
Feature Article

TOURISM AND PUBLIC POLICY IN SCOTLAND

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INTRODUCTION

The reasons for government involvement in tourism have been largely based upon economic arguments. Its role in relation to the nation's balance of payments, to regional policy and to wealth and employment creation generally, can be seen as providing the rationale for the present publicly funded system of statutory national tourist organisations: the British Tourist Authority, the English Tourist Board, the Scottish Tourist Board, and the Wales Tourist Board. In addition the economic contributions of tourism at the regional and local scales have led to it being given prominence in the work of ad hoc regional development agencies (in Scotland, the Highlands and Islands Development Board and the Scottish Development Agency) and the establishment by many local authorities of committees and departments specifically charged with the marketing and development of tourism.

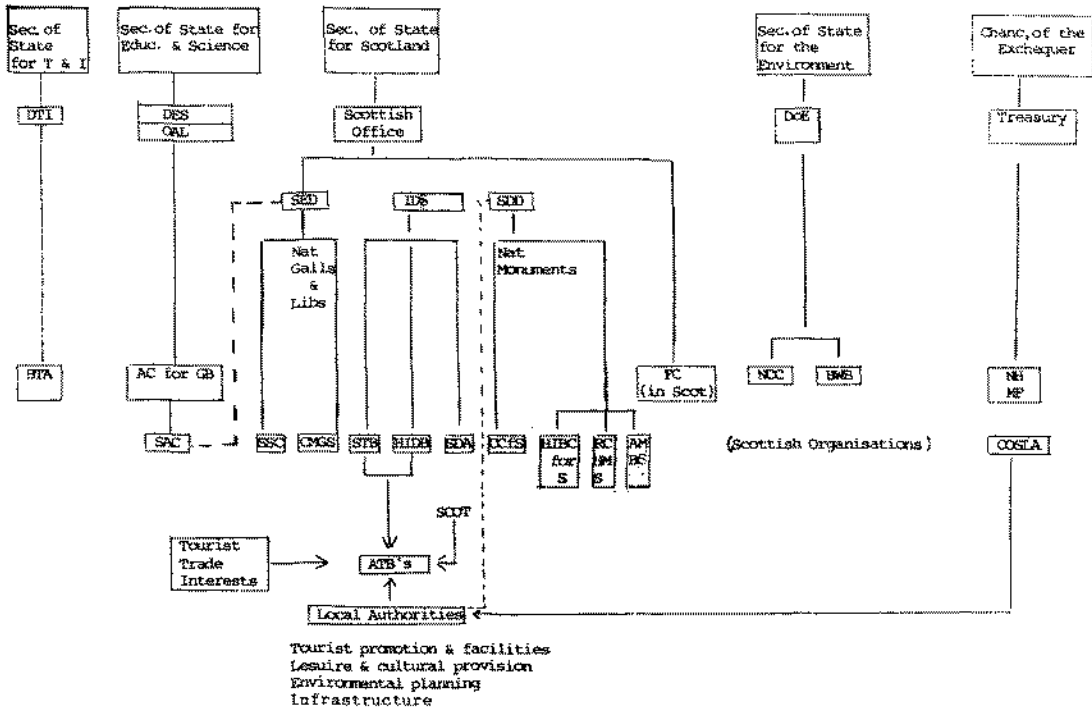
However it would be a mistake to regard public policy for tourism as being about economic matters alone. Tourism has important social and environmental dimensions. Successive governments have accepted that it is their duty to help ensure "appropriate" levels of leisure and cultural provision for all sectors of the population. The public leisure and cultural services provided meet the needs of both the resident and visiting (ie tourist) community, eg the Burrell Collection, the Edinburgh Festival and the Magnum Leisure Centre. In addition, governments are also concerned to protect and conserve natural and historic environments - that very 'heritage' which constitutes the foundation of Scotland's tourism appeal. At a national level, official duties in respect of these social and environmental dimensions of tourism

are by and large the responsibility of agencies other than the national tourist organisations and regional development agencies.

