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## CAIRNGORMS NATIONAL PARK AUTHORITY

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### FOR DECISION

**Title:**                    **SUPPORT FOR DESTINATION MANAGEMENT ORGANISATIONS**

**Prepared by:**        **Andrew Harper, Head of Economic and Social Development**

#### **Purpose**

To seek Board approval to grant aiding the Aviemore & the Cairngorms and Deeside and the Cairngorms Destination Management Organisations.

#### **Recommendations**

That the Board:

- a) Approve grant awards of £25,000 and £20,000 respectively to Aviemore and the Cairngorms and Deeside and the Cairngorms Destination Management Organisations, tied to specified Park Plan deliverables;
- b) Consider whether it is reasonable to make the 2008/09 funding support conditional upon progress being made on a model for collaborative business working across the Park.
- c) Consider whether it is reasonable to state that we would expect future CNPA funding to be channelled through such a collaborative mechanism.

#### **Executive Summary**

Aviemore & the Cairngorms and Deeside & the Cairngorms Destination Management Organisations are key private sector groupings in delivering the Park Plan – in particular the priorities for action on ‘Making Tourism and Business More Sustainable’ and ‘Raising Awareness and understanding of the Park’.

It is proposed that £45,000 be awarded to the DMOs tied to key activities/projects in the Park Plan/Corporate Plan. Approval is sought from the Board rather than the Finance Committee, taking into consideration likely ongoing commitments as opposed to the 2008/09 grant requests.

It is important to note that the activities that would be supported will deliver value for all areas of the Park. Furthermore, the DMOs are actively working with the Cairngorms Chamber of Commerce and other business groupings in

the Park to further develop a collaborative programme of activity and ways of working.

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## SUPPORT FOR DESTINATION MANAGEMENT ORGANISATIONS - FOR DECISION

### Background

1. Destination Management Organisations (DMOs) are commercially-driven private sector led partnership organisations, a model commonly found in successful destinations in Europe and North America. Their focus is to market their respective areas and work with partners to improve the visitor experience.
2. The two DMOs to which this paper relates are Aviemore & the Cairngorms Ltd (ACDMO), and Deeside & the Cairngorms Ltd (DCDMO). Both are companies limited by guarantee with approximately 60 and 30 members respectively. ACDMO covers Badenoch and Strathspey, while DCDMO covers Royal Deeside and extends to an extent outside the Park boundary.
3. Along with the respective local authorities and HIE/Scottish Enterprise, the Park Authority has helped fund the initial development of these DMOs. Last year we provided grant funding of £25,000 and £15,000 to ACDMO and DCDMO respectively.
4. Both DMOs are important partners in delivering various aspects of the Park Plan. In particular they are contributing to a number of the outcomes within the 'Making Tourism and Business More Sustainable' and 'Raising Awareness and Understanding of the Park' priorities for action. They of course also contribute to the overarching Scottish Government purpose of delivering sustainable economic growth.

### Integrating Park-Wide and Local Approaches

5. In developing and managing tourism, there are activities that it makes sense to pursue on a pan-Park basis and there are activities that are better co-ordinated at a more local level. International best practise has shown that more localised groupings are more effective in securing business engagement and joint working. Equally, different parts of the Park have different qualities, strengths and local identities that can complement and add value to the Cairngorms National Park identity – and vice versa.
6. The DMOs are actively engaged in delivering the Park Plan both in terms of leading on specific actions and in a supporting role. They are already planning to do some pieces of work such as a customer feedback survey on a pan-Park basis.

