

**CAIRNGORMS NATIONAL PARK AUTHORITY
FINANCE COMMITTEE**

**Title: RATIFICATION OF NEW EXPENDITURE
PROPOSALS**

Prepared by: DENBY PETTITT, FINANCE MANAGER

Purpose

To approve two new expenditure proposals.

Recommendations

- That the Committee approve the expenditure proposals prior to submission to the Scottish Executive.

Executive Summary

Approval is sought for two new expenditure proposals.

- Give a grant of £25,000 for 2005/06 to a private industry led marketing initiative to maximise marketing opportunities in the leisure market for Badenoch and Strathspey. Total funding from all parties is £209,500 and other contributors include VisitScotland (£80,000) and MBSE (£40,000). Monies have already been allocated in the 2005/06 Operational Plan for this.
 - Give a grant of £25,000 to Cairngorms Chamber of Commerce that aims to promote a sustainable business environment within the Park. At present there is £10,000 allocated for this purpose within the 2005/06 Operational plan and Management Team have agreed to increase this to £25,000. The proposal to make additional funding available for 2006/07 and 2007/08 is subject to performance criteria being met and the Committee is asked to approve the additional funding of £35,000 subject to the performance criteria being met.
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RATIFICATION OF NEW EXPENDITURE PROPOSALS

Discussion

1. The Finance Committee is invited to review the attached Expenditure Justifications (Annexes 1 and 2) and approve them if they see fit, allowing them to be passed to the Scottish Executive for final approval.

DENBY PETTITT
27 April 2005

denbypettitt@cairngorms.co.uk

CAIRNGORMS NATIONAL PARK AUTHORITY

EXPENDITURE JUSTIFICATION

1. Title

ABSC

2. Expenditure Category

Project		Grant	✓	Consultancy	
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3. Description

- Brief overview of project/activity
- Specific elements for which support is sought (if not whole project/activity)

ABSC Marketing Ltd is a private industry led marketing initiative formed by Aviemore Highland Resort, Hilton Hotels, the Cairngorms Attractions Group and supported Moray, Badenoch and Strathspey Enterprise in May 2002. Their overall objective is:

'To maximise marketing opportunities in the leisure market for Aviemore and the Cairngorms'.

Full details of their Marketing Strategy and Activity Plan are attached.

4. Rationale and Strategic Fit

- Objectives/intended beneficiaries
- Evidence of need and demand
- Fit with National Park Plan/Corporate Plan/other relevant strategies
- Linkages to other activities/projects

Specific strategic aims are to -

- * Work with partners to create a strong brand identity for the area;
- * Encourage further participation in ABSC Marketing Ltd;
- * Drive higher standards of quality delivery at the destination;
- * Provide high quality destination information;
- * Raise the profile of the area as a short breaks destination;
- * Maximise business tourism opportunities.

ABSC's work fits with the Corporate Plan goal of 'an increase in value of sustainable tourism spend' and this project is identified in the CNPA's Operational Plan for 2005/06. Their marketing plan is framed in a way that is consistent with the Cairngorms Tourism Marketing Strategy, for example in its focus on extending the tourism season.

It also fits well with the Strategy and Action Plan for Sustainable Tourism and contributes towards the following specific actions:

3f: Instigate, co-ordinate and implement occasional strategic marketing campaigns promoting specific themes;

4g: Strengthen and maintain Cairngorms knowledge and delivery by all tourism personnel by training, familiarisation visits and communication.

ABSC also links in with the promotion of the Cairngorms National Park brand in that they wish to develop the Aviemore and Cairngorms brand in a way that can incorporate or sit alongside the Park brand. This is currently being considered by the new Brand Management Committee (including Chamber of Commerce and Association of Cairngorms Community Council representatives) who are taking forward the following action point from the Strategy and Action Plan for Sustainable Tourism:

3a: Develop policy and guidelines on the use of the Cairngorms brand for tourism, and effectively disseminate this.

5. Option Analysis

- Are there other ways in which the above objectives could be achieved?
- If so, why is this the preferred option?

