

BLUE SAIL ▶

VISITORS PLACES DESTINATIONS

FUTURE OF TOURISM ON SCILLY: TOURISM ORGANISATION

TECHNICAL PAPER FOR ISLAND MARKETING

APRIL 2011



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1 BACKGROUND

ABOUT THE FUTURE OF TOURISM ON SCILLY STUDY

Between September 2010 and March 2011, Blue Sail carried out a study into the future of tourism on the Isles of Scilly, in consultation with local people. We were asked to advise on how tourism can continue to support the islands, the islands' economy and the islanders' quality of life. We focused on how Scilly can stay competitive in the future, while retaining its unique character and special environment.

Our overall recommendations are summarised in two standalone documents that will be sufficient for most people's purposes: the **Blueprint Report** and the **Blueprint Action Plan**.

For those who need or want to go into our findings in more depth, there are also a number of detailed technical papers:

- ▶ Green Framework
- ▶ Product Improvement Plan
- ▶ Marketing Plan
- ▶ **Tourism Organisation Report (this report)**
- ▶ Research Summary
- ▶ Research Plan
- ▶ Storyboard
- ▶ Consultation Meetings Report
- ▶ Marketing Workshop Report

Technical papers are online at www.scilly.gov.uk/community/tourism

2 ABOUT THIS PAPER

This paper examines the need for a revised tourism support structure for the Isles of Scilly and considers:

- ▶ What a tourism organisation needs to do
- ▶ How far the present structure meets the needs, and whether its performance could be improved without radical change
- ▶ Options for a single destination organisation
- ▶ The outline of a recommended new organisation
- ▶ Transition to a new structure

KEY MESSAGES AT A GLANCE

- ▶ Destination marketing is important, but a successful destination also needs to manage and improve the product, the service and the infrastructure to ensure visitor satisfaction while protecting the environment and the interests of the community
- ▶ This requires a coordinated approach and the commitment of all the interests behind a common cause
- ▶ The resources available in Scilly are relatively small and need to be coordinated to maximise effectiveness
- ▶ The existence of three tourism bodies is not conducive to the necessary coordination, effectiveness and 'team spirit'
- ▶ A single tourism body is desirable, governed by its own independent Board
- ▶ It could be a formally constituted partnership body, or could be incorporated as a company limited by guarantee.
- ▶ It should inherit core resources from the existing tourism bodies
- ▶ There is a key role for a Partnership Manager plus a small team
- ▶ The TIC service and its staff resource should be integrated into the Partnership

- ▶ A stronger working relationship with Visit Cornwall is desirable, as a route to market and to take advantage of their marketing muscle and market positioning
- ▶ Transition to a new structure should be overseen by a 'task and finish' group, to achieve lift-off by 2012.

3 WHAT THE TOURISM STRUCTURE NEEDS TO DO

The purpose of an organisational structure is to lead and coordinate the strategic development and marketing of the islands as a visitor destination. Of course no destination management body can do everything itself; in many cases it relies on partners, while setting the direction and providing support.

When asked, industry operators mostly express greatest interest in marketing activity and promotional opportunities. However the concept of destination management is much broader. It is about ensuring the quality of every aspect of the visitor's experience. It calls for a joined-up approach to destination management, destination improvement and destination marketing.

Destination management is the process of making sure the place is fit for purpose and works effectively and efficiently for visitors, the tourism industry, the local community and the environment. Sometimes there are conflicts and compromises. So the need is to coordinate the work of public bodies and businesses. Among the issues on Scilly are:

- ▶ Coordination of transport and ticketing
- ▶ Quality of design, cleanliness and maintenance of the public realm
- ▶ Management of water, waste and other services
- ▶ Safety and security
- ▶ Enhancement and protection of the environment – agreeing the limits of acceptable change
- ▶ Safeguarding of residents' interests and quality of life.



Destination improvement is about what sort of place you want Scilly to be in years to come, and how you will improve the offer for the visitors you target. What should change, what should stay the same? What new experiences and activities will Scilly offer, what type of accommodation should it develop? What are the priorities for investment in the infrastructure? What support and advice do businesses need to improve their competitiveness and customer service standards? There is a need for a common understanding about the direction of travel. So key tasks for the tourism structure are:

- ▶ Agreeing and carrying through a product improvement plan
- ▶ Supporting and advocating change and investment where it is needed
- ▶ Promoting awareness of best practice and markets trends
- ▶ Facilitating training and quality improvements
- ▶ Encouraging networking and collaboration between businesses
- ▶ Coordination of major events.

Destination marketing: Businesses and organisations in any destination need a shared approach to achieve effective brand development and strategic marketing. Ideally the brand identity stretches to other sectors of the economy – the produce, art and crafts and investment promotion. It is most effective when businesses support the branding by aligning their individual promotional activities where appropriate, using the same language, stories and style to maximise impact in the marketplace. Key activities for the tourism structure are:

- ▶ Identifying, agreeing & targeting priority markets, using appropriate channels and working with appropriate partners
- ▶ Raising awareness of Scilly among key target markets – through developing, agreeing and disseminating a Shared Story™
- ▶ Providing Scilly's visitor industry with joint marketing opportunities (e.g. seasonal campaigns, brochure, website, digital marketing, marketing partnerships) and with marketing services (e.g. an image library)
- ▶ Collecting, researching and disseminating market intelligence and performance data, so that Scilly's visitor industry can make informed decisions about investment and marketing



4 WHERE ARE WE NOW?

There are three organisations – Isles of Scilly Tourist Board, Island Tourism and Island Marketing – currently undertaking destination management and marketing activities. Here is a summary of the pros and cons of this arrangement as we see them.