7. Both DMOs do, though, recognise that there is scope to strengthen collaborative working across the Park and have therefore started to work with the Cairngorms Chamber of Commerce, Glenlivet and the Cairngorms (formerly Tomintoul & Glenlivet Highland Holidays) and business interests from Angus and Blair Atholl to explore how this might best be achieved. Their initial focus is on identifying the specific projects/activities that it makes sense to undertake on a Park-wide basis and to scope out a potential model for joint working. This initial work should be completed by mid to late September at which point a meeting will be convened to discuss the proposals.
8. From the CNPA's perspective this is a very positive development. A more joined up approach by the private sector should help deliver a variety of benefits including –
  - a) Maximising the potential business value offered by 'National Park' status;
  - b) Achieving greater value for money by undertaking appropriate activities on a Park-wide basis;
  - c) Achieving a greater coherence of marketing messages between the Park and areas within the Park (respecting the different USPs and attributes of the local destinations);
  - d) Simplifying channels for engagement with the private sector across the Park;
  - e) Ensuring that our funding support benefits all parts of the Park on an equitable basis.

### **2007/08 Business Plans**

9. Contributions of £25,000 and £15,000 are sought from CNPA towards the ACDMO and DCDMO 2008/09 Business Plans respectively. The Expenditure Justification for this grant support is shown in **Annex 1**.
10. Under our scheme of delegations approvals for this level of grant support would not usually be sought from the full Board. However, given the likely ongoing nature of grant support for the DMOs, it was felt to be appropriate that the grant requests be considered by the Board.
11. It is important to note that the deliverables to which the funding would be tied would deliver value for all areas of the Park and progress specified actions within the Park Plan. The proposed deliverables are as follows –
  - a) Support work to co-ordinate web content across the Park. This would include common language, classification, pooling data collection and agreeing to link to key parts of the web portal;
  - b) Present visitor information in the context of the National Park, for example by making use of the CNP Interpretation Guidance, use

of the CNP Brand, showing a map of the CNP and linking to the CNP web portal;

- c) Contribute to organising and promoting the annual CNP tourism conference (5 November);
- d) Work jointly with the CCC, Aviemore & the Cairngorms DMO and the CNPA to scope the potential for a Visitor Payback Initiative across the CNP (DMOs to identify lead body and steps to be taken);
- e) Work with partners to develop and deliver a pan-Park customer feedback project (DMOs to identify lead body and steps to be taken);
- f) Attend and actively contribute to the Park Plan Priority for Action Delivery Group on 'Making Tourism and Business More Sustainable'.

12. The Board may also wish to consider whether funding support should be conditional upon progress being made upon a model for collaborative business working across the Park, as referred to earlier in this paper. Such a condition could be applied to this year's funding or we could make it a condition of future support that any CNPA grants could only be channelled through such a mechanism. Applying such a condition might be perceived as the CNPA trying to 'force' the various business groupings to work together at a time when they have taken the initiative and seem to recognise the business case for better collaborative working. It would also only be applied to two of the private sector organisations that are involved in this work. However, the Board may still feel that it is appropriate to give a clear signal in respect of the significance that this work has for better being able to deliver the aims of the Park.
13. It is important to emphasise the point that we would not want or expect the work on such a collaborative approach to impact upon the delivery of the 2008/09 business plans. It is vital that local businesses and funding partners see value being delivered by the DMOs at the local level. In the future a well thought through approach to collaborative working would be able to deliver enhanced benefits at both the Park-wide and local levels.

## Recommendations

14. **It is recommended that the Board:**
- a) **Approve grant awards of £25,000 and £20,000 respectively to Aviemore and the Cairngorms and Deeside and the Cairngorms Destination Management Organisations, tied to specified Park Plan deliverables;**

- b) Consider whether it is reasonable to make the 2008/09 funding support conditional upon progress being made on a model for collaborative business working across the Park.
- c) Consider whether it is reasonable to state that we would expect future CNPA funding to be channelled through such a collaborative mechanism.

## Policy Context

### ***Delivering Sustainability***

15. The planned programmes of work will contribute to delivering sustainability in several respects. The DMOs support the Cairngorms Strategy and Action Plan for Sustainable Tourism in Protected Areas and are actively contributing to its achievement. They are using the Park brand and therefore are ensuring that their members have appropriate environmental accreditation in place (primarily the Green Tourism Business Scheme). Both DMOs will work with partners to scope out the potential for a Visitor Payback Initiative and will pursue its implementation if assessed to be feasible.