In the light of the above considerations, it is apparent that tourism in Scotland is a complex aspect of public administration (see figure). There is a great deal of public sector involvement at both national and local level. However, it is questionable whether the current configuration of administrative responsibilities as represented in the diagram is an ideal one in terms of delivering a purposeful and comprehensive strategy for Scottish tourism. In this article we address ourselves to three major concerns. First, we examine the current structure of public authority involvement in Scottish tourism. The relevant bodies essentially fall into two categories, those implementing tourism policy and those implementing heritage and leisure policies. Secondly, based on some current proposals for reform, we outline a modified set of structures. Thirdly, we highlight some of the fundamental questions to which government ought to address itself before effecting any realignment and consolidation of activity.

CURRENT ADMINISTRATIVE FRAMEWORK

The Industry Department for Scotland mirrors the Secretary of State for Scotland's interest in matters relating to the economic sphere. In conjunction with the Department of Trade and Industry it



Abbreviations for Diagram

- | | |
|---------------|--|
| AC for GB | Arts Council for Great Britain |
| AMBS | Ancient Monuments Board for Scotland |
| ATB | Area Tourist Boards |
| BTA | British Tourist Authority |
| BWS | British Waterways Board |
| CC for S | Countryside Commission for Scotland |
| COSLA | Council of Scottish Local authorities |
| CMGS | Council for Museums & Galleries in Scotland |
| DES | Department of Education and Science |
| DOE | Department of the Environment |
| DTI | Department of Trade & Industry |
| FC (in Scot.) | Forestry Commission in Scotland |
| HBC for S | Historic Building Council for Scotland |
| HIDS | Highlands & Islands Development Board |
| IDS | Industry Department for Scotland |
| NCC | Nature Conservancy Council |
| NHMF | National Heritage Memorial Fund |
| RCHM for S | Royal Commission for Historical Monuments for Scotland |
| SAC | Scottish Arts Council |
| SCOT | Scottish Confederation of Tourism |
| SDA | Scottish Development Agency |
| SDD | Scottish Development Department |
| SED | Scottish Education Department |
| SSC | Scottish Sports Council |
| STB | Scottish Tourist Board |

defines national policies for tourism and it gives support to the tourist industry via its sponsorship of the activities of the Scottish Tourist Board (STB), the Highlands & Islands Development Board (HIDB) and the Scottish Development Agency (SDA). The STB is the only one of these bodies which has an explicit statutory obligation to engage in the marketing and development of Scottish tourism. However, the statutory remits of the HIDB and the SDA do not preclude active involvement in tourism. Both have in fact recognised the importance of the tourism industry to Scotland's economy and are actively encouraging its growth. In addition, the British Tourist Authority (BTA) whose 'parent' department is Trade and Industry, has the function of marketing Scotland overseas. (The STB has only limited commitments in relation to overseas marketing - see below.) Thus, in Scotland we have a situation in which four government-funded economic agencies are carrying on business which relates to the country's tourism industry. We need briefly to outline the involvement of each of these bodies.

Under the 1969 Development of Tourism Act, the STB was set up to market and develop Scottish tourism within Great Britain. Overseas marketing of Great Britain (including the Scottish component) was made the task of another statutory body, the London-based BTA. Within Scotland, STB undertakes advertising and produces a wide variety of promotional material. To assist this marketing activity it has set up* and sponsored a comprehensive network of Area Tourist Boards: these exist south of the HIDB area and are tripartite voluntary agencies representing a partnership of STB, district councils, and tourist trader interests. In addition to its marketing role, STB provides financial assistance to tourist developments, advises government and other public bodies of tourism matters, and undertakes research.

There was plenty of criticism, both during the passage of the Development of Tourism Bill and afterwards, about the official system of support for the tourist industry

*Following the Stodard report on local government functions in Scotland (1981) and the 1982 Local Government and Planning (Scotland) Act.

established under the 1969 Act. It turned out to be a recipe for duplication and conflict of policy and effort, one aspect of which was the STB's desire to have an overseas marketing presence. The government's 1983 review of tourism paved the way** for STB to supplement (but not replace) the BTA's efforts overseas. Before undertaking any overseas activity, however, the STB need the prior approval of the Secretary of State for Scotland. In turn, the Secretary of State has to consult BTA before deciding to grant or withhold permission. In view of this, and the smallish budget of £200,000 voted to the Board for overseas promotion purposes, the STB is still rather a poor relation of the (Great Britain) BTA in matters of international marketing.

