
CAIRNGORMS NATIONAL PARK AUTHORITY

FOR DECISION

**Title: CAIRNGORMS COLLABORATIVE BUSINESS
STRUCTURE**

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Purpose

To update the Board on progress towards a pan-Park model for collaborative business working.

Recommendations

It is recommended that the Board:

- a) Welcome the work that has been carried out so far in identifying a potential pan-Park model for collaborative business working, and continue to support the principle;
- b) Agree to delegate to the Finance Committee consideration of CNPA funding to the collaborative business structure/mechanism, once further detailed work has been carried out.

Executive Summary

As was reported to the Board in July 2008, the Cairngorms Chamber of Commerce has been working with the Destination Management Organisations (DMOs) and other business groupings in different parts of the Park to develop a more coherent model for business collaboration. The Board was very supportive of what the private sector was seeking to achieve and tied the 2008/09 grant awards to the Aviemore and Deeside DMOs to the work being progressed.

The private sector groupings involved have now identified a model which has the scope to deliver a range of important benefits, both for businesses and for the public sector. Pending further discussions, it is anticipated that 2009/10 will be a transitional year during which the new model could become established.

Given that there is further detailed work to be done on how the model would operate, as well as on funding requirements and the associated

deliverables, it is proposed that consideration of CNPA grant support be delegated to the Finance Committee for when this information is ready.

CAIRNGORMS COLLABORATIVE BUSINESS STRUCTURE – FOR DECISION

Background

Economic Value of National Parks

1. National Park designation creates the potential for economic benefits, particularly in the tourism sector. The economic value of National Parks has not yet been estimated in Scotland, but various studies in England and Wales have assessed the added value in terms of income and jobs created, and have shown how the positive economic benefit extends beyond the boundaries of the Park into towns and communities nearby whose economy is linked to the Park. It extends too to the wider region since Parks are quality environmental assets that attract visitors, businesses and employees to the region as a whole.
2. A summary of these various studies into economic impact is given at Annex 1. In short, these studies give hard evidence that prosperity and protection can go hand in hand, and dispel the popular myth that parks are a barrier to economic activity. We should look for ways of making more use of this information, communicating it more widely.
3. One of the fundamental principles the CNPA has adopted since its creation nearly six years ago has been that the Cairngorms National Park depends for its success on everyone having ownership of it – benefitting from it and contributing to it. This paper concerns the role of business, and particularly tourism businesses. 80% of businesses in the CNP are estimated to be tourism related, depending in some way on the high quality environment attractive to visitors. So clearly tourism is a major contributor to the Park economy and communities. Businesses in the Cairngorms are crucial to the Park, and the Park crucial to the business sector.

4. The Board considered a paper in July 2008 on 'Support for Destination Management Organisations'. In summary, it was recognised by the Board, as well as more widely, that the fragmented nature of the business "voice" meant that the potential advantages to business of the Cairngorms National Park were not being grasped as well as they might. With several Destination Management Organisations in existence (as well as other business groupings based in the Angus Glens and in Blair Atholl potentially interested) in addition to the pan-Park Chamber of Commerce, none had the necessary critical mass in a sparsely populated rural area to be self sufficient. It was clear that there were likely to be potential efficiencies in operating in a more collaborative way in sharing back office functions, but also synergies from acting jointly on (for example) activities such as marketing, benchmarking, customer surveys etc, all with a clear focus on the National Park.
5. Having accepted that it was not for CNPA to be prescriptive about structure and organisation, the Board made clear its support for the principle of business groupings across the Park developing a more coherent model for business collaboration. The positive outcomes that would be expected from such a model (set out at Annex 2) were communicated to the business organisations involved, who have subsequently used a consultant to develop the thinking on a collaborative model. This report is at Annex 3.
6. Alongside this, the Board tied the 2008/09 grant awards to the Aviemore and Deeside DMOs to the work being progressed and a proposal being firmed up by September. It also made clear that it would consider the proposal and on that basis consider whether this should be the vehicle for future CNPA funding (beyond 08/09) for delivering Park Plan actions.