### ***Delivering A Park for All***

16. Whilst the DMOs are seeking to drive up quality standards, any type of accommodation providers are able to become members from campsites and hostels to hotels. Opportunities for marketing to Park for All target groups or related product development will continually be explored. The DMO websites will of course link to the Cairngorms National Park web portal, which will contain 'Cairngorms on a Shoestring' information.

### ***Delivering Economy, Effectiveness and Efficiency***

17. The DMO business models bring together a range of private and public sector funding and resources to achieve economy, efficiency and effectiveness. The work that they are engaged in to improve collaborative working across the Park should deliver even greater efficiency and effectiveness from these pooled resources.

## Implications

### ***Financial Implications***

18. In terms of finances, the potential risk and liability to the CNPA is limited to the annual funding given. Both DMOs are building up their membership and will continue to try and reduce the relative amount of public funding required. The need for public grant support and the levels of such support will be reviewed on an annual basis.

19. Funding provision for these grant awards has been made within this year's Operational Plan, as approved by the Board in March 2008.

***Presentational Implications***

20. The only potential presentational implication would be in relation to the areas of the Park not covered by these two DMOs. We can, though, demonstrate that the CNPA is also supporting business groupings for the Glenlivet and Angus parts of the Park. Furthermore, most of the deliverables to which the CNPA funding would be tied deliver value for all parts of the Park.

***Implications for Stakeholders***

21. All relevant stakeholders are involved with the DMOs and supportive of there work programmes. CNPA funding being secured will also enable grant offers from other funding partners to be confirmed.

***Next Steps***

22. If the grant funding is approved, offers will be sent to both DMOs. The Board will be kept abreast of progress against the stated deliverables via updates on delivery of the Park Plan and Corporate Plan.

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**July 2008**

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Annex 1

**CAIRNGORMS NATIONAL PARK AUTHORITY  
EXPENDITURE JUSTIFICATION**

**1. Title**

Aviemore & the Cairngorms and Deeside & the Cairngorms DMOs
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**2. Expenditure Category**

Operational Plan	101 110 114 160	Code	75104000 75207000 75302000 77502000	Project	
Research potential for voluntary contribution schemes Benchmark performance to improve customer experience Events/audit & advice/funding Roll out use of brand on signs, publications, visitor information (goal description)				Grant	✓
Core or Project spend		Code		Consultancy	

Is this spend to be funded from an existing budget line, existing line with additional funds or is it a totally new spend?	£ 45,000	Existing budget	✓
	£	Additional budget	
	£	New budget	

delete as appropriate

**3. Description**

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

Aviemore and the Cairngorms Destination Management Organisation (ACDMO) and Deeside and the Cairngorms Destination Management Organisation (DCDMO) are business led tourism bodies that seek to market their respective areas and work with partners to improve the visitor experience.

ACDMO's objectives for 2008/09 are –

1. Business Growth

- a. To undertake marketing activities that will encourage increased visitation and generate revenue for their members;
- b. To work with businesses to enhance the customer experience, so increasing the likelihood of return visits to the area;
- c. To work with businesses to increase capacity in the sense of business skills, quality and competencies to meet changing consumer demands and patterns.

2. Community

- a. To work with and support the communities and local organisations in developing the area as a destination.

3. Environment

- a. To promote and celebrate the culture, heritage and natural environment around us in a responsible manner.

4. Business Engagement

- a. To foster a sense of belonging and purpose within the area to help the DMO deliver the common agenda.

DCDMO's objectives for 2008/09 are –

1. Marketing Deeside & The Cairngorms as a year-round visitor destination under the brand of Royal Deeside & The Cairngorms;
2. Marketing the DMO to local business people and engaging with them to achieve the Business Plan objectives;
3. Working with partner agencies and local businesses to improve the quality of the visitor product/service offering within Deeside & The Cairngorms;
4. Working with partner agencies and local businesses to embed an effective training and staff development culture within Deeside & The Cairngorms;
5. Contributing positively towards the achievement of the objectives of the Cairngorms National Park Plan 2007, particularly those that relate to raising awareness and understanding of the National Park, creating thriving and sustainable communities, and generating economic, social and environmental sustainability;
6. Representing the views and priorities of local tourism businesses as appropriate to partner agencies and external bodies.

The associated business plans set out the detail of the activities and projects that will be progressed under the above objectives along with specified Key Performance Indicators. The specific activities/deliverables to which CNPA funding would be linked are set out in section 8.

Membership of ACDMO and DCDMO stands currently stands at around 60 and 30 businesses respectively.

#### 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 primary beneficiaries from the DMOs' activities would be tourism businesses through increased revenues (including businesses that indirectly benefit from tourism expenditure), and visitors through an improved quality of experience.

It is widely recognised that tourism businesses working together are best placed to take the lead in developing and managing tourism, linking with the public sector and local communities. There was a process of business engagement and learning from best practice in other parts of the world that helped shape the development of both DMOs.

Both DMOs play a key role in delivering elements of the Park Plan. Some of the key outcomes to which they contribute are as follows –

##### Making Tourism and Business More Sustainable

- ii. The visitor experience in the National Park will consistently exceed expectations and will drive repeat visits/more business opportunities. The Park will compare well against the rest of Scotland and other National Parks.
- iii. There will be a more even distribution of visitor numbers throughout the year.
- iv. A greater percentage of visitors will contribute to the conservation and enhancement of the Park.
- v. A greater percentage of businesses will meet the quality standards and environmental management criteria of the Park brand and achieve commercial advantage through its use.

##### Raising Awareness and Understanding of the Park

- i. More people across Scotland will be more aware of the National Park, what makes it special and the opportunities it offers them.
- iv. More people who have visited the Park will have high quality experiences and will tell positive stories about the area.

The DMOs are helping to deliver the following Corporate Plan achievements –

- \* Businesses within the Park provide a high quality, environmentally friendly service and benefit from using the Park brand (ACDMO is using a family brand and DCDMO is co-branding. They are therefore ensuring that their members meet the brand criteria);
- \* A voluntary contribution scheme for visitors is in place to collect funding for initiatives within the Park (the DMOs, working with others, will lead on a scoping

exercise this year);

- \* A National Park web portal is in place and working effectively to meet customers/users needs (the DMOs are on the steering group for this work and are ensuring a clear read-across between the Park portal and their respective websites);
- \* Cairngorms National Park is well signposted and promoted across Scotland (the DMOs are marketing their local destinations within the context of the Park).

## 5. Option Analysis

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

The CNPA could lead on all of these activities. This would not sit well with our objective of being an 'enabling' organisation. Furthermore strong business engagement and ownership of these activities is fundamental to their success – it is therefore appropriate that the private sector takes the lead with support from public sector partners.

Rather than funding two DMOs that do not cover the whole Park, some form of Park-wide DMO could be supported. However, there is strong evidence that some activities work best at the local level. Each local area within the Park also has distinctive attributes, so it is appropriate to market the respective areas in ways that reflect their different strengths but within the overall context of the Cairngorms National Park.

Both DMOs do, though, recognise the advantages of pursuing some activities on a Park-wide basis and have therefore started to work with the Cairngorms Chamber of Commerce, Glenlivet and the Cairngorms (formerly Tomintoul & Glenlivet Highland Holidays) and business interests from Angus and Blair Atholl to explore how this might best be achieved. Their initial focus is on identifying the specific projects/activities that it makes sense to undertake on a Park-wide basis and to scope out a potential model for collaborative working.

## 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.

There is a potential risk that the CNPA could be perceived as being inequitable in providing funding for some parts of the Park and not others. We have however also supported Glenlivet and the Cairngorms and Outdoor Angus (an Angus DMO focused on outdoor activities). The two DMOs, working in conjunction with the other business groups, will also be leading work that benefits the whole Park (see section 8). This also helps to ensure that maximum value is being achieved from the grant

funding.

It is considered that both DMOs have appropriate capacity to delivered their activities/projects to the required timescale/quality. Regular liaison will be maintained with the DMOs to monitor progress and grant payments will be phased and tied to satisfactory progress. There are, though, risks in relation to two of the deliverables -

*Customer research programme:* The DMOs have undertaken developmental work on this and wish to roll it out this year. Scottish Enterprise has initiated some work on developing a national framework for customer feedback and is prepared to treat the Park as a pilot area. Whilst this should be seen as an opportunity, it has slowed down the delivery of the planned local work.

*Visitor payback initiative:* The scoping study has yet to be costed and budget has not been built into the proposed grant funding. It is anticipated that the funding can be sourced from elsewhere, e.g. LEADER but clearly progressing this deliverable will be dependant on pulling together a funding package

## 7. Costs and Funding

- Detail the financial costs of the project/activity
- Detail the sources of funding
- Justification also needs to be given if the CNPA is the major funder
- Detail any non-monetary costs to the CNPA (such as Member or staff input)

### DCMO – Expenditure and Funding

<u>Funding</u>		<u>Expenditure</u>	
Aberdeenshire Council	£20,000	Business Database Development	
		£ 2,210	
CNPA	£20,000	Itineraries Development	£
		1,000	
Scottish Enterprise	£58,230	Leadership Development Programmes	
		£ 5,000	
VisitScotland Challenge Fund	£13,690	Brand Development	
		£ 6,800	
Private Sector Joining Fees	£ 5,000	Website Development	
		£31,500	
Private Sector Buy Ins	£10,500	Public Relations Support	
		£20,000	
Output VAT/VAT Refunds	£23,753	Consumer Marketing Campaigns	
		£14,000	
Funding Reserves <sup>1</sup>	<u>£30,076</u>	Visitor Research	£
		6,000	
	£181,249	Business-2-Business Liaison	£
		4,000	
		Project management/Admin Costs	
		£56,259	

<sup>1</sup> From total funds carried forward of £31,165

		Office Operating Costs	£
		4,800	
		Professional Fees	£
		2,000	
		Accountancy	£
		1,000	
		Input Tax	<u>£26,680</u>
			£181,249
<b>ACDMO – Expenditure and Funding</b>			
<u>Funding</u>		<u>Expenditure</u>	
Highland Council	£10,000	Staff Salaries	£98,800
CNPA	£25,000	Director's Relocation	£ 9,000
HIE	£75,000	Travel & Subsistence	£ 7,200
Participating Business Fees <sup>2</sup>	£ 6,900	Office Equipment	£ 6,000
Advertising Income	£ 1,700	Office Rent	£ 3,600
Carnegie Trust	£18,400	Insurance	£ 3,600
Sponsorship	<u>£ 3,000</u>	Staff Training	£ 1,200
	£140,000	Communications	£ 3,600
		Meetings & room hire	£ 1,200
		Accountancy/legal	<u>£ 5,800</u>
			£140,000

In addition, there will be staff time involved in liaising with both DMOs.

## 8. Funding conditions

- Detail the project specific conditions that need to be included in any contract for services or grant offer letter in order that CNPA obtains the intended outcomes and Value for Money
- In the case of grant offers, our Financial Memorandum requires that SEERAD agree these conditions in advance of the grant offer being made

It is proposed that the two funding offers be tied to the following deliverables/work inputs from the DMOs –

1. Support work to co-ordinate web content across the Park. This would include common language, classification, pooling data collection and agreeing to link to key parts of the web portal;
2. Present visitor information in the context of the National Park, for example by making use of the CNP Interpretation Guidance, use of the CNP Brand, showing a map of the CNP and linking to the CNP web portal;
3. Contribute to organising and promoting the annual CNP tourism conference (5 November);
4. Work jointly with the CCC, Aviemore & the Cairngorms DMO and the CNPA to scope the potential for a Visitor Payback Initiative across the CNP (DMOs to identify lead body and steps to be taken);
5. Work with partners to develop and deliver a pan-Park customer feedback

<sup>2</sup> Total participating business fees - £86,500. Balance applied to marketing activities.

- project (DMOs to identify lead body and steps to be taken);
6. Attend and actively contribute to the Park Plan Priority for Action Delivery Group on 'Making Tourism and Business More Sustainable'.

## 9. 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 key deliverables that the CNPA funding would be tied to are set out above. The other Key Performance Indicators in the respective DMO Business Plans are as follows –

### ACDMO

- a. Develop one website with annual page views target of 1 million.
- b. Provide web stats to all members every 2 months.
- c. Recruit 100 business members by March 2009.
- d. Provide 10 member newsletters per annum.
- e. Publish 12 What's On magazines and provide local businesses with a print and web based platform to publicise local events.
- f. Establish product development groups: golf, outdoor activities, serviced accommodation, non serviced accommodation, business tourism.
- g. Ongoing customer marketing programmes.
- h. A minimum of 2 PR campaigns.
- i. Hold a minimum of 3 business meetings for local member businesses. Introduce 2 product development initiatives.
- j. Work with partners to introduce a customer feedback scheme.
- k. Manage 4 quarterly business barometer.
- l. Co manage with partners 1 tourism conference.
- m. Meet each (7) local community business groups each year.
- n. Support the activities of the ACDM Small Grants Scheme.

### DCDMO

- a. The Royal Deeside & the Cairngorms website will generate over 1,500 user sessions per month, each lasting a minimum of 4 minutes.
- b. Consumer marketing campaigns will generate a 4:1 return on marketing investment. This will be measured through confirmed bookings and visitor spend

figures.

- c. The Local Business Database will hold fully qualified details of over 350 local businesses.
- d. the DMO will recruit over 60 partner businesses who will contribute joining fees and buy-in funding of over £15,000.
- e. Over 120 local businesses will attend DMO quarterly meetings/events.
- f. Over 300 visitors will participate in visitor surveys.
- g. 3 new products or packages will be developed through Business-2-Business product development meetings.
- h. 2 specific event enhancement/development opportunities will be agreed and evaluated for action in 2009-10.
- i. Over 200 local tourism staff will see the Induction/Product Knowledge DVD.
- j. Over 80 local tourism staff will attend Induction/Product Knowledge evenings.
- k. Over 300 local tourism staff will receive Staff Access Scheme cards.

## 10. Value for Money

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

In view of the range of activities/projects supported and the contribution the DMOs will make to delivering the Park Plan, this appears to provide good value for money – particularly as some of the work will be delivered on a pan-Park basis to achieve economies of scale. By working with other partners and the private sector additional funding, resources and commitment can be levered in to help achieve objectives of the Park Plan.

## 11. 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?

Both DMOs are building up their membership and will continue to try and reduce the relative amount of public funding required. The need for public grant support and the levels of such support will be reviewed on an annual basis. The key questions in reviewing funding should always be whether the grant funding is delivering additional value and whether the DMOs are contributing to achieving Park Plan outcomes more efficiently and effectively that would be the case for other delivery mechanisms.

## 12. 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?

If the CNPA did not support the DMOs, they would not develop as planned and the

CNPA would lose the opportunity to influence, enable and work with the private sector and public partners in delivering Park Plan actions. The DMOs would continue to operate on a reduced scale and the degree of matched funding levered in would also reduce. More significantly there would be a greater risk of fragmenting the Park and we would lose the opportunity to work in a coordinated way with both DMOs.

### 13. Stakeholder Support

- Have the organisations and/or communities that would have an interest in this work/project been involved, and are they supportive?
- If supporter are also not funders an explanation may be required.

There has been a long process of setting up the DMO involving a significant amount of research, benchmarking, best practice and learning journeys. Public sector partners and the tourism industry have been heavily involved in this process throughout.

Key stakeholders including, HIE, Scottish Enterprise, VisitScotland, Highland Council and Aberdeenshire Council have been involved in the development of the DMO are supportive.

### 14. Recommendation

It is recommended that grant support of £25,000 and £20,000 is offered to ACDMO and DCDMO respectively to support the delivery of their 2008/09 business plans. The funding would be tied to the deliverables specified in section 8. Payments would be in staged payments, the phasing to be agreed with each DMO.