There is the option of the CNPA leading on such marketing. However, this does not sit well with an enabling role and, indeed, the Strategy and Action Plan for Sustainable Tourism states:

‘The CNPA is not a destination marketing organisation but should seek to influence and support the marketing of the new VisitScotland networks and the private sector’.

In line with this approach, the thinking is that marketing should be led by VisitScotland and the private sector. The Cairngorms is an ideal rural ‘product’ for promotion within the VisitScotland themes of ‘Active Scotland’, ‘Freedom of Scotland’ and ‘Culture and Heritage’. With regards the private sector the CNPA should identify opportunities to market the Park, either by sub-area or on a thematic basis, e.g. the recent collaborative marketing of the walking festivals within the Park. These points will be elaborated upon in a June Board paper on the proposed Marketing and Events strand of the Integrated Grant Scheme.

Of course there is an argument as to whether the CNPA should be funding such activities. At this stage it would seem appropriate to do so. Not only does such activity contribute to the Park’s fourth aim of sustainable economic and social development but the fact that we are contributing financially enables us to have a greater degree of control over the shape of the marketing plan and linkages with the Park brand. This ensures that we can maintain consistency with the new Strategy and Action Plan for Sustainable Tourism.

The option of ABSC extending to operate at a Park-wide level has been discussed but is not practical at this stage as some of ABSC’s members would be reluctant to extend the geographical coverage of the organisation. In addition, a recent study on destination management (undertaken by Terry Stevens Associates on behalf of MBSE - and with some CNPA funding) concludes that Badenoch and Strathspey is an appropriate focus for destination management.

6. Risk Assessment

- Are there risks to the CNPA in funding this project/activity?
- Are there risks in the project/activity not being delivered to required timescale/quality?
- Comment on the likelihood of such risks occurring, their potential impact, and (where appropriate) any action that would be taken to mitigate the risks.

The key risks are as follows:

The CNPA is perceived as favouring a particular part of the Park

At the moment there are no similar tourism marketing/management vehicles in place within other parts of the Park. It is intended that ABSC should be promoted as good practice within the ViSIT Forum, so that similar networks can be encouraged to develop elsewhere. The CNPA could then provide some initial funding, if appropriate.

Other funding is not secured

There has been a great deal of discussion with the funding partners and with VisitScotland with regards funding from their new Challenge Fund. It is therefore anticipated that the full funding package will be secured. A condition should, however, be attached to any CNPA offer of funding making it dependant upon ABSC securing the full funding package.

The activities are not delivered to the required timescale or quality

The Marketing Plan represents a step up in activity for ABSC, so delivery should be carefully monitored. In part, this can be done through CNPA attendance at some ABSC meetings and being copied in on minutes, etc. It should also be made a condition of funding that a formal progress meeting should take place in December.

7. Costs and Funding

- Detail the financial costs of the project/activity
- Detail the sources of funding
- Detail any non-monetary costs to the CNPA (such as Member or staff input)

Costs

	£
Project Management	42,500
Communications	3,000
Brand development	4,000
Website development	15,000
Provision of visitor information	25,000
Developing business tourism	22,500
Destination PR activity	20,000
Added Value Passport	12,500
Consumer Research/Evaluation	5,000
Autumn/Winter Marketing Campaign	60,000
	209,500

Funding

	£
Private Funding	64,500 ¹
VisitScotland Challenge Fund	80,000 ²
MBSE	40,000
CNPA	25,000
	209,500

Notes

¹ Much of this is confirmed, including £12,500 from AHR. With new membership, the amount of private funding may increase.

² The current application to the Challenge Fund is for £50,000. A second application is to be submitted in the Autumn for £30,000 in respect of the Autumn/Winter marketing campaign.

In addition some staff time will be taken up in attending ABSC meetings and a review meeting.

8. Deliverables/ Impact Assessment

- What end products/outputs will be delivered?
- How will success be measured?
- How will the project be monitored and what will be the feedback to the CNPA?

Specific activities to be undertaken are set out on pages 10-12 of the Marketing Plan.

The proposed performance measures are as follows:

- * Increased rate of visitor satisfaction with facilities/service at destination - aiming for 75% of respondents;
- * Increased satisfaction levels with information provision - aiming for 50% of respondents;
- * 20,000 visitors to www.visitaviemore.com;
- * Additional 4,000 bednights as a direct result of the campaign;
- * £250,000 worth of positive PR messages measured in advertising equivalents.

See section 6 - Risk Assessment for comments on monitoring and feedback to the CNPA.

9. Value for Money

- In view of the costs, do the deliverables appear to offer value for money? (consider cost of comparable projects, where available).

There are no clear comparators within the Park. However, the project is leveraging in substantial resources, including £55,000 from the private sector. CNPA funding would be dependent upon VisitScotland Challenge Fund monies being secured, which also would also provide reassurance that the activities represented value for money.

10. Exit or Continuation Arrangements (where applicable)

- If this is not a discrete, time-limited, project or piece of work, what are the exit/continuation arrangements for when CNPA support ceases?

The continuation arrangements for ABSC are unclear at the moment. Its programme of work can be tailored to the available funding so, even if limited public sector support was offered in the future, it seems likely that a reduced level of activity could take place. However, the Terry Stevens destination management study (mentioned previously) foresees a possible growth in the role of ABSC and discussions are currently taking place with MBSE and others about this. A watching brief therefore needs to be maintained with regards future development plans for ABSC as they evolve.

It will be made clear though, that with competing priorities on the CNPA's budget, there should be no assumption that there will be further CNPA funding in future years.

11. Additionality

- Does this work/project substitute for or duplicate work being carried out or proposed by others?
- What would be the effects of the CNPA not supporting the project? Would it proceed without CNPA support?

The work of ABSC does not duplicate work being carried out or proposed by others.

If the CNPA did not support ABSC's work, it would not go ahead as planned. Rather, it would have to go ahead on a reduced scale and the degree of matched funding levered in would also reduce. The VisitScotland Challenge Fund monies could not be secured and a new application would have to be prepared for the next funding round in October. Thus the funding reduction would be much greater than the amount being contributed by the CNPA alone.

12. Stakeholder Support

- Have the organisations and/or communities that would have an interest in this work/project been involved, and are they supportive?

Key stakeholders including ABSC's members, the Cairngorms Chamber of Commerce, MBSE, VisitScotland and the Highland Council have all been consulted and are supportive of the Marketing Plan.

ABSC also made a presentation to the Authority's ViSIT Forum on 20 April which should help to build broader stakeholder support.

13. Recommendation

I recommend that the CNPA approve £25,000 for 2005/06 towards the activities set out in ABSC's Marketing Plan. This offer should be conditional upon:

1. all other funding being approved;
2. ABSC agreeing to a review meeting in December.

It should also make clear that there is no commitment to providing funding in future years.

Name: Andrew Harper

Signature: _____

Date: 19 April 2005

14. Decision to Approve or Reject

Head of Group

Agreed.

Name: Andrew Harper

Signature:

Date:

Management Team (CNPA)

Not necessary since approved expenditure in 2005/06 Operational Plan.

Name:

Signature:

Date:

Finance Committee

Name:

Signature:

Date:

Board

Not necessary

Name:

Signature:

Date:

Sponsoring Department (SEERAD)

Name:

Signature:

Date:

CAIRNGORMS NATIONAL PARK AUTHORITY

EXPENDITURE JUSTIFICATION

1. Title

Cairngorms Chamber of Commerce (CCC)

2. Expenditure Category

Project		Grant	✓	Consultancy	
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3. Description

- Brief overview of project/activity
- Specific elements for which support is sought (if not whole project/activity)

The CCC was incorporated in 1998 as a Company Limited by Guarantee. Initially it focused upon the Badenoch and Strathspey area but in 2003 it expanded to cover the whole Park in reaction to the establishment of the Cairngorms National Park (CNP). Its purpose is to promote a sustainable business environment within the CNP and adjacent areas by:

- * Speaking and acting on behalf of its members;
- * Promoting a network of contacts locally, nationally and internationally; and
- * Delivering services to add value to members' businesses.

The CCC business plan for 2005-08 focuses upon both consolidating and further developing its core activities across the full Park (and surrounding) area, and the development of new initiatives. Specific new projects include the redevelopment of the Chamber website, skills development surveys, childcare research and a chamber membership recruitment campaign. Core staff would increase from the current 1.5 full-time equivalent (fte) to 2.6 fte, which would include a full-time project manager.

It is this core funding for which assistance is being sought from the CNPA.

4. Rationale and Strategic Fit

- Objectives/intended beneficiaries
- Evidence of need and demand
- Fit with National Park Plan/Corporate Plan/other relevant strategies
- Linkages to other activities/projects

The aim of the Chamber is to be a vibrant, forward-looking, business-led organisation that adds value to members' businesses and plays a key part in developing a competitive, sustainable economy in the North of Scotland.

It is estimated that current membership numbers at 160 represent around 15% of the 1,000 businesses operating in the Park, a proportion which already exceeds that achieved in most urban-based chambers. This is likely to rise as a result of the planned recruitment drive and the Chamber strengthening its presence in the East of the Park. The CNPA agrees with CCC that its new status will attract new members especially in this area.

As the business voice for the National Park, the Chamber is well placed to contribute towards the achievement of all of the Park's aims, and particularly the fourth - 'to promote the sustainable economic and social development of the area's communities'.

It also has the potential to play a significant role in helping the CNPA meet its goals as set out in the Corporate Plan, in particular to strengthen and diversify economic opportunities within the Park, working with Local Enterprise Companies (LECs), councils and CNPA to develop a sustainable Business Development Strategy. The Park covers several administrative areas, including 4 councils & 3 LECs, and the formation of a Park-wide chamber has been a huge benefit for the area, speaking as it does with one business voice.

The CCC is also well placed to research and deliver future work for CNPA, for example in identifying businesses' training needs, delivering research on industry zoning requirements and co-ordinating marketing.

5. Option Analysis

- Are there other ways in which the above objectives could be achieved?
- If so, why is this the preferred option?

The Park area holds a diverse business community with different business needs and product & services provision. The CCC is the only single representative of businesses within the CNP and is best placed to speak for the business community and act on its behalf.

Local business associations exist, but their accepted role is a more local co-ordinating one, whereas CCC are engaged in broader strategy development, representation, research & planning within the Park.

The status quo is not an option for CCC, as it is only through membership growth and development of project management capability that the Chamber will be able to become more financially self-sufficient.

6. Risk Assessment

- Are there risks to the CNPA in funding this project/activity?
- Are there risks in the project/activity not being delivered to required timescale/quality?
- Comment on the likelihood of such risks occurring, their potential impact, and (where appropriate) any action that would be taken to mitigate the risks.

The CCC is the accepted voice of businesses within the Park and as such is a low-risk reputationally.

Their business plan for 2005-8 includes a proposal to employ a membership-generating project officer. The proposed funding will, regardless of whether project funding in years 2 & 3 is secured, provide CCC with the core stability to meet its strategic and operational requirements. Opportunities exist for CCC to develop any project expertise they require for new projects they may take on, drawing on the wide experience of members and local know-how.

However, financially the CCC is looking for additional public sector support for core funding from Highland Council, who along with MBSE will help fund the project post. The Costs & Funding breakdown below shows unconfirmed funding for the Project Manager post in years 2 and 3 and unconfirmed funding from Highland Council. The risk of HC not confirming funding is considered low as they are supportive of the CCC's work.

7. Costs and Funding

- Detail the financial costs of the project/activity
- Detail the sources of funding
- Detail any non-monetary costs to the CNPA (such as Member or staff input)

Funding highlighted is confirmed

<u>Costs</u>	£	<u>Funding</u>	£
2005/6			
Project Officer - membership	19,000	CNPA	25,000
Core Staff Costs	33,500	Highland Council	4,000
Administration	19,500	MBSE - project	9,500
		MBSE - additional funding	5,500
		MBSE - match new m'ship	5,000
		Membership & income	17,000
		Other	6,000
	72,000		72,000
2006/7			
Project Officer	20,000	CNPA	20,000
Core Staff Costs	34,500	MBSE - match new m'ship	3,500
Administration	14,500	Membership & income	22,000
		Highland Council	5,000
		Project income generated	18,500
	69,000		69,000