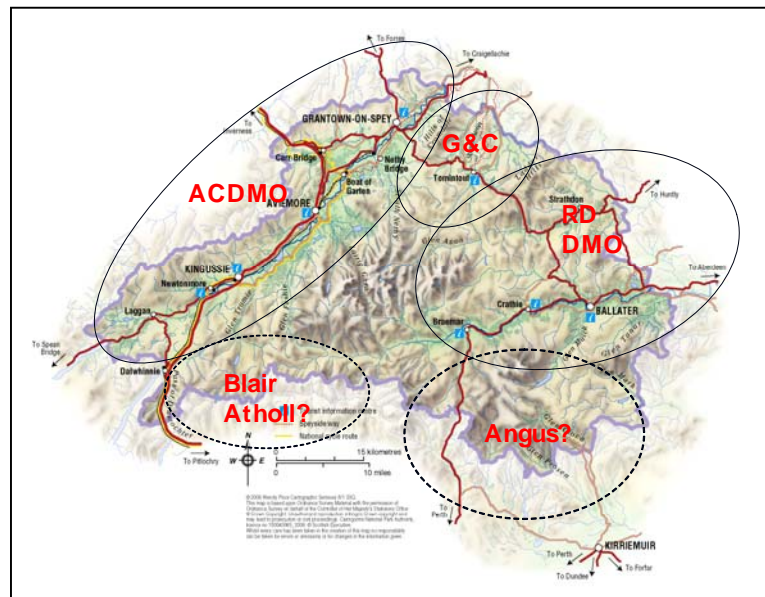
Development of the Model

7. A copy of the final report and the structure that is being proposed is set out at Annex 3. The following points should be noted:
8. **Timing.** The deadline of September was somewhat arbitrary, intended to encourage progress. In practice the process has taken longer than this, for good reason –there are many different players, private and public sector. There was broad agreement to the principles and the aspirations, but concerns about how these would be made to work in practice. To an extent those remain and we should not underestimate the time it will take to ensure people are comfortable. Leadership is about taking people with you.
9. **Local versus Pan-Park.** Any new arrangements have to enable a balance to be struck between the needs of individual destinations

within the Park to manage local issues and needs on the one hand; and the synergies that accrue from operating on a Pan Park basis on other issues (e.g. Park based web portal; having consistent set of marketing messages based on the Park; training, etc). The paper makes some progress in identifying how these functions might be split, but this will probably only be fully worked out in practice.

10. **Public Sector.** Public sector funders (of which there are currently 5) can see the benefits, but some remain concerned to ensure that if a single business grouping is developed, there is still clarity over use of funds, which are given for specific purposes. There remains work to be done to ensure public funders are content on these mechanics, but this should be possible, bearing in mind that the public sector should all now be focusing on the delivery of a common set of Scottish Government outcomes, and indeed the National Park Plan. The fact of the CNP covering 4 (soon 5) different LAs and 2 different Enterprise Networks will always make collaborative projects such as this complex.
11. **Does Business mean just Tourism?** This initiative has largely been driven by tourism businesses, for the obvious reason that the majority of businesses in the National park are tourism related. However, in contrast to urban areas, in sparsely populated areas such as this there is not sufficient business activity to support separate groupings providing support to tourism based businesses, and generic support to other types of business. The initiative is very largely tourism focused, but other businesses are not excluded. In the words of VisitScotland "tourism is everyone's business", particularly so in a National Park.
12. **Inclusiveness.** There remain many businesses which are not members of the existing organisations (DMOs and Chamber). Clearly the objective is to increase membership, which means being attractive to the many small tourism providers in the area, many of which will remain sceptical until the benefits of membership are clear. The single most important benefit will be increased business, which is most likely to be delivered through enhanced marketing, which in turn will be related to development of a highly effective Park web-portal. For this to work, we need a good working relationship with the private sector in order to complete to work we have initiated – we should be looking for an organisation which is strong enough and representative enough to take over the commercial aspects of this project. Progress with the portal is therefore closely linked to an effective, and ideally single, business voice to work with in order to take this forward.
13. **Boundaries.** This initiative (as mentioned above) is clearly focused on, and driven by, tourism in the Cairngorms National Park. There are currently a number of Destination Management Organisations (DMOs) centred on the Park, seeking to market localised areas within what is a very large Park while capitalising on the unique selling point of the

