

ECONOMIC PERSPECTIVE 3

Tourism Administration in Scotland

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The Scottish Office consultation paper, issued in October 1992, "The Structure of Local Government in Scotland: Shaping the New Councils", invites opinions on the consequences of a move from a two-tier to a single-tier system of local government. Chapter 28 of the document deals with the present organisation of support by local authorities for the tourism industry. In terms of a reorganisation of local government this is not at first sight a difficult issue. Although the Regions have in some cases continued to have an input, since the 1982 Local Government and Planning (Scotland) Act tourism support has been a function reserved to the District Councils. As the document suggests, the new councils will continue to provide essential infrastructure, and a single-tier system should "help to avoid the possibility of duplication in the provision of facilities and infrastructure."

So it is not surprising that the consultation paper directs the reader's main attention to the structure and function of Scotland's area tourist board network. A number of questions are raised about the desirability of reducing the number of ATB's (there are currently some thirty of them) and the continuing role of local authorities in their operation. This too might be taken to be a minor administrative concern. However, a separate document issued simultaneously by the Scottish Office Industry Department goes rather further. It sets out the roles of various public bodies in relation to both marketing support for and infrastructural improvement of tourism, although there are in fact more of these bodies than the paper mentions. Apart from local authorities, the paper refers to the Scottish Tourist Board, Highlands and Islands Enterprise, Scottish Enterprise, the Area Tourist Boards and the Local Enterprise Companies. The paper also invites views on

"the role of industry, both present and potential, in contributing to these activities, and on how best the activities of the Government agencies might be developed to help equip the industry to meet future challenges."

This is the real agenda.

The legislative framework for the support of tourism by central government in the United Kingdom is fairly

recent. The Scottish Tourist Board has still to celebrate its twenty-fifth birthday. It was the Development of Tourism Act of 1969 which established the current structure of a British Tourist Authority charged with promoting the United Kingdom overseas and of three formally subsidiary "national" boards - that is, the English, Scottish and Wales Tourist Boards. The responsibilities of these national boards originally included both marketing activities within the UK and the development of new facilities. In 1984 after much argument the Scottish Tourist Board won the additional right to promote Scotland overseas, although this remains primarily a BTA function. By way of contrast, the English Tourist Board had its development funding withdrawn in 1989 on the grounds that sufficient private sector funds were then flowing in to tourism projects. STB and WTB have continued to enjoy the right to disburse funds for development projects under Section 4 of the 1969 Act.

As the second consultative paper suggests but inadequately describes, this is far from the whole picture. From its inception in 1965 the Highlands and Islands Development Board played a major role in the development and marketing of tourism in its area. A recent report by Mackay Consultants spells it out:

"During the ten year period, 1981 - 90, the Board approved grant and loan assistance to a total value of £66.7 million to businesses in its area (at 1990 prices), ie an average of £6.67 million per year. £7.2 million in grant and loan was offered in 1990, almost twice as much as the equivalent for the rest of Scotland from the STB."

HIDB was in its day a big player in tourism development, at one time even building hotels. Its successor organisation, Highlands and Islands Enterprise, continues to exercise several tourism functions. It promotes the region as a tourist destination. It sponsors its own regional network of Area Tourist Boards in partnership with local authorities and the trade. It continues to give financial support to tourism-related projects. And it now has the additional responsibility of promoting training at all levels.

The Scottish Development Agency, while never exercising the same promotional role as HIDB, came to view tourism project support as an important aspect of its work in revitalising the Scottish economy. It notably took a hand in several high-profile projects of the 1980's, including the setting up of the Scottish Exhibition and Conference Centre in Glasgow. This commitment has been carried over to Scottish Enterprise, which sees a role for itself in working with the local enterprise companies and others to develop a tourism strategy for Scotland and in forwarding business development and training initiatives on a national basis.

However, the ways in which Scottish Enterprise and Highlands and Islands Enterprise might collaborate with the network of local enterprise companies on tourism matters are not yet clearly defined. Judging by their first annual reports, some LEC's have decided to give tourism development a high priority, although few seem to have thought to produce a coherent tourism strategy to inform this commitment. In rural areas with an established tourist trade it is easy to understand that LEC's should wish to become involved, even if the available resources are small. With more funds at their disposal, it seems that the bigger LEC's are equally keen to participate in major initiatives, often in partnership with local authorities and others. In the Scottish context it is certainly true, as a string of uncompleted projects could illustrate, that most major visitor attraction developments can only take off if various public sector bodies contribute financial support on top of private sector funds. As Mackay points out, the LEC's have taken over from the SDA the leading role in such initiatives, partly as a way of supplementing their own limited powers and budgets.

There is yet another layer of tourism administration in Scotland. This consists of the previously mentioned Area Tourist Boards. They depend for their funding on local authorities, HIE or STB (according to location), and - very significantly - local trade membership. Pioneered by HIDB in the 1960's and subsequently fostered by STB in the Lowlands, there are now about 33 Area Tourist Boards in existence, with only a very few District Councils not participating in the network. ATB's vary in size, budgets, structure and effectiveness. A recently encouraged trend has been towards amalgamation of neighbouring boards - notably in Ayrshire and Argyll. ATB's are close to their commercial members and are important in the provision of information services for visitors. The Scottish tourism information centre network is widely recognised as excellent. But ATB's are seldom in a position to play much of a role in development matters.

The post-election transfer of responsibility for tourism from the Department of Employment to the newly created Department of National Heritage left Scotland unaffected. Tourism in Scotland remains a matter for the Scottish Office Industry Department. It is nonetheless interesting that contrary to expectations tourism in England has not

gained a higher profile as a result of this latest relocation than it enjoyed previously. It is certainly true that changes of personnel and political accidents have not helped. But in fact, the Chancellor's autumn statement, while more or less confirming the present level of financial support for the activities of the British Tourist Authority, showed a further tilt of policy against the English Tourist Board. Having lost its development role, ETB is now apparently destined to become little more than a channel for the disbursement of government funds to the twelve regional tourist boards in England, retaining only a minimal role as an independent marketing organisation. This is the latest turn of a government policy which has become increasingly clear since the mid 1980's. While stopping short of outright privatisation or abolition, in England the government has pressed increasingly for the reduction of bureaucracy, contracting out of services, and joint funding of initiatives.

Scotland's public sector tourism administration has so far escaped the same rigours. Unless there really is a hidden agenda at the Scottish office the current review of Scottish tourism arrangements is not the occasion for an exercise in wholesale privatisation. For all that the political tide within the Tory party has recently changed its flow, somebody might still have raised the question as to why there is a need for a Scottish Tourist Board at all. Perhaps it has not been noticed that Sweden has just abolished its tourist board. But the answer to what is probably both a hypothetical and a rhetorical question is two-fold. In the first place there is a general recognition that the marketing of a country abroad is a job that the private sector cannot be trusted to do as efficiently or as effectively as a national tourist organisation. As Jefferson and Lickorish (1988) suggest:

"In practice the National Tourist Office is the most powerful motivator for the destination. It concentrates on the national base. Other big promoters, such as air carriers, have many destinations to promote, and do not have the credibility in the public mind of the official government backed services."

General destination promotion therefore benefits all sectors of the industry on the 'public good' principle.

Secondly, there is political expediency. This is probably why the Scottish and Wales Tourist Boards have retained their modest Section 4 funds for development. It certainly explains why in 1984, against the logic of the system, STB was granted a dispensation to allow it to market Scotland overseas. It might also explain why a recommendation made by the Industry Committee of M.P.'s in 1985 that there should be a single British Tourist Board was never taken up. Today, although the Scottish Tourist Board is by no means the nation's most popular institution, it would seem unnecessarily provocative to try to abolish it outright.