Funding highlighted is confirmed

<u>Costs</u>	£	<u>Funding</u>	£
2007/8			
Project Officer	21,000	CNPA	15,000
Core Staff Costs	35,000	MBSE - match new m'ship	5,000
Administration	15,000	Membership & income	28,500
		Highland Council	5,000
		Project income generated	17,500
	71,000		71,000

8. Deliverables/ Impact Assessment

- What end products/outputs will be delivered?
- How will success be measured?
- How will the project be monitored and what will be the feedback to the CNPA?

The CCC will provide CNPA and other agencies with a single business contact source in the Park. It will increase membership and strengthen representation of businesses to public bodies and the wider public. Success will be measured in rising membership levels, and a target of 200 members by end of year 1 funding (Spring 2006) has been set.

The project specifically assists the CNPA in its delivery of sustainable growth in the CNP by providing a link between businesses and the Park and a platform from which to conduct research, training and marketing. The CCC is likely to be involved in helping the CNPA deliver its new marketing grant support scheme and help build on the success of staging and attracting private sponsorship of local events.

The opportunity exists for CCC to input into Youth Apprenticeship Development, Brand Management committee, CNPA forums and the Sustainable Tourism Action Plan. It already inputs into CRAGG a local business forum, the Local Economic Forum, Scottish Tourism Forum, local Leader+ LAG and helped established the Aviemore, Badenoch & Strathspey and Cairngorms marketing group as well as Monarch Country marketing group. It holds monthly networking lunches, informs members on issues such as disability legislation, delivers a fortnightly newsletter, gives legal and employment advice and web space to members.

9. Value for Money

- In view of the costs, do the deliverables appear to offer value for money? (consider cost of comparable projects, where available).

The funding attracts assistance from LECs, Highland Council and supplements fees from CCC members. It provides assistance to create or maintain 2.6fte jobs in the Park, and helps CNPA to meet its goals to strengthen economic development in the CNP. The project is therefore considered Vfm.

10. Exit or Continuation Arrangements (where applicable)

- If this is not a discrete, time-limited, project or piece of work, what are the exit/continuation arrangements for when CNPA support ceases?

Funding decreases over 3 years as membership increases and it is anticipated that the CCC will be self-financing from project income in future years as their experience grows and their role develops. CNPA funding commitments are limited to 3 years at present.

11. Additionality

- Does this work/project substitute for or duplicate work being carried out or proposed by others?
- What would be the effects of the CNPA not supporting the project? Would it proceed without CNPA support?

The CCC requires public support now to build on past success and to provide a route to self-sustainability through increased membership. To achieve this, it needs to have a stable core team and this project seeks to provide that support.

The CCC does not duplicate work done by local business associations or the FSB, representing as it does the wider strategic business view of the Park. Its growing membership levels and work to date mean that no other local organisation has the representation or the experience to deliver business support in the area, or co-ordinate with the CNPA in achieving its aims.

12. Stakeholder Support

- Have the organisations and/or communities that would have an interest in this work/project been involved, and are they supportive?

MBSE & Highland Council are supportive and the growing membership indicates good local business support.

13. Recommendation

It is recommended that the project is approved for spend:

Funding in year 1 (£25,000) is dependant on the CCC showing that sufficient other funding has been confirmed to deliver its objectives and meet the CNPA's aims.

Funding in years 2 and 3 (totalling £35,000) will be dependant on annual progress meetings the preceding February/March where performance will be assessed and a decision to continue funding made, based on membership recruitment targets and project work.

Name: John Thorne

Signature: _____

Date: _____

14. Decision to Approve or Reject

Head of Group

Name: Andrew Harper	Signature:	Date:

Management Team (CNPA)

Agreed funding in addition to the £10,000 already in the 2005/06 Operational Plan.		
Name:	Signature:	Date: 26 April 2005

Finance Committee

Name:	Signature:	Date:

Board

Not necessary.		
Name:	Signature:	Date:

Sponsoring Department (SEERAD)

Name:	Signature:	Date: