

REPORT TO: ECONOMIC DEVELOPMENT COMMITTEE - 14TH AUGUST 2006
REPORT ON: FUNDING OF TOURISM DEVELOPMENT
REPORT BY: DIRECTOR OF ECONOMIC DEVELOPMENT
REPORT NO.: 462-2006

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to enable the Committee to make a decision on the funding of tourism development - related activities.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Approved 2006/07 Economic Development Revenue Budget allocation of £246,000 for Visit Scotland be reduced to £146,000 to enable £100,000 to be re-allocated to cover shortfalls in SET funding to the Council for 2006/07 (as outlined in paragraphs 7 and 8).

3 FINANCIAL IMPLICATIONS

- 3.1 All of the funding referred to in the report is contained within the approved Economic Development revenue budget provision for 2006/07.

4 LOCAL AGENDA 21 IMPLICATIONS

- 4.1 Activities focused on increasing the tourism sector of the local economy will have a significant effect on several of the key themes of Local Agenda 21, particularly the following:-

- Resources are used efficiently and waste minimised.
- Local needs are met locally.
- The opportunity to undertake satisfying work in a diverse economy.
- Access to the skills, knowledge and information needed to enable everyone to play a full part in society.

5 EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1 Activities focused on increasing the tourism sector of the local economy include measures aimed at improving access to economic opportunities for all sectors of the community.

6 BACKGROUND

- 6.1 The Council's Economic Development Department traditionally funds a range of tourism-related activities in conjunction with 2 principal partners:-

- Visit Scotland (formerly the Angus and Dundee Tourist Board).
- Scottish Enterprise Tayside.

- 6.2 The key activities which have been funded are:-

- place marketing (principally via the City of Discovery Campaign).
- the development/promotion of business tourism.
- information research and consultancy advice.
- project identification and development.
- visitor information services.

7 RECENT CHANGES

7.1 There are three key areas where recent changes will have a significant effect on the Council's funding choices. These relate to:-

- ERDF changes.
- The Scottish Executive's review of the Area Tourist Boards.
- Changes to SET's budget.

7.2 ERDF Changes

7.2.1 The current round of ERDF ends on December 31st, 2006, although there is the potential to carry some expenditure (at a reducing rate) through to 2008.

7.2.2 The next ERDF round beginning in 2007 does not have the same measures as the previous round and it will be much more difficult to use ERDF funding for tourism development activities.

7.3 The Review of the Area Tourist Boards

7.3.1 The Scottish Executive's review of the Area Tourist Boards changed the nature of local authority funding of the previous Board activities. The Boards were changed to "hubs" of a more centralised Visit Scotland operation with Visit Scotland funding all the "core" costs - ie TICs, visitor services, branding and visitor marketing exercises etc.

7.3.2 Local authority funding to Visit Scotland was to be aimed at improvements to this "core" provision. However, this approach was delayed until the current financial year (2006/07) to allow the new system to bed in satisfactorily during 2005/06.

7.4 Changes to SET's Budget

7.4.1 The recent financial crisis at Scottish Enterprise has resulted in large scale reductions in elements of SET's budget for 2006/07. SET, who normally make an annual contribution of £100,000 to the City of Discovery Campaign, will not be contributing at all in 2006/07, and there is very little funding available for tourism projects, information/research or consultancy exercises.

8. PROPOSED 2006/07 REVENUE BUDGET ALLOCATION CHANGES

8.1 In the light of the foregoing it will be necessary to make changes to the Approved Economic Development revenue budget allocations for 2006/07.

8.2 In relation to tourism development activity the three main priorities (as reflected in the Council's Economic Development Plan 2005/07 and the Economic Development Service Plan 2003/07) are:-

- Place Marketing.
- Business Tourism Promotion and Development.
- Joint Project Delivery (as identified in the Dundee Partnership Tourism, Arts & Leisure Strategy).

8.3 The most urgent area for consideration concerns those activities which will be affected by the SET budget cuts for 2006/07. This primarily concerns place marketing but also includes joint projects.

8.4 The 2006/07 Approved budget includes an allocation of £246,000 for Visit Scotland (for approved activities). It is proposed that, as a first step, this be reduced to £146,000 and the remaining £100,000 be re-allocated to cover the SET budget cuts.

8.5 Discussions are underway with Visit Scotland regarding improvements to their "core" services which could be funded by the Council. These improvements are primarily focused on up-grading the services and promotional activity undertaken by the Convention Bureau, as recommended by a recent consultancy study into the potential for improving conference facilities and activities in the City.

8.6 A further report will be brought before the Committee in due course regarding the result of these discussions and any proposed changes to the remaining Visit Scotland Budget allocation of £146,000.

9. **CONSULTATIONS**

9.1 The Chief Executive Depute Chief Executive (Finance) and Depute Chief Executive (Support Services) were consulted in the preparation of this report.

10. **BACKGROUND PAPERS**

10.1 The following background papers were relied upon in the preparation of this report:-

- Dundee City Council Economic Development Plan 2005/2007.
- Economic Development Department Service Plan 2003/2007.
- Economic Development Department Service Plan Annual Review 2005/2006.

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DATE: 7TH AUGUST 2006