.

**The Convener:** Perhaps we should use the term "business" rather than "corporate", which always suggests big business to me. Many smaller businesses contribute at a local level, because they have a commitment to their local communities.

**Mr Stone:** Scottish ministers might be able to devise not desperately expensive carrots that would encourage businesses to go down that route. I will rest my case there; I have probably said too much on this during the past months.

**The Convener:** Do you want to give Judith Evans a note of the kind of thing that you would like to be built into the report?

**Mr Stone:** That is a kind offer, but I will take it up only if it is okay with the rest of the committee.

**The Convener:** I think that everyone is quite happy with that.

**Christine May:** Jamie Stone raises an interesting point, but it is one on which we did not take any evidence—although, to be fair, he also raised the issue during the inquiry.

I will start with the chunky issues and come back to Susan Deacon's point about linking to the health and well-being of the community and the economy. We did not take evidence on this, but if we are linking the report to FEDS and "A Smart, Successful Scotland", we should point out that creative industries are one of Scottish Enterprise's key strands. Community arts can do a huge amount to generate interest in creative processes, which people can then apply to business.

On Jamie Stone's point, the Scottish Arts Council funds an arts in prisons programme. We have evidence of that in some of the information that the Scottish Arts Council sent in. Jamie Stone's point is that business might want to get involved with that as part of their corporate social responsibility programmes. That is a reasonable question to pose, even if we did not take evidence on it. I am just conscious that we do not have evidence to back up anything we might say about it, but we could make the point that, even though we did not take evidence, we have had the thought.

**The Convener:** I do not know about the rest of the committee, but as a general rule I do not think that we have to stick absolutely to not saying something because there is no evidence about it. If we feel that there is something to be said, we should say it. That is my view.

**Christine May:** Fair enough. I have no problem with what Jamie Stone is saying.

**Mr Stone:** Thank you. I will e-mail the clerk.

**Murdo Fraser:** I have three points. First, I agree with something Susan Deacon said. The report requires to give greater emphasis to the word "confidence". People who participate in the arts generally grow in self-confidence and they can use that confidence in other areas of their lives, not least in economic activity. That needs to be drawn out a little more clearly.

Secondly, to respond to Jamie Stone's point about prisons, I do not disagree with what he said, but we have to be a bit careful—I do not think that we will get much public sympathy for pressing the issue of arts in prison, unless we are talking about

it in the context of promoting arts in other environments as well. We should be careful about that.

My third point is almost erring on the side of specifics, but it is also a general point about resources. Paragraph 14 of the draft report says:

"We recommend that the Executive make funding available to support local arts networks, including voluntary, public and private arts groups, agencies and companies."

That is such a woolly and imprecise sentence that I am not sure that it is of any value.

**The Convener:** Do you have an alternative or do you want to delete the sentence?

**Murdo Fraser:** We must consider the issue in the context of what we are saying about resources. I am not sure that that sentence properly encapsulates what we are trying to say.

**The Convener:** We will have a go at it when we get to discussing the specifics.

**Mike Watson:** Paragraph 5 is on targets and monitoring. I am not quite sure what we are saying here. It reads:

"The current targets ... have the potential to skew activity in unintended ways."

From the evidence that I heard, I am not sure what that means. We know that the situation around monitoring is being reviewed by the Executive. However, I am not sure about including quite such a harsh judgment on monitoring as has been suggested. Perhaps the clerks or someone else could explain what is meant.

The next paragraph goes on to talk about "lighter-touch monitoring". That is fine. However, the question is what the "qualitative measures" are and how we arrive at measures that are seen as being appropriate. Measures will not always be appropriate in all cases. There is not a one-size-fits-all situation when it comes to monitoring. In some cases, the issue might simply be participation. That is the key; that is the first step. I am a little uneasy about that part of the report—I am not clear about it in my own mind. I think that I attended all, or almost all, the evidence-taking sessions from which those paragraphs were derived.

Paragraph 7 states:

"We have heard evidence of an overall lack of funding."

I see what is meant by that, but "lack of funding" tends to mean no funding. Perhaps we should put "funding shortfalls" or something like that. The same paragraph continues:

"local government reorganisation resulted in a significant decline in funding".

It did, but the local authorities did not necessarily get less money. I remember speaking about

Strathclyde in particular. In a number of areas, when Strathclyde Regional Council ceased to exist, the resources did not get spread evenly throughout the 13 local authorities that were left in the footprint of Strathclyde. That did not just apply to arts and culture funding. To some extent, the problems arose because local authorities made some difficult decisions; it was not necessarily to do with funding being withdrawn or with there being less of it.

Local authorities felt as if they had become free to make their own decisions. They might no longer have viewed something that had been a priority for Strathclyde Regional Council as a priority for themselves. I stress that that did not just apply to the arts and culture. There should be some reflection of that in paragraph 7, if possible. It looks like funding was cut. In fact, funding was diverted elsewhere, largely by local authorities' own decisions. That impacts on the comments that we make elsewhere in the report on the fact that we observed vast differences in what different local authorities do. I would like that to be made a bit more—

**The Convener:** Precise?

**Mike Watson:** Yes, precise. It is funny that you suggest that word. I am not sure if we are getting into textual changes yet, but—

**The Convener:** Not yet, no.

**Mike Watson:** Okay, I will come back to that. One suggestion was to replace "clear" with "precise".

Paragraph 13 is about planning and mentions community planning partnerships. It contains no recognition of the fact that social inclusion partnerships, which have existed for five years, have always been required to make a contribution in arts and culture. That happens in Glasgow and I think that the same rules apply to SIPs throughout Scotland. Perhaps the rules for the thematic SIPs might be slightly different, but the area SIPs have always been required to do that.

I know from experience that, in various areas across the country, the work that has been done using SIP funding has a good record. We suggest "encouraging Community Planning Partnerships" in the report as if that is a new idea. Community planning partnerships follow on from social inclusion partnerships. It is inconceivable that the demands that are made on SIPs would not also be made on community planning partnerships. The point is valid, but we should reflect the fact that we know what has been done by SIPs over the past five years, rather than suggesting that such engagement by partnerships is something new.

I mentioned the point about three-year funding earlier. Other than one or two small textual amendments, that is the extent of my comments.

**Richard Baker (North East Scotland) (Lab):** I am very happy with the report, which looks very good. My main points were about anti-departmentalism and engaging with volunteering in the corporate sector. Christine May has already made a point about longer-term funding. Essentially, all my points have been covered.

The only other issue that I would like the report to cover will be considered by the Cultural Commission. Some of the outreach work in communities comes from national companies. Furthermore, some of our successful artists first succeeded through their endeavours in their local communities. There might be ways of encouraging them to go back and share some of their experiences to encourage success and more artistic endeavours in the communities from which they came.

**The Convener:** I remind members that we are looking at the first draft of a report. Perhaps we should not go into the spelling mistakes and so forth in detail. As we go through the report, we should concentrate on substantive issues and not on those that are purely textual.

15:45

**Susan Deacon:** The Cultural Commission is mentioned in the report. Can we get some clarification on how our inquiry will interface with its work and on how, or if, we will meet the commission?

**The Convener:** When the committee agreed to do this inquiry, I was not a member of it. From looking back through the minutes, however, I know that the committee agreed to submit the inquiry evidence to the commission. We can do that in what is now its phase 2 consultation.

As Susan Deacon knows, we received an invitation to meet the Cultural Commission as part of a crowd. I consulted the committee and the general view was that we should have our own meeting with James Boyle. I think that the view that the committee expressed in the past was that a formal meeting should not be held, but that we should seek an informal meeting between the committee and the commission chairman. The clerks are in touch with James Boyle's office to fix up a date. It is now inevitable that the meeting will be held in the new year. I take it that the view of the committee is still that it would be inappropriate to have a formal meeting. There is not that much in the commission's phase 1 report for us to talk about anyway at the moment—frankly, it is all very airy-fairy.

**Mike Watson:** An informal meeting is fine.

**Richard Baker:** If our report is to go to the Cultural Commission, that clarifies the point about whether we should mention outreach work. Perhaps we should include a mention of the importance of community arts and of encouraging some of the stars to go back and do things in communities. I am talking only about a broad reference, but it would be worth including for the reason that I have given.