Section 4 of the 1969 Act gives each of the national Tourist Boards power to award "financial assistance for the carrying out of any project which in the opinion of the Board will provide or improve tourist amenities and facilities in the country for which the Board is responsible". This financial assistance may be given by way of grant, loan or subscription share in the company carrying out the project or by any combination of these methods. Although there were a few early examples of equity participation and loan financing, the STB - like the other national Tourist Boards - has concentrated its efforts on providing capital grants to individual projects. The Board has the discretionary power to give or refuse grant assistance.

In the light of the 1969 Act and the amending and other legislation referred to above, the STB describes its main objectives as being:

- (1) to promote Scotland as a tourist destination
- (2) to encourage the provision and improvement of tourist facilities and amenities
- (3) to co-ordinate tourism interests within Scotland, mainly through its Area Tourist Boards.

**Under the 1984 Tourism (Overseas Promotion) (Scotland) Act.

Its three functional divisions - Marketing, Development and Area Operations - are the executive reflection of those three objectives. In the year ending 31 March 1984 STB received Grant-in-Aid of £5.2m from the Scottish Office, along with £2.9m to finance the Section 4 development powers. Other sources of income (mainly through sales of publications and co-operative marketing ventures) brought the total funds available to nearly £8.2m. The Board devoted £2m to advertising. A further £0.2m was absorbed by information centres and services. A large number of the STB's marketing programmes were done in partnership with the trade and other bodies (including local authorities) and with the BTA. Financial sponsorship of Area Tourist Boards amounted to £0.8m (75% in direct grants, the remainder in joint advertising schemes).

The STB's Development Division undertakes the Board's investment activities under Section 4 of the Act. It is able to provide financial assistance up to a maximum of 50% of the total capital cost of a project, subject to a limit of £200,000. In exceptional circumstances it may seek the approval of the Secretary of State to award assistance in excess of this figure. The Division approved 250 applications for financial assistance - all in the form of capital grants - during the last financial year, fully spending its Section 4 allocation for that year. Since the STB can anticipate its budgets for the forthcoming two years, it can forward allocate finance from these budgets. Hence the total allocation of funds approved for 1983-84 amounted to £5.5m. The projects assisted covered just about the entire spectrum of facilities and resources used by tourists: from signposts to hotels, restaurants, entertainments and heritage attractions. The STB does not offer financial assistance to projects located within the area covered by the HIDB.

The HIDB came into existence in the Autumn of 1965. It was given a broad remit by the 1965 Highlands and Islands Development (Scotland) Act to:

"assist the people of the Highlands and Islands to improve their economic and social conditions and to enable the region to play a more effective part in the economic and social development of the nation".

As a statutory regional development agency, the Board has wide powers with which to stimulate economic activity, ranging from financial assistance and advisory services, to the acquisition, construction and operation of building and landholding concerns. In its first year of existence, HIDB isolated tourism, forestry, and industry as the economic activities most likely to provide the region with a basis for sustained economic growth. The potential of tourism was described as "great". It committed itself to comprehensive marketing and developing, and established its own Tourism Division.

An indication of the importance attached to the tourism industry by the HIDB can be seen from an analysis of its financial assistance to the various sectors of the area's economy. The HIDB like the STB is empowered to provide assistance by way of capital grant, loan or equity participation, but unlike the STB is able to offer loans at concessionary interest rates (usually 3% below the commercial rate at the date of approval). Loan finance is the most common form of HIDB assistance. Developers are normally expected to raise around 50% of the total project cost from their own resources or from commercial borrowings. In exceptional circumstances the proportion of HIDB and other public sector sources of funding may be increased to a maximum of 70%. Projects involving assistance in excess of £250,000 require Scottish Office consent with an ultimate ceiling of £400,000 for any one project. In the last 10 years the HIDB has approved £34.5m in grants to tourism projects at 1983 prices, which represents 41.7% of all grants disbursed in that period, along with £15.0m in loans and equity representing 16.2% of all such forms of assistance. In total, the HIDB has awarded £49.6m assistance to tourism projects north of the "Highland Line" during the past decade. This represents 28% of all its financial assistance programmes.