National Park itself. None of these DMOs have precise boundaries. However, the approximate areas of influence and operation are as shown in the diagram below. In all cases, the organisations have some members outside the Park Boundary.



14. The area of operation of RDDMO reflects the fact that Aberdeenshire Council's strategic focus includes all of Deeside and the National Park prioritised for tourism development activities; and Royal Deeside and the Cairngorms has been identified by Scottish Enterprise as one of their six key strategic visitor destinations. The RDDMO therefore looks two ways – towards the Cairngorms, but also towards Aberdeen. There may be a similar two way-pull in some of the other areas (Angus Glens and Blair Atholl).
15. We know from the studies mentioned in the introduction that a National Park can help bring economic and social benefit to the surrounding regions as well as to the communities within it. Raising awareness of the Park within the areas around it also offers the potential to increase trips into the Park from people who live in or visit these areas. We have therefore always considered that the boundary is "porous" in tourism terms. The reality is that while the Park may have a precise boundary, it is interacting and overlapping with many other spheres of influence, many from other partners, which do not conform to our boundary.
16. We therefore should accept that the membership of the current DMOs, or any more collaborative single organisation, cannot reasonably be restricted to the Park. However, we would want to ensure that the unique selling point of the National Park does not become lost or diluted so that participating businesses lose the benefits of membership.
17. It is hard to be prescriptive about this. A number of safeguards help:
 - a) The DMOs present visitor information in the context of the Cairngorms National Park including maps of the whole Park, with their respective areas highlighted.
 - b) The criteria that have been established by the Brand Management Group restrict brand use, in the main, to individual businesses that are located within the Park. The exceptions to this

are for operators that are located outside the Park but who can demonstrate that the majority (70%+) of their activity involving customers takes place within the Park.

c) For umbrella business groupings, such as the DMOs, to use the brand or a family brand, a minimum of 70% of businesses/ members of the Group must be located within the Park.

18. It is of course, perfectly reasonable for the CNPA to tie any grant support specifically to activities that primarily benefit the Park area. This would seem a more appropriate way forward rather than to take issue with the geographic flexibility that that the private sector, and indeed our public sector partners, have proposed within the collaborative model.
19. It should also be noted that this model can accommodate the new areas within Highland Perthshire that will eventually become part of the Park and business representatives from Blair Atholl and Glenshee have been engaged in the work.

The Proposed "Model"

20. In essence it proposes a pooling of the staff resources of the DMOs and the Cairngorms Chamber of Commerce to allow everyone to benefit from their combined expertise and critical mass. Their work would be overseen by a Board of Directors made up of representatives of the various area and sectoral organisations to ensure that they continued to meet the needs of all areas and organisations. Area and sector bodies would be able to choose between joining that Board of Directors and pooling their funding resources in return for combined activities or simply buying services directly from the organisation on a contract basis. Some of the individual member organisations may choose to disband and subsume their interests within a single Cairngorms wide body.
21. If enough organisations wish to go down the route of combining to create a single pan-park body, the report acknowledges that it remains possible that not all organisations would join the pan-Park body immediately. In practice, this may be the best way, and indeed the only practicable way, of making all the aspirations in the paper a reality. It need not be a barrier to starting the process of creating the single body.
22. The proposed model does appear to address the outcomes that the CNPA Board are keen to see. There is clearly, though, further detailed work to be done on the mechanics of the proposed model and on the associated governance arrangements. This is something the CNPA officials may be able to offer assistance on. Resource requirements and details of the work that would be carried out on a pan-Park basis

also need to be worked through. The direction of travel, though, is to be welcomed and the Board should not underestimate the effort that has been put in by the various private sector organisations in progressing things to this point.