**The Convener:** That poses the question whether we should also submit our report to the COSLA review that Bridget McConnell is carrying out.

**Christine May:** I do not have a problem with that.

**Richard Baker:** I do not have a problem with that, either.

**Christine May:** We can have a two-way flow of information.

**The Convener:** It might even be a three-way flow. Is that okay, Susan? You are looking a bit puzzled. Do you need further clarification?

**Susan Deacon:** No.

**The Convener:** I am just going on what the committee agreed previously.

Shall we continue to go through the report? I ask members to make substantive points on issues other than those we have covered so far. Although the report is fairly short, we are not missing anything as a result—indeed, it might mean that people will read it.

**Susan Deacon:** I am happy to hand my scribbles on the detailed points that I want to raise to Judith Evans. I am sure that colleagues will be relieved to hear that. However, while we are sitting around the table, I have some issues on which I would like to hear colleagues' views. It seems appropriate for us to include in the report our agreed definition of community arts. I know that it is included in the inquiry remit, but, as it is a broad and inclusive definition of arts in the community and one that we applied to our thinking, it should be in the report.

In paragraph 3, we talk about the need for the Government to "support the cultural change". The sentence should be tidied up. The important point that I want to raise is that, when we talk about supporting cultural change, we should use words such as "facilitate" and "enable". I will give the clerk my detailed comments, but I am also concerned about what we are saying about resources and funding. What we say should fit with the idea not so much of public sector money being given to a group to make something happen, as of the simple and practical arts that

can enable and facilitate activities on the ground. I am thinking of things that we have discussed, including the need to have a place to meet, a basic piece of advice or support on the production of a programme or something that relates to capacity building.

I guess that I have two points to make: the first is that, with members' agreement, words such as "facilitate" and "enable" should be up front in the report, as well as the word "support". The second is that, when the time comes, we should make it clear that, in talking about the form that support takes, we are also talking about—

**The Convener:** Soft support.

**Susan Deacon:** Yes. We are talking about the decisions that are made on practical issues such as lets and so forth and not just those that are reached so that someone can say, "Here's your grant cheque."

**The Convener:** Perhaps we should talk not only about cultural change, but about development, too. If we use just the word "change", we might be seen to be talking about change for change's sake, whereas development is the key to the way in which the arts move forward.

**Christine May:** I am sorry. I did not realise that the convener was waiting for agreement.

**The Convener:** I am glad that we have consensus on that one.

Do members want to go through the report page by page or should we give our comments to Judith Evans, who will do her usual good job of assembling them?

**Mike Watson:** As this is a first draft, I suggest that members who have small changes to make, or who want to point out spelling or textual changes, should communicate them by e-mail to the clerks. We can go through the second draft line by line.

**The Convener:** Is that agreed?

**Christine May:** If I may, I will make one point on paragraph 14, which is on resources, as I have a real difficulty with our recommendation. I am happy to suggest something to Judith Evans, but for us to recommend that

"the Executive makes funding available to support local networks"

is to run the risk of a minister turning round and saying, "What do you want me to cut out of the budget so that I can do that?" It is too simplistic a recommendation and it makes me feel uncomfortable.

**Susan Deacon:** I agree.

**Mike Watson:** It is not just that. I agree with Christine May, but our recommendation also suggests a different funding structure. At the moment, money goes through the Scottish Arts Council. The Executive gives it to the SAC and it makes the decisions. The SAC is not unhappy about making those decisions—that was certainly the impression that I got from what Jim Tough said when he appeared before the committee. In any case, unless additional funding were made available, the issue would arise of where the money would have to be taken from. We need something more specific than that. The wording should not imply that the Executive must get into the minutiae of funding.

**Christine May:** I suggest that, under paragraph 10, we do not want to “wonder”.

**Mike Watson:** Or, indeed, to wander.

**Christine May:** Indeed. I will make a suggestion to the clerks that might tighten up the wording a bit.

**The Convener:** Absolutely. Are members agreed to the comments that have been made?

**Members** *indicated agreement.*

**The Convener:** As I said, we will finalise the report early in the new year. We are not due to launch it until the end of January, which gives everyone time to submit their ideas.

15:51

*Meeting continued in private until 16:18.*



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