Yet the review exercise would not have been undertaken unless there was a Scottish Office agenda of some kind. With such a weak consultation paper, observers have to guess what it is. It might be useful to view the issue in the context of industry performance. This is a contested area, the STB being frequently accused of a wilfully sunny interpretation of the statistics. STB in turn has accused one of its leading critics of an "utterly misleading" interpretation of the same facts. Yet however difficult of interpretation the yearly statistics might be, and the figures for 1991 were better than they were expected to be, there has been little argument about the fact that recent years have seen a fall in the number of UK residents taking their main holiday in Scotland and that this trend is only partly offset by a possible increase in short holidays, day trips and other types of tourism. At the same time, the undoubted upward trend in the numbers and expenditure of overseas visitors to Scotland, allowing for the incidence of occasional factors such as the Gulf War, is no better for Scotland than for the UK as a whole.

Scotland does not therefore appear to be performing particularly well either in terms of maintaining its UK market share or, in spite of some remarkable successes in EC markets such as Italy, in making a great impact on the world scene. There is in some quarters a growing unease that Scotland is faced with stiff overseas competition and is not doing enough to recoup its lost markets with attractive new products. In this threatening context the panglossian pronouncements of STB spokespersons about tourism being Scotland's fastest-growing industry is a source of particular irritation to those who think Scotland could and should do a lot better. The current review exercise is therefore the best available occasion for raising a number of issues.

Saving the late intervention of bright-eyed free-market pamphleteers and given that a publicly funded national tourist board of some kind should be retained, there are still many questions to be asked about its shape and functions. A recent study by Pearce (1992) of tourism organisations in six countries, including Scotland, takes as its starting point the World Tourism Organisation's findings that potential activities of national tourism administrations include:

- * marketing and promotion
- * research, statistics and planning
- * inventory of tourist resources and measures for their protection
- * development of tourist facilities
- * manpower development
- * regulation of tourist enterprises and travel
- * facilitation of travel
- * international co-operation in tourism.

As we have seen, in Scotland these functions are distributed across a range of public agencies. The review exercise hesitantly raises the question of whether a redistribution of functions is called for. This is not in

fact a new issue. In the early 1980's STB made a bid to take over the HIBB's marketing functions. It failed. As a result the marketing of Scotland as a tourist destination continues to lie in the hands of three bodies - BTA, STB and HIE. It seems unlikely that anyone would want to reduce the advantage to Scotland of frontline use of BTA's 22 overseas offices, but can the dangers of duplication of promotional effort between STB and HIE be entirely overcome by coordination? Heeley (1985) has suggested that stripping HIBB of its marketing role would emasculate it as a tourism authority. One might regret the disruption, but perhaps the time has now come for a reordering of responsibilities which places the key marketing functions centrally with STB and shifts the development function to lie primarily with the enterprise network - SE, HIE and the LEC's.

This would be tidy, but would it work? A further and crucial consideration is whether marketing and product development would not be hindered rather than helped by being separated in this way. The benefits of the integrated tourism operations of HIE and STB would go. There might have to be a new layer of bureaucracy to liaise between the organisations. Even more crucially, how would strategy be decided? This relates not only to setting priorities for promoting to target markets but also to imposing strategic discipline on the development of new facilities. The energetic and comparatively well funded enthusiasm of the LEC's for tourism as a generator of employment and economic growth has the potential to give the whole system a boost. Yet achieving synergy with the private sector in tourism development is in itself less problematical than dealing with the tricky problems of how to mesh tourism projects with the local authorities' priorities for leisure provision and how to avoid a rash of locally desirable but strategically redundant facilities. Who would step forward to set the limits on, for example, the development of new conference facilities?