The HIDB received £27.5m Exchequer grant-in-aid for the financial year ending 31 March 1984. This was supplemented by funds accruing from the repayment of loans (£30.0m) and the sale of assets and investments, giving a total of nearly £30.7m for the year. The HIDB's allocation to tourism related projects

totalled £5.7m of which nearly £4.4m (77%) was in grants with the remaining £1.3m (23%) comprising loan and equity participation. During the same year £3.2m was spent on research services and publicity "of which a substantial sum goes to tourism marketing" (including overseas promotion). More than £0.6 was granted to the 15 Area Tourist Boards which the Highland Board has set up in its area. These, it should be noted, were originally called Area Tourist Organisations and were the model for the STB's own network. The Scottish Confederation of Tourism (SCOT) was established in July 1983 with the support of HIDB and is the representative body of all Area Tourist Boards. Finally a further £0.2m was spent on non-revenue earning projects relating to the tourism industry. The HIDB like STB can forward allocate its financial assistance.

The SDA was established under the Scottish Development Agency Act 1975 to rejuvenate Scotland's economy and to improve its environment. It has a potent range of powers relating to industrial and commercial fields and its grant-in-aid for the year ending 31 March 1984 was £83.6m. Other sources of funds including Public Dividend Capital (£3.9m), National Loan Fund (£2.0m), European Coal and Steel Community (£0.3m), and direct receipts from properties and investments (£22.4m) gave a total of £112.2m. The main thrust of its activities are non-tourist, and until recently its involvement in tourism was confined largely to the funding of feasibility studies. Despite its resources and powers, the Agency is unable to provide direct grant assistance to commercial developers. Its financial assistance to commercial operators is normally in the form of equity participation or loan finance. Since both the STB and HIDB can and do provide grant assistance, commercial developers usually make a first approach to them for finance.

However, there are signs of an increasing SDA interest in assisting tourism projects. The Agency was instrumental in securing the funding package which enabled the Scottish Exhibition Centre at Glasgow's Queens Dock to proceed. Its initial provision of £14m encouraged other public sector bodies (Strathclyde Regional Council, Glasgow District Council and the European Regional Development Fund) and a variety of private investors to finance the Centre which is due to be completed in

Autumn 1985 at an estimated cost of some £36m. This gives an indication of the Agency's financial "muscle".

Currently, the SDA is aiding the refurbishment of the North British Hotel in Glasgow's George Square, through its Land Renewal programme and its Leg-Up (Local Enterprise Grants for Urban Projects) scheme. In conjunction with Strathclyde Regional Council, the SDA have recently completed the first phase of a major study which it is hoped will result in the commercial, leisure and tourism development of parts of Strathclyde Regional Country Park near Motherwell.

Moreover, the emergent SDA role in tourism has been consolidated in organisational terms following a major review of the Agency's activities, completed in the last year. The resultant organisational arrangements have seen inter alia the formation of a Service Industries Division. This presages an important change of direction for the Agency as it now appreciates that its provision of industrial units is probably ahead of demand and the high tech electronics industry has now reached 'critical mass' (whereby its growth should be self-sustaining). This leaves the Agency free to diversify into other major growth areas of this country's post industrial economy, notably the service sector. It is too early yet to gauge how significant the Agency's Service Industries Division will be as an instrument for encouraging the growth of Scotland's tourist industry. However, it is noteworthy that out of a total of 28 potential projects currently under consideration by the Division, 25 are tourism related.