Next Steps

23. The business organisations are currently consulting with their membership; once this is completed, they will be putting a finished proposal to us in mid February. (Funding implications are discussed in the next section).

Recommendation

24. **That the Board welcome the work that has been carried out so far in identifying a potential pan-Park model for collaborative business working.**

Grant Support for 2009/10 and 2010/11

25. The resource implications of the new model have yet to be worked up in detail as are the specific projects and activities to be undertaken and to which we would wish to link any grant support. We also still need to determine how CNPA funding should be routed – it may in the short term still make sense to channel funding support via the individual DMOs as it may take a year to establish a new collaborative organisation.
26. In assessing an appropriate level of grant support, we will want to be clear that the proposed projects/activities clearly contribute to achieving Park Plan outcomes across the whole area and offer value for money through being delivered in this way.
27. For 2008/09 £45,000 of CNPA grant support was approved for the Aviemore and the Deeside DMOs. Going forward, the new model should increase the capacity for the business community within the Cairngorms to deliver specific elements within the Park Plan. The flexibilities offered by the model should also allow core costs to be maintained or reduced in the future and, as the organisation improves its services to businesses, membership income should increase. On the other side of the coin, there may well be some additional transitional costs involved in setting up this new structure. Bearing these points in mind, it may be appropriate to allow a modest increase in grant funding over the next two years (up to £60,000 per annum) to reflect both the transitional costs and the business community's stronger role in delivering the Park Plan.

28. It is worth noting that HIE, The Highland Council, Scottish Enterprise and Aberdeenshire Council are all committed to funding the Aviemore and the Deeside DMOs next year and have indicated that they could not commit to anything over and above this in respect of the new collaborative model. Beyond this period any further funding from these partners would almost certainly be project specific.
29. Rather than returning to the full Board with the detail of the costs and funding package, as well as the deliverables and any conditions that we might want to attach to any funding offer, it would seem appropriate that this more in-depth scrutiny be undertaken by the Finance Committee. If the Board are happy to delegate the funding decision, an Expenditure Justification will be prepared for the Finance Committee's consideration in due course.

Recommendation

30. **That the Board agree to delegate to the Finance Committee consideration of CNPA funding support to the collaborative business structure, once further detailed work has been carried out.**

Consultation

31. This paper has been considered and agreed by the CNPA's Management Team. Jan Polley consulted with key public sector funding partners in developing the paper and the final proposal is now being discussed further with them. The proposal has been discussed with the Boards of the respective business organisations and they are now starting a process of engaging with their broader membership.

Policy Context

Delivering Sustainability

32. The planned programme of work has been informed by the Park Plan and the Cairngorms Strategy and Business Plan for Sustainable Tourism in Protected Areas. They particularly contribute to the Making Tourism and Business Sustainable Priority for Action. Given the economies of scale and sharing of resources offered by the proposed new collaborative model, it should also be more financially self sufficient in the long run – as core public funding diminishes.

Delivering A Park for All

33. Opportunities for marketing to Park for All target groups or related product development will continually be explored.

Delivering Economy, Effectiveness and Efficiency

34. The pooling of resources and sharing of back office functions that is proposed should deliver increased economy, efficiency and

effectiveness. The clearer linking and co-ordination between Park wide and more local activities will also greatly help in this respect.

Implications

Financial Implications

35. Provision for the potential level of financial support referred to has been identified within our Corporate Plan and draft 2009/10 Operational Plan. The new model offers better value for money in respect of the overall public funding contribution.

Presentational Implications

36. A good example of the synergy between "prosperity and protection"; and synergy between the private and the public sector. A demonstration of the role that the business community can play in helping to deliver the Cairngorms National park while also benefitting from its tourism potential.

Implications for Stakeholders

37. Ultimately the new model for business collaboration should deliver additional benefits for both businesses within the Park and for visitors to the area. There is still further work to do on areas of operational detail but, provided all of the key public funding partners do not object to the principle of the new model, work can now move forward to firm this up further.

Next Steps

38. If the Board endorses the proposed model, further information will be sought on costs, funding requirements and deliverables. An Expenditure Justification will then be prepared for consideration by the CNPA Finance Committee (subject to the Board delegating authority to approve grant support). If funding is approved progress in implementation will be monitored and Board members will be updated on substantive progress via information papers.

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The Economic Value of National Parks

1. National Parks have existed the world over for many years, and although the details of their governance and management arrangements differ, they all tend to represent iconic natural environments – as such they are popular visitor destinations, and make significant contributions to their surrounding economies.
2. Scottish National Parks have only existed for 6 years, and it is too early to have estimated their economic contributions. However, there are estimates of the value of National Parks in England and Wales which provide interesting pointers. As well as a recent study of the economic impact of Scotland's natural environment. In addition there have been studies in England of public attitudes to National Parks. A short summary of the headline findings are set out below.
3. **A 2006 study by the Council for National Parks** ("Prosperity & Protection") looked at the economic impact of the three National Parks in the Yorkshire and Humber Region of England by comparing data from inside and outside the three National Parks in the area. The study assessed the added value of National Parks, and tested the "halo effect". The headline findings were:
 - a) 68,000 residents in the three National Parks;
 - b) 318 businesses surveyed
 - c) Slightly higher levels of economic activity inside National Parks, lower unemployment, and higher levels of self employed;
 - d) Tourism was the largest employer;
 - e) Two thirds of businesses believed that the high landscape quality had a positive impact on their performance;
 - f) Half of the businesses surveyed identified at least one negative factor of being in a rural setting – generally poor infrastructure;
 - g) Three quarters of businesses surveyed identified at least one positive factor, generally the effect of tourism income;
 - h) Over half the businesses surveyed felt the designation as a National Park had a positive impact on their business; two thirds did not identify any negative impact;
 - i) Businesses in National Parks and gateway towns benefited from the activities of the NPAs and from the preferential treatment other organisations in both public and private sector gave the National Parks;
 - j) The statutory functions of the NPAs brought benefits to businesses;
 - k) NPAs approved a higher percentage of planning applications than the English Planning Authority average;
 - l) The National Parks generated £1.8bn in sales annually, and supported 34,000 jobs; 65% of this business depended directly or indirectly on the quality of the environment;
 - m) There were a number of useful ways in which NPs or NPAs assisted businesses in marketing;
 - n) Very little use was apparently made of National Parks in marketing the region as a whole as a place for new investment.
 - o) Consultees mentioned opportunities to attract staff; brand tourism products and local produce; establish NP standards and accreditation; strengthen the NP Brand.

4. **A study of the economic value of the three Welsh National Parks** showed that they generated considerable income – direct income of £146m, with a further £30m of indirect income (of which £3m was within the Parks, and £27m outside). Of the three Parks, Pembrokeshire Coast was most strongly tourism based, and because of the shape and location of the Park, had the highest “porosity” of its boundaries, with 93% of indirect employment occurring outside its boundaries, compared with 67%-74% in the other two Parks.
5. Around 80% of visitors to Wales were reported as citing the quality of the environment as a reason for their visit to a National Park.
6. The economic impacts found in the study were substantial. The report stated that “it is heartening to see that the National Park designation is not the restriction of development it is often assumed to be.....The study concludes that the designation of National Park, which ensures the quality of the environment in these beautiful places, is not a restriction on economic activity and in fact may be useful in promoting such activity.”
7. **The National Parks Awareness Survey 2007** by GfK (looking at National Parks in England and Wales) found that:
 - a) 9 in10 respondents had heard the expression “National Park”;
 - b) 93% of respondents said national parks were very or fairly important to them;
 - c) unprompted awareness of national parks was low
 - d) 96% of respondents said every child should experience a national park first hand;
 - e) The most common reason for visiting a national park was walking/rambling (mentioned by 22%), closely followed by holiday/short break with friends (18%)
 - f) What people enjoyed most about their visit was landscapes (34%) and peace and quiet (33%).
 - g) The most common reason for not visiting a National Park was “not got round to it” (22%), or “distance” (18% of respondents).
8. **SNH’s report on the Economic Impact of the Environment** concluded that the value in the Cairngorms was the highest of all the regions – per head, it was valued at £6,400, equivalent to an increase of 88% over that of the average for Scotland. (This represents the amount by which the region’s output would fall if the Cairngorms environment sector were to disappear.)
9. The report notes that the most important factors in determining the choice of Scotland as a holiday according to the Visitor Attitudes Survey 2004 are the scenery (89% considering it very or quite important); the natural environment (89%) and the number of things to see and do (83%). A survey of European visitors showed that landscape/countryside/.scenery was by far the main attraction that influenced the decision to holiday in Scotland.
10. Respondents to a survey of visitors to the Cairngorms National Park identified that they would like opportunities to experience the area’s cultural and historic heritage, being able to buy local crafts more easily and taste more local produce.

What Does a Collaborative Model for Business Working Across the National Park Need to Achieve? (Principles articulated by CNPA)

Maximises the potential business value offered by 'National Park' status (for example by developing Park-wide marketing opportunities).

1. There is strong evidence that having National Park status is a 'pull' factor in attracting visitors to such areas. In discussing the potential for better collaborative working, there was a recognition that to fully capitalise on the National Park designation a better marketing framework at a Park-wide level was needed, within which the marketing of local areas across the Park could be co-ordinated. The greater critical mass achieved through this co-operative approach would potentially offer individual businesses greater marketing exposure. This is work that would be best delivered by the private sector, so consideration should be given as to what sort of model could deliver this.

Best harnesses the collective effort and resources of the public and private sector in delivering the Park Plan.

2. There are a variety of issues that could be addressed here with a different model of private sector leadership and delivery. In an ideal world the private sector would both be setting the agenda on the tourism interventions that were required in the National Park and playing a strong role in delivering the activities/projects that need to be delivered.
3. If an appropriate structure were to emerge there could be scope for the CNPA and potentially other public partners to think more radically in terms of funding the private sector to develop/deliver activities currently led by the public sector. This could, for example, include staff secondments to the private sector body/bodies.

Achieves greater value for money by enabling appropriate activities to be undertaken on a Park-wide basis.

4. It has been acknowledged that there are some activities that are best organised/delivered on a Park-wide basis and some that are best done on a more local basis. Alternatively there are activities that could be organised/delivered on a Park-wide basis but tailored to reflect the distinctive attributes and needs of the local areas across the Park.
5. Put simply there is scope to achieve economies of scale and make both the public and private funding inputs go further. Going forward this will be vital to ensure a sustainable private sector infrastructure, as the overall level of public support may decline over time.
6. Similarly, there may be scope to be clever about membership subscriptions. If businesses could access the services provided by the DMOs and the Chamber through a single subscription, and economies

of scale allowed that to be cheaper than if they had separate subscriptions that could prove attractive to existing and potential new members.

Simplifies channels of engagement between the public sector and the private sector across the Park (ideally a single point of contact).

7. Currently various public sector organisations attend a variety of meetings organised by the CCC/DMOs. With a different structure, there may be scope to reduce the number of meetings and have a more efficient use of people's time.
8. The same is equally true in respect of the large number of public sector organised meetings that the CCC/DMOs have to attend – often all fielding representatives rather than being able to have one person acting on their behalf.
9. An example of a change that could be made could be to merge relevant Park Plan priority for action delivery groups and have the private sector set the agenda and run the meetings.
10. Having a single channel of engagement where the private sector is effectively speaking with one voice would place the private sector in a much stronger position.
11. Thinking creatively, there may be scope to have other efficiencies such as the public sector grants being provided by different organisations being channelled through a single contract/service level agreement.