More tidying up is definitely called for at the level of Area Tourist Boards. The questions here are about more than the split support arrangements as between STB and HIE and the future relationship between ATB's and reorganised local authorities. Whatever the outcome of local government reorganisation there are questions to be answered about the desirability of continuing with a large number of sometimes small and in some cases rather weak boards, and about achieving compatibility with the role of the LEC's in providing training and stimulating tourism businesses at a local level. ATB's are good at providing visitor services, primarily through brochure production and the Tourist Information Centre network, and at liaising with a fragmented and sometimes leaderless industry at grass roots level. A move to end the present situation where HIE has direct involvement with ATB's in its area might not now seem so offensive if a similar level of funding could be guaranteed from another source. More seriously for the ATB network as a whole, there is little promotional logic in the present plethora of local boards. The limited amalgamation and

modest collaboration by consortium which have taken place in recent years should not therefore deflect a major realignment. On the other hand, the very fact that ATB's are so close to local concerns and so largely dependent on local input - some of the largest have a thousand trade members - means that they, and perhaps also the new local authorities, will seek to resist moves to bring about a more coherent approach to the promotion of Scotland such as the recent attempt to establish just five promotional areas. It is not at all easy to see how the advantages of the present set-up could be carried over into a streamlined ATB structure. No doubt a crucial factor will indeed be whatever emerges as the new layout of single-tier local authorities. This by no means implies that there should be a single model for the relationship between local authorities and the ATB's, a variety of arrangements might be possible.

A further complicating factor is how to manage the relationship between ATB's and LEC's. While a radical reorganisation of ATB's to match the LEC structure would make a certain amount of sense if the enterprise network were to be given STB's development support functions, it would scarcely make any better marketing sense than the present arrangements. It could of course also be argued that the poorly funded ATB's are better placed to guide tourism development than the comparatively well-resourced LEC's. After all, as membership organisations the ATB's are compelled to seek trade support and may be expected to have some expertise in the field. These issues will not be easily resolved.

The Scottish Office consultation paper asks whether local authorities should continue to have a primary role in tourism, marketing and visitor services, and in the operation of ATB's. While there is nothing wrong in trying to think things through from first principles, the role of local authorities in tourism is not only vital - it is inescapable. It would be wilfully obscure to try to design a tourism support system which did not give due place to the infrastructural, promotional, and planning input of local authorities, never mind their provision of facilities. And there is another important aspect which must not be overlooked. The fact is that the enterprise companies were only designed to be economic development agencies. In a draft strategy document Scottish Enterprise concludes:

"...the key objective for a tourism strategy of an economic development agency is to increase tourism spend (the motor for creating and safeguarding jobs). Other objectives would include improving the profitability of tourism businesses, increasing job satisfaction, remuneration and career prospects, increasing the Scottish tourism balance of payments surplus and improving linkages with other sectors

of the Scottish economy."

These are all desirable objectives, but less than the whole story. While the emphasis on quality of employment is particularly welcome, there are wider issues implicit in a strategy for tourism growth. These include community control of development priorities and socially acceptable criteria for the resolution of conflicts, not least conflicts about the impact of tourism on the environment. This is important, for tourism is ultimately not just about maximising visitor spend. The question remains - in our political system how can the social dimensions of tourism development be systematically articulated and dealt with other than through the local authorities?

The world-wide trend is for governments to question the rationale for their involvement in tourism. This process has been accelerated by the collapse of central planning in Eastern Europe and by world recession. In many countries governments have looked to reduce their role in tourism promotion and the cost effectiveness of investing in tourism as a development strategy has been increasingly challenged. However, promoting a national image, securing an optimum balance on the national travel account and offsetting market failure in promotion, product development and the provision of information, are still generally accepted as sufficient reasons for continued national government involvement. The semi-devolved political structure of the UK together with the highly fragmented nature of the industry in Scotland mean that a centrally funded tourism promotion and development agency or agencies ought to and are likely to survive. The present arrangements for tourism support are complex and not very popular. The opportunity presented by the review exercise should be seized on by all who want a thorough debate about the place of tourism not just in the economy but also in the life of Scotland.

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