

# Report

Report to:	<b>Community Wealth Building Commission</b>
Date of Meeting:	<b>February 2022</b>
Report by:	<b>Head of Planning and Economic Development</b>

Subject:	<b>South Lanarkshire Tourism Cooperative and Strategy Update</b>
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## 1. Purpose of Report

1.1 The purpose of the report is to:

- Provide an update on work undertaken to facilitate a wide-ranging consultation on the potential development of a South Lanarkshire tourism membership organisation and to create a new tourism strategy following the allocation of additional resources under the “Get South Lanarkshire Working” theme in the 2021/22 Revenue Budget.

## 2. Recommendation(s)

2.1 The Commission is asked to approve the following recommendation(s):-

(1) that the contents of the report be noted:

## 3. Background

- 3.1 As part of the 2021/2022 Revenue Budget, members approved a sum of £3 million towards economic recovery under the heading “Get South Lanarkshire Working”. Members’ high-level ambitions for the £3 million were broken down into three headings – “Social Enterprise and Business Support”, “Locate in South Lanarkshire” and “Tourism Cooperative and Strategy”.
- 3.2 Members are very keen to support and nurture growth in the Tourism sector, taking advantage of South Lanarkshire’s natural environment, heritage, and culture, not only to attract tourists from Scotland/UK and abroad but also to encourage local people to spend their recreational time and money closer to home. £0.5m of the funding was allocated to the potential creation of a Tourism Cooperative and development of a South Lanarkshire Tourism Strategy.
- 3.4 One of the principal themes of the first-ever Lanarkshire Tourism Action Plan, launched in 2005, was to develop a tourism network structure in Lanarkshire. The Lanarkshire Area Tourism Partnership was created to oversee the action plan and agree strategic ambitions.
- 3.4 Two independent associations were also created – the Lanarkshire Visitor Attractions Association and the Lanarkshire Accommodation Association. To obtain better synergies and organisation efficiencies these groups were later merged to create the Lanarkshire Tourism Association (LTA). Interest and membership in the LTA tailed off in recent years and when the longstanding chair stepped down in 2020, the LTA struggled to find volunteers who were willing to become office bearers and the decision was made by its members to wind down the group. Consequently, there is currently

no active tourism membership group that represents the South Lanarkshire tourism sector as a whole.

- 3.5 It was proposed the allocated funding would be used to recruit two members of staff, with the remainder of the £0.5m funding, after staff costs, to be spent on technical support and advice needed to set up a new body as well as promoting and marketing it to the industry to maximise numbers of local tourism businesses signing up.

#### **4. Tourism's role in Community Wealth Building**

Tourism offers an opportunity to contribute towards Community Wealth Building (CWB) ambitions. Tourism is a key employer in the region and pre-COVID (2019-20) was responsible for employing 3,013 full-time equivalent (FTE) jobs (Scottish Tourism Economic Activity Monitor STEAM). The re-purposing of land and property to create new tourism assets not only offers the potential to create new attractions to entice visitors to visit the region to spend money, but it can also create facilities that local communities can use and benefit from and can make facilities more viable than if they were just relying on local custom, protecting, and enhancing jobs and communities.

#### **5. Business engagement and other work undertaken to inform the tourism cooperative and strategy work**

- 5.1. The additional funding was announced in February 2021. South Lanarkshire tourism businesses were issued with a survey in May 2021 to gather information and their views on current challenges, opportunities and their priorities for the sector moving forward.
- 5.2. Informal discussions with individual businesses have informed our strategic approach. Economic Development officers are in frequent dialogue with businesses regarding a wide variety of topics – planning applications, grant applications, COVID support etc., and this has provided officers with an opportunity to gather from businesses their views on opportunities and challenges for promoting tourism in South Lanarkshire and their views regarding whether they would like to see a new tourism membership body set up in South Lanarkshire.
- 5.3. An example of this approach includes engagement with the Clydesdale Tourism Group. Officers have attended meetings to advise on support for the sector and where local businesses and stakeholders have expressed their views and have provided feedback. Officers have strived to reflect the needs and aspirations of the group within the draft tourism strategy.
- 5.4. The council's Economic Development team often receive feedback and comments from residents and visitors about a wide variety of tourism issues. This feedback has informed and been reflected in the draft tourism strategy.
- 5.5. Discussions with the former Chair of the Lanarkshire Area Tourism Partnership and Lanarkshire Tourism Association (LTA) and former members of both organisations have taken place to learn lessons from the past.
- 5.6. The Scottish Tourism Emergency Response Group (STERG) was created in March 2020 to respond to the COVID-19 crisis and their work has included wide ranging industry surveys and engagement across the Scottish tourism sector. STERG data and intelligence has been considered to inform a strategic approach.

- 5.7 Officers have had discussions with a wide variety of external organisations to inform work regarding the potential development of a tourism membership organisation in South Lanarkshire. Individual discussions have taken place with South of Scotland Destination Alliance, Ayrshire and Arran Destination Alliance, Argyll and the Isles Tourism Cooperative, Visit Inverness, Loch Ness Improvement District, Breadablane Tourism Cooperative, Cooperative Scotland, the Scottish Tourism Alliance, and Scottish Enterprise.

## **6 Destination Management Organisation Model Options including Tourism Cooperatives**

- 6.1 There are scores of tourism destination management organisations (DMOs) in existence in Scotland. Some DMOs are structured as cooperatives but other operating models exist. Since the announcement of additional funding, council officers have undertaken extensive research to gather intelligence on DMO model options.
- 6.2 From the research undertaken and feedback received to date, the potential benefits of establishing a South Lanarkshire DMO have been identified as follows:
- A new DMO would be self-governing, give tourism businesses a voice and allow them to shape tourism activity.
  - A new DMO could help facilitate improved communication amongst key stakeholders in the South Lanarkshire tourism sector.
  - Creating an independent/arms-length body, separate from the council, could make a new group more appealing to businesses.
  - If an arms-length organisation is created the group may be able to access funding opportunities and, in turn, deliver more projects.
  - Despite the recent experience of the Lanarkshire Tourism Association no longer operating, this does not mean that the creation of a new organisation, which is properly resourced and facilitated, could not be successful, however, industry buy-in and their continued active commitment is crucial to sustaining a functioning representative organisation.
  - Recruitment of new staff will provide additional resource to establish relationships with the tourism sector.
- 6.3 The potential risks of establishing a South Lanarkshire DMO are:
- There does not appear to be clear evidence that the creation of a new organisation is seen as a priority by South Lanarkshire tourism businesses. This is based upon recent experience leading to the winding up of the Lanarkshire Tourism Association and discussions with tourism businesses indicating that their focus and attention would be better directed internally within their own business rather on supporting a new tourism organisation.
  - A South Lanarkshire only DMO, as opposed to a Lanarkshire-wide organisation, may find it difficult to achieve a 'critical mass' of tourism businesses. Recent DMOs – the South of Scotland Destination Alliance and the Ayrshire and Arran Destination Alliance, cover far larger geographical areas.
  - Considerable work will need to take place to build commitment, support and shape the new organisation – most DMOs take, on average, at least two-years to set-up and become fully operational so there will be limited outcomes for the first 12-24 months.
  - Participants will need to be convinced that if they invest time in the cooperative that it will be worthwhile. We would need to identify a strong offering that attracts members, why should they give up their time to join any new body? Any new organisation will need to have direct access to a budget to develop projects.

- No existing DMOs in Scotland are self-financing. Membership fees are typically supplemented by council and other public support, so the council may need to expect to provide additional funding indefinitely.

6.4 Should the decision be made to establish a new membership organisation research would indicate that there are three DMO models which may work in South Lanarkshire which are:

- Option One: Setting up a tourism cooperative.
- Option Two: Establishing a tourism improvement district.
- Option Three: Establishing a not-for-profit tourism membership company limited by guarantee.

6.5 There are specific pros and cons associated with each of the different delivery models.

#### 6.6 Tourism cooperatives

There are only a few tourism cooperatives operating in Scotland with the largest being the Argyll, the Isles and Tourism Cooperative Ltd (AITC).

##### Pros of the tourism cooperative model

- The term cooperative is associated with a shared ownership model and therefore aligns well with the council's Community Wealth Building aspirations.
- The AITC model has worked well in Argyll where it brought together 11 existing area marketing groups under an umbrella organisation – the AITC. This has given the region's tourism sector a more unified approach and a bigger impact than would have been possible had all the groups remained disconnected. The approach has enabled the group to access external funding and deliver some high-profile marketing campaigns.

##### Cons of the tourism cooperative model

- New DMOs are now tending to adopt the improvement district model or set-up a not-for-profit company limited by guarantee. Feedback indicates that these models are less complex to set-up than the tourism cooperative model.
- The cooperative model, typically, is not widely understood by tourism businesses. This will need to be factored into any communications plan should the decision be made to proceed with setting one up in South Lanarkshire.

#### 6.7 Tourism Improvement Districts

Formerly known as Business Improvement Districts (BIDs), there are approximately 40 Improvement Districts currently working in cities and towns right across Scotland with more in development. The Loch Ness and Inverness Tourism BID, Visit Moray Speyside BID and Go Tweed Valley BID are all tourism-specific BIDs.

##### Pros of the improvement district model

- Setting up a tourism improvement district requires a commitment for five years and therefore would provide guaranteed support for five-years which the new organisation may need to become properly established.
- There is experience in South Lanarkshire in setting-up successful BIDs.

##### Cons of the improvement district model

- Writing a five-year business plan could be challenging in the current environment when flexibility may be required to adapt to changing market conditions.
- The existence of the Hamilton and Lanark town centre BIDs could complicate matters, with businesses perhaps perceiving/fearing duplication of service and increased financial contributions to two separate organisations. This could

potentially make it more difficult to gather support for a South Lanarkshire area wide Tourism Improvement District.

#### 6.8 Not-For-Profit Companies Limited by Guarantee

Several DMOS have been established as limited companies, these include VisitArran, Edinburgh Tourism Action Group (ETAG), the South of Scotland Destination Alliance (SSDA), and the recently established Ayrshire and Arran Destination Alliance (AADA).

##### Pros of setting-up a tourism membership organisation as a not-for-profit company limited by guarantee

- This model has been adopted by two of the most recent, high-profile DMOs. It may be possible to tap into learning from recent developments in the South of Scotland and Ayrshire.
- Feedback from those that have chosen this model have indicated that it is less bureaucratic to set-up compared to other models.

##### Cons of setting-up a tourism membership organisation as a not-for-profit company limited by guarantee

- The South of Scotland and Ayrshire examples are very different from the South Lanarkshire situation. The SSDA came about because of wider economic activity taking place in the South of Scotland, principally the South of Scotland Enterprise Agency, and merged two relatively strong existing DMOs - Scottish Borders Tourism Partnership and Visit South West Scotland. Whereas the AADA is very much being driven by the private sector.
- Feedback suggests that it will take time to build the trust for industry representatives to sign up as directors for a new limited company.

### **7. South Lanarkshire Tourism Strategy Development**

7.1 Previous tourism strategies have been pan-Lanarkshire strategies, this therefore will be first-ever South Lanarkshire area specific tourism strategy.

7.2 Work has taken place to review best-practice from round Scotland, gather evidence of the current challenges the sector is facing and to identify potential current and future opportunities. A draft strategy has been prepared with input from key partners such as VisitScotland and Skills Development Scotland which has identified six priority areas which are:

- People
- Place
- Business
- Marketing
- Responsible tourism
- Partnership Working and the possible creation of a new South Lanarkshire DMO.

7.3 In addition to inviting Council departments to contribute actions that will positively impact the South Lanarkshire visitor economy, strategic partners such as VisitScotland, Skills Development Scotland and local further education establishments have also been invited to feed in related activity they will be leading on. These have been included in the draft strategy. It is common practice that tourism action plans are 'live' documents that are regularly updated and should evolve over the lifetime of the strategy.

## **8. Next steps**

- 8.1 Officers have partnered with VisitScotland to hold an industry event on Tuesday 1<sup>st</sup> February 2022. Other partners represented will include the Scottish Tourism Alliance while Elevator will provide details on the Business Gateway service and on a new South Lanarkshire Tourism Leadership programme. Officers will introduce the main themes in the tourism strategy, invite feedback and comments on the strategy and try to stimulate thinking and debate regarding industry's views on the opportunity to create a new DMO in South Lanarkshire. Feedback will be gathered during breakout sessions.
- 8.2 The draft tourism strategy is open for consultation and is live on the council's website. The webpage also contains a survey inviting feedback on a draft strategy and asking industry their views on whether they wish to proceed with creating a new tourism organisation for the area, their preferred operating model, what a new organisation should do and what role would they be willing to fulfil in any new structure. The survey also asks respondents that if they do not see the creation of a membership organisation to be a priority at this time how would they like the council to support the tourism sector with available resources?
- 8.3 The consultation period will close on the 22 February after which time the survey responses and feedback from the tourism symposium event will be collated, analysed and a draft tourism strategy updated.
- 8.4 It is proposed a draft strategy would subsequently be reported to committee for Council endorsement early in the new administration, perhaps in June 2022.

## **9. Employee Implications**

Funding has been allocated towards recruiting 2 new officers. Recruitment plans will be finalised once a decision has been made whether we should create a new South Lanarkshire Council DMO and a preferred model type has been determined.

## **10. Financial Implications**

- 10.1 The budget available for the tourism sector support is £0.5million.

## **11. Other Implications**

- 11.1 None.

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6 January 2022

## **Link(s) to Council Values/Ambitions/Objectives**

- ◆ Accountable, Effective, Efficient and Transparent

## **Previous References**

- ◆ None

## **List of Background Papers**

- ◆ None

## **Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact: -

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