Advantages	Disadvantages
<p>The three bodies have different membership profiles and collectively cover the spectrum of businesses and organisations in tourism</p>	<p>Each organisation has a different remit It is unclear where leadership of the sector lies Many businesses are unengaged with any of these organisations There seems to be some lack of trust within the organisations as well as between them, and between them and the community</p>
<p>Island Tourism provides a trade association for smaller businesses It contributes to Island Marketing and thereby to the strategic marketing of the islands</p>	<p>Island Tourism lacks the resources – money and people - to act independently Many businesses are not members Membership is not a pre-requisite of inclusion in the Destination Guide or website and so non-members do not contribute to the strategic marketing of Scilly</p>

<p>Island Marketing has attracted useful financial contributions from major businesses, the local authority and Island Tourism It commissions valuable PR and promotional activity</p>	<p>Island Marketing is not representative of the wider industry It is perceived by some to be distant and not transparent. It is a marketing body, not a destination management organisation</p>
<p>Island Marketing has commissioned visitor research</p>	<p>The research findings not given credence – perhaps because not undertaken on behalf of the whole sector. A coordinated and sustained research programme is required.</p>
<p>Scilly Tourist Board provides a forum for discussing infrastructure and destination management issues with representatives and co-optees from all sectors</p>	<p>Scilly Tourist Board is perceived – and indeed is – a public sector body It only directs public resources, important though those are</p>
<p>Council of the Isles of Scilly at present has the resource, including staff, to run the TIC and produce the Guide and website</p>	<p>The Council as operator of brochure and website cannot limit inclusion to contributors to a membership body that supports strategic promotion of the islands – and this is an invitation to be a ‘passenger’ Danger that this operation is not integrated with other marketing and does not maximise the opportunities through Customer Relationship Management (CRM) and brand positioning</p>
<p>The Council’s Tourism Officer post is a key resource</p>	<p>There is a history of disagreements in the industry about the post’s role and priorities The post necessarily answers principally to the Council, not the wider tourism sector</p>

Collectively the three tourism organisations have significant resources	<p>The scale of the Scilly industry means resources will always be fewer than those of bigger destinations</p> <p>There isn't a mechanism for coordinating everyone's efforts and scarce resources to deliver the tourism strategy and priorities</p> <p>The burden of maintaining three organisations is considerable and falls on a small number of willing people</p>
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Conclusion

Scilly is a small destination in a very competitive world and needs to play as a team to have any chance of survival. At the moment it feels as though there are three teams and there is a deficit of leadership and clarity of direction. That is not a recipe for success.

Fortunately existing bodies have recognised the need for a unified strategy that has the support of all the interests – and hence have formed a project group, the Destination Management Group (DMG), and commissioned this project. The DMG's remit comes to a conclusion with the completion of the project. The next challenge will be to find a structure able to implement the strategy over a number of years.

5 OPTIONS FOR A SINGLE TOURISM PARTNERSHIP

The last 12 months have seen a transformation of the UK tourism landscape, with RDAs and Regional Tourist Boards closing, budget cuts and a new government policy that prioritises the need for “strong, new and independent tourism bodies”. The new policy accepts that destinations are extraordinarily diverse, and that “examples of successful co-operation don’t spread easily or routinely to other parts of the country”. So while there are helpful examples from elsewhere – such as the Dartmoor Partnership described below – Scilly needs a solution that matches its particular circumstances and resources.

In our view implementing the new Blueprint for tourism will require a lead body that:

- ▶ has the commitment and collaboration of all the sectors
- ▶ is given the authority to lead the management and promotion of the Islands as a destination
- ▶ operates in a spirit of equal partnership where no single interest dominates
- ▶ brings together resources - and applies them rationally to deliver the tourism strategy and priority actions.

Option 1: A DMG Model

Could things be improved without radical change? The DMG model points to one possibility: the existing three bodies could set up a management group and delegate authority to it to implement the strategy and action plan. The group's strength would depend on how far the three bodies delegate their resources and authority. If they delegate substantially it raises the question of why they continue as separate bodies. If they don't delegate, the management group will be securing approval and resources at every step. There's a danger of creating a fourth, rather weak organisation and yet more bureaucracy and duplication. In our view it doesn't offer a permanent solution but it might be an interim arrangement to put something better in place.

Option 2: A sub-group of Visit Cornwall

Visit Cornwall is one of the larger DMOs and has professional marketing, PR and events staff. It might provide services and there is a good case for closer working with Visit Cornwall on promotion (see below). But we sense that tourism is so central to the identity of Scilly that Scillonians would not want to delegate leadership to an outside body.

Option 3: A Scilly Tourism body as a formal partnership

By a formal partnership we mean an independent body, governed for its members by its own board and having its own core resources (including resources provided by partners). As a non-incorporated body it would need an 'accountable' body to receive public funds and act as employer but not to exert direct influence over its activities. An accountable body may be prepared to help the organisation with accounting and legal services etc or even to help it cover its cashflow needs, but its position as employer may determine the terms and conditions of staff. Ideally the partnership would have its own premises to indicate its independence. Its constitution or partnership agreement would set out how it is to be governed (see Governance, below).

Option 4: A Scilly Tourism body as a company limited by guarantee

The appropriate form would be a company limited by guarantee. It has no shