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# CAIRNGORMS NATIONAL PARK AUTHORITY

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## FOR DECISION

**Title:** Cairngorms Business Partnership – Future Support

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### **Purpose**

To agree on future funding and support for the Cairngorms Business Partnership.

### **Recommendation**

The Board is asked to approve a three year offer of 60k per annum towards the CBP Business Plan, subject to confirmation of CNPA budget settlement for years 2 and 3.

### **Executive Summary**

The CBP was launched on 20 April 2010 and in April 2011 the formal merger of the memberships, activities and staffing of the Cairngorms Chamber of Commerce, Aviemore and the Cairngorms Destination Management Organisation (ACDMO) and Cairngorms Hostels was concluded. This was a significant milestone in the development of a collaborative business organisation for the Park that has been driven by the existing business organisations for several years. Close relationships are being maintained with neighbouring DMOs and other business organisations are engaging to different degrees according to their own circumstances and wishes. The CBP has a current membership base of around 280.

The CBP has ambitious plans for the coming years based on three core themes of *promotion*, *development* and *advocacy*. The focus is on delivering direct business benefit for members but the plan is also closely aligned with the future Park Plan and the Sustainable Tourism Strategy. The CBP have a pivotal role in the development of the Park as a genuine *sustainable destination*.

The CBP's collaborative model (within the private sector and between the private and public sector) is a novel one that has generated much external interest. Continued public sector partnership support will be required to ensure the long term viability of the CBP and to unlock the full economic potential of the National Park. Significant progress has been made with aligning public sector support although further work remains to be done.

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## CAIRNGORMS BUSINESS PARTNERSHIP – FUTURE SUPPORT FOR DECISION

### Introduction

1. The evolution of the Cairngorms Business Partnership (CBP) is a significant step forwards in helping the business community benefit from, and contribute to, the management and development of the National Park. Establishing the CBP is a crucial step to realising the potential value of the Park as a local, national and regional economic asset: a genuine world class *sustainable destination*. It continues to be a priority for CNPA.
2. The work thus far, particularly among the business organisations involved, has been significant and complex. This reflects the scale of the change being made by a number of well-established organisations and their memberships and the diverse nature of business organisations arranged by sector or local geography. Whilst some difficulties remain there has been real progress and we now have a more co-ordinated business sector that is actively seeking to take the lead on activities that deliver for the Park as a whole.
3. The purpose of this paper is to outline the future ambitions of the CBP, the benefit their work will bring to the Park and to seek formal approval for future CNPA funding and support. The paper will not dwell on the history aside from a background resume. A comprehensive update on the CBP was provided for the Board on 21 January 2011 and a Business Update for 2010/11 is shown at Annex I.

### Background

4. The development of the CBP has been ongoing for over 2 years with the private sector driving the work forward. CNPA support has been strong on the basis that this approach by the business community will:
  - a) maximise the potential business value offered by National Park status;
  - b) harness the collective effort and resources of the public and private sectors in delivering the National Park Plan;
  - c) achieve greater value for money by enabling appropriate activities to be undertaken on a Park-wide basis;
  - d) simplify channels of engagement between the public and private sectors across the Park.
5. The CBP model is based on individual businesses joining as members, seen by the participating organisations as key to its long-term viability and ability to deliver good value business benefits. The CBP was launched formally on 20<sup>th</sup> April 2010. 2010/11 was an interim year leading to the establishment of the CBP as a company limited by guarantee in April 2011 after concluding the legal agreements to merge the memberships, activities, assets, liabilities and staffing of the Cairngorms Chamber of Commerce (CCC), Aviemore and the Cairngorms Destination Management Organisation (ACDMO) and Cairngorms Hostels (CH).
6. An interim CBP board and staffing structure is in place. CNPA have an 'observer' seat on the interim CBP Board and are fully engaged in project activities and certain

steering groups. Key regional and sectoral business groups that have formal representation on the interim board include: Royal Deeside and the Cairngorms DMO (RDCCDMO), Tomintoul and Glenlivet Highland Holidays, Creative Cairngorms, Cairngorms Farmers Market and Outdoor Angus. Local Business Associations from across the Park including Deeside, Highland Perthshire, Glenshee and East Perthshire are engaged with the CBP to explore options for their members.

7. CBP members will elect a new CBP board in autumn 2011. The board will have a new structure with representation from a range of sectors and geographical areas.
8. Whilst driving direct individual business membership is a priority, strong links are being maintained or established with other local and regional business groupings. Highland Perthshire DMO and Moray and Speyside DMO are two such geographically overlapping groups where discussions are ongoing to establish areas for mutual benefit and collaboration. Of note, RDCCDMO has an area and membership that extends beyond the Park and looks equally to Aberdeen as a driver of business but it is a key partner for the CBP. Although they have chosen to operate independently (enabled by funding support from Scottish Enterprise, Aberdeenshire Council and Visit Scotland) they are attending interim CBP Board meetings in a formal and full capacity with the ability to influence and shape work.
9. Although some progress has been made with aligning public sector support in the Park, overlapping DMO areas remain and therefore some tension and confusion will continue to exist. However, the opportunity exists for any business across the Park to join the CBP, whether a member of another DMO or not; this is a business choice and many may choose to become members of multiple organisations as they offer different benefits and opportunities.

### **Private and Public Sector Collaboration**

10. As well as being a good example of successful private sector collaboration the CBP is also a model for successful private/public sector partnership work. Part of this involves enabling (through funding or other support) but it also involves developing trust, cooperation and a mutual understanding of the strengths and appropriate roles for each party.
11. Both the CNPA and CBP have ongoing leadership roles to play to realise the potential of National Park status within the business community, and to facilitate delivery of the National Park aims through the business community. The CBP brings particular strengths in delivery through the business community and the CNPA brings strengths in building and maintaining engagement among partners and setting a firm Park-wide context for work in the tourism and business sectors.
12. In practice this means continuing to work closely together to ensure that the skills and knowledge of both CNPA and CBP staff are deployed most effectively, in ways that are mutually supporting. Maintaining the connections between the CNPA-led work on the Sustainable Tourism Strategy with the CBP-led marketing strategy for the Park is a good example of where closer collaboration is paying dividends.

13. The CBP has three main sources of income: membership fees, advertising and sales revenue; and, public sector grant funding, both core and project based. Recent public sector direct support to the CBP has included:
- a) **CNPA:** £70k in 09/10. For 10/11, £40k was provided for project activity with additional support via a staff secondment and legal advice.
  - b) **HIE:** provide 'account managed' business support and have provided core funding via their existing support to ACDMO.
  - c) **Local Authorities:** additional funding has been provided on an ad hoc project based rationale from Highland Council.

### **CBP Business Plan**

14. The CBP have ambitious plans for future years, built around three main delivery areas: *Promotion, Development, and Advocacy*. The vision for the CBP is:

*"To create a world class area in which to live, work and visit, built around sustainable communities and economies"*

15. A detailed Business Plan for 2011-12 was recently approved by their board and is shown at Annex 2. This sets the foundation for a number of long-term and integrated activities and has been developed with significant consultation and discussion with partners. The recent 3-year partnership agreement with Visit Scotland being a prime example and a reflection on how far the CBP has come. In the current economic climate delivery will still be challenging and will require full collaboration from a range of private and public sector bodies, not least the individual business members who must receive business benefit for their fees.
16. Their plans are integrated with the National Park Plan and Sustainable Tourism Strategy and will contribute directly to key outcomes for the Park as follows:

#### ***PfA 5 - Making Tourism and Business More Sustainable***

- a) 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;
- b) There will be a more even distribution of visitor numbers throughout the year;
- c) A greater percentage of visitors will contribute to the conservation and enhancement of the Park;
- d) 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.

#### ***PfA 7 - Raising Awareness and Understanding of the Park***

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

### ***CNPA Corporate Plan***

- a) Businesses within the Park provide a high quality, environmentally friendly service and benefit from using the Park brand;
- b) A voluntary contribution scheme for visitors is in place to collect funding for initiatives within the Park;
- c) A National Park web portal is in place and working effectively to meet customers/users needs;
- d) Cairngorms National Park is well signposted and promoted across Scotland.

#### ***Sustainable Tourism Strategy 2011-16***

- a) There is close correlation between the CBP Business Plan and approach and the recently developed STS;
- b) There are 53 actions in the STS. Many are already underway whilst some will require fresh attention over the coming years. Initial analysis suggests that the CBP will lead on 18 of these actions and play a key supporting role with a further 27.

### **CBP Business Plan Delivery**

- 17. The development of the CBP is progressing well and in the longer term the CBP model is designed to be self-sustaining, with a strong membership base at its heart. However, support from CNPA and other partners will still be required both to consolidate capacity and enable key project activity that contributes to the National Park Plan and the development of the area as a leading sustainable destination.
- 18. Importantly, the financial contributions from CNPA should always be only a small part of the total funding available through a variety of public funding partners and other sources which may seek to deliver outcomes in the National Park through the CBP. Discussions with other key partners have progressed well over the past 4 months and there is now a growing consensus that a more ***integrated and longer-term commitment*** is required to underpin the significant progress already made.
- 19. The Business Plan for 2011/12 has an anticipated budget of £382k. Of note, 44% of this is CBP income (membership, advertising and sales) and 56% is from public sector partners. Approximately 30% (£108k) of this total budget is dedicated to an ambitious marketing campaign.
- 20. **Partner Support Commitments.** The following commitments have been made:
  - a) **Visit Scotland:** broad partnership agreement covering local engagement activity, digital media and marketing. Agreement in principle to ring-fence £150k of Growth Fund support for a 3 year marketing campaign (50% match-funded). Formal Growth Fund application being developed with assistance from Visit Scotland staff for final sign-off in May.
  - b) **HIE:** CBP remains an 'account managed' organisation with associated business support. HIE regard the CBP as a key element in their wider destination development work and remain supportive of work beyond the HIE boundary. Agreement in principle for core funding of £60k per year for 3 years.
  - c) **Scottish Enterprise (Grampian):** support for research and business development work, including across the RDCDMO area in wider Deeside. Funding of c£10k for 2011/12.

- d) **Highland Council:** support for business development workshops (tourism focus) and discussion ongoing with Business Gateway regarding a wider range of business support delivery. Funding of c£7k for 2011/12.
- e) **Moray Council:** support for business development workshops. Discussions ongoing.
- f) **SNH and Forestry Commission Scotland:** support for improved coordination of events and festivals. Both organisations part-funding the CBP Events Coordinator post.

### Proposed CNPA Support

- 21. CNPA's support for the ongoing development of the CBP and delivery of Park-wide projects will, as with previous years, remain based on the following principles:
  - a) Delivery should be Park-wide;
  - b) Delivery must be contributing to the National Park Plan and associated strategies, for example the Sustainable Tourism Strategy;
  - c) The work of business organisations should be co-ordinated and collaborative – ie our funding is for Park-wide delivery, rather than individual organisations;
  - d) There must be broad-based public sector support for the partnership and its delivery.
- 22. CNPA funding and staff engagement will be used to support a wide range of activity linked to Park Plan and Sustainable Tourism Strategy activities, primarily with promotional and destination development activity. Key project work includes:
  - a) Match funding the Visit Scotland Growth Fund for marketing.
  - b) Website development.
  - c) Park Aware (business development).
  - d) Research and feedback.
- 23. The current operational plan line for PfA 5 Making Tourism and Business More Sustainable has £60k allocated for support to the CBP. This is broadly in line with project funding allocations in previous years and is also in line with key partner proposals and CBP requirements (highlighted in the Business Plan). Further funding from other programme areas, such as continued website development and integration, may also be available, subject to available delivery capacity within the CBP. It is proposed that funding of £60k per year is allocated for the next 3 years although funding for years 2 and 3 would be subject to confirmation of CNPA budget settlement. This provides a degree of consistency amongst public sector partners, enables a match funding guarantee for the Visit Scotland marketing contribution and helps provide greater stability.
- 24. Instalments would be released quarterly on submission of a detailed report to show progress against a series of Key Performance Indicators, shown at Annex 3. The KPIs have been developed with partners and will also be used by the CBP Board for internal use. An annual in-year report will be provided to the Finance Committee and the Board will be kept up to date with CBP activity on a regular basis, including a presentation from the CBP management team.
- 25. In future years we will be seeking multi-year business plans from the CBP.

## Recommendation

26. The Board is asked to approve a three year offer of 60k per annum towards the Business Plan subject to confirmation of CNPA budget settlement for years 2 and 3.

## Policy Context

### *Delivering Sustainability*

27. The CBP is central to the development of the Park as a sustainable destination.

### *Delivering A Park for All*

28. The CBP will build in equalities commitments to its work on marketing and promotion of the National Park.

### *Delivering Economy, Effectiveness and Efficiency*

29. The CBP directly improves the efficiency and effectiveness of the use of public funds in the Park, reducing the need for duplication of staff and administration among the business organisations, focusing more resource on delivery and reducing the number of bodies seeking funding for similar activities within the Park.

## Implications

### *Financial Implications*

30. The financial implications are addressed above.

### *Presentational Implications*

31. The development of the CBP is a significant step forward in terms of the collective management of the National Park, and as a key opportunity for wider economic and social benefits. Much interest has already been generated and it is anticipated that the new marketing campaign for 2011-13 will further raise the profile for the CBP and the Park. Strong connections are maintained with the CNPA communications team.

### *Implications for Stakeholders*

32. For public bodies that are potential funding partners for project delivery, there are implications to consider in how best to co-ordinate and get best value from funds invested in the Park, particularly given the current public funding situation.

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**3 May 2011**

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