Outside the economic sphere, there are various public agencies with heritage and leisure and cultural responsibilities bearing on tourism. The Scottish Education Department (SED) has an interest in leisure and cultural provision. Its responsibilities for sport is made indirect by the presence of an independent council (ie the Scottish Sports Council). In addition, council members of the Scottish Arts Council - a committee of the Arts Council of Great Britain - are chosen after consultation with SED. The Department's interest in the heritage sphere is a more direct one through its responsibilities for the national museums,

galleries and libraries, and for the Council for Museums and Galleries in Scotland.

The role of the Scottish Development Department in the leisure and heritage fields derives in part from its responsibilities for urban and rural conservation. These are mainly "hived off" to ad hoc agencies, notably the Countryside Commission for Scotland, the Historic Buildings Council for Scotland, the Ancient Monuments Board for Scotland and the Royal Commission for Historical Monuments for Scotland. However, the SDD is directly involved in the upkeep of the royal palaces, parks and heritage sites under the government's care in Scotland (eg Stirling Castle). It should be added that the SDD also has responsibility for the control of local authority spending and has a general overseeing role for the powers, structures and operation of local authorities. These have direct and indirect implications for local government tourism operations.

Finally, a number of other central departments and quangos have responsibilities bearing on leisure and heritage. The Ministry of Agriculture Fisheries and Food and the Department of Agriculture and Fisheries for Scotland are responsible (with the Welsh Office) for the Forestry Commission and therefore for forest based recreation. The Department of the Environment has a stake in Scottish leisure provision via its association with the British Waterways Board (canal recreation) and the Nature Conservancy Council (conservation and presentation of flora and fauna) Finally the Treasury provides the funding for the National Heritage Memorial Fund.

A STREAMLINED STRUCTURE OF TOURISM ADMINISTRATION?

The remarkable accretion of organisations and powers sketched out above must inevitably be received with some bewilderment. On the face of it there is an absence of clear and unambiguous divisions of responsibility. Moreover, the STB has recently made a public bid for the HIBB's tourism marketing functions¹, the Historic Buildings Council has suggested that "..... consideration should be given to establishing one advisory

Council or Commission, to bring together the functions of the various bodies..... which are currently concerned with historic buildings and ancient monuments in Scotland..."², and the Scottish Arts Council would favour separate funding direct from the Scottish Office³.

In the light of these opinions and with a view to the better co-ordination of tourism policy in Scotland, we believe that the government should consider and **itself** evaluate the case for the following changes:

1. Having one economic development agency, the SDA, responsible for the **development** of the Scottish tourism product, reporting (as before) to the Industry Department for Scotland.
2. Having one agency, the STB, responsible for **marketing** of Scotland, and reporting (as before) to the Industry Department for Scotland.
3. Having one newly created heritage agency for ancient and historic monuments, reporting to the Scottish Development Department.
4. Having the Scottish Office bear direct ministerial and financial responsibility for the work of the Scottish Arts Council, with the latter reporting to the Scottish Development Department.
5. Having the SED's sponsorship of the Council for Museums and Galleries in Scotland and its administration of the national museums and galleries transferred to the SDD.
6. Having a standing committee established for the Arts, Heritage and Tourism, charged with the job of ensuring that proper consideration is given to the application of tourist marketing expertise to the state's arts and heritage interests. (This might be chaired by the relevant minister(s) and would be representative of the principal interests concerned).

Effectively, these changes would have the effect of splitting official marketing and development roles in tourism, disengaging

the HIBD from active involvement in tourism, and treating arts, heritage and tourism as an integrated and coherent governmental programme area.

CONSIDERATIONS TO BE BORNE IN MIND IN ANY GOVERNMENT REAPPRAISAL OF SCOTTISH TOURISM

First, there are potential dangers inherent in a system whereby one autonomous body markets the tourism product while another autonomous body develops it.

Secondly, there is a substantial sense in which consideration of concordat, liaison, and functional and geographical specialisation do (and can in future) help resolve problems of overlap and duplication in tourism between the three development agencies.

Thirdly, the proposals adumbrated above might well lead to an unhealthy and unwarranted concentration of national government tourism responsibilities in the hands of the SDA. Our reasoning is as follows. The SDA is undoubtedly set to become more involved in the provision of tourism infrastructure and, given its great resources and powers, this may explain why the STB appears currently to be playing down its role in relation to the development of tourism facilities. The question which must be asked is this: if the SDA does establish itself as the primary investor in tourism infrastructure, will it be content to leave the marketing of tourism to the STB? The SDA is already engaged across a wide range of non-tourism marketing activities. The temptation to empire build might prove too strong.

Fourthly, there is a substantial sense in which Highland tourism is a special case. Clearly within Scotland the importance of tourism does vary greatly. Traditional seaside resorts such as Largs and the capital city of Edinburgh are heavily dependent upon tourism and many industrial localities are becoming increasingly so (as evidenced by the promotional activities of Glasgow and Dundee). But it is still the case that in public policy

terms, tourism in the remoter rural areas of the North and West constitutes a special case. The decline in manpower in the basic industries in rural Highland areas has resulted in a decline in the service sector dependent on them. The consequent outflow of population, particularly in younger age groups further aggravates the problem. Tourism, in contrast to the other service industries, fulfills the same role as the traditional industries. It is resource based, but its resources - beaches, mountains, remoteness - are otherwise of little or no economic value. Its product is mainly exported, the bulk of expenditure on tourism coming from outwith the region. Moreover, tourism is a growth industry and is labour intensive. In addition to providing direct employment it supplements existing incomes through bed and breakfast operations, for example, and it increases economic activity rates by providing employment opportunities for wives and older people. It makes possible the maintenance of services such as local transport, garages, cafes, and shops that would otherwise be uneconomic. It also revitalises the social life of the area and assists in the improvement of the environment through the awareness of it as a resource for the industry. This is not to ignore the disadvantages of the Highland tourist industry seasonal employment, low proportion of skilled male employment, and the often unsatisfactory employment conditions and low wages. In this light, very careful consideration must be given to the HIBD's view that its tourism role is vital and that STB marketing should be seen as complementary and not supplementary to its own advertising and promotional activities

Finally, the call for a much closer alignment of arts, heritage and tourism policies is based on the view that tourism provides a powerful social and economic justification for conservation and public funding of the arts and heritage. Throughout Scotland as a whole it is a truism that the country's major tourist assets are its stock of natural, historic and cultural resources. Collectively these can be referred to as 'Heritage'. Trends in leisure and tourism demand suggest that the importance of heritage as the fundamental tourism base will continue to grow. A danger in emphasising the touristic exploitation of heritage and culture is that tourism may lead to an unacceptable degree of exploitation. Heritage resources (unlike others such as

oil) are inexhaustable provided they are developed in a way which will conserve their essential characteristics. The long term benefits must not be sacrificed to short term commercial ends. Careful national and local planning is necessary in the best interests of tourists themselves, the industry, and of this and future generations of Scottish residents. It is vital that the national planning guidelines currently being drawn up take tourism fully into consideration to avoid tourism versus conservation clashes such as evidenced by the Lurcher's Gully controversy, and to ensure that the effects on tourism of developments in other sectors of the economy such as agriculture, mineral extraction, oil etc., should be taken into account by policymakers.

CONCLUSION

In conclusion we suggest that the Secretary of State for Scotland should give consideration to how best to ameliorate a situation in which numerous publicly funded bodies are attempting to implement tourism, heritage and leisure policies in isolation, without adequate liaison and overall guidance. We suggest that what is needed is a clear governmental statement of Scottish tourism policy, a classification of the marketing and development roles of the three development bodies (STB, HIBD and SDA), and a co-ordination of governmental activity across the arts, heritage and tourism spheres.

REFERENCES

1. House of Commons Scottish Affairs Committee, Highlands and Islands Development Board, Session 1983-84, Minutes of Evidence, 418-I-V, HMSO, 1984.
2. Historic Buildings Council for Scotland, Report for 1982-83, HMSO, 1984, p4.
3. Eighth Report from the Education, Science and Arts Committee, **Public and Private Funding of the Arts**, Session 1981-82, Vols 1-3, HMSO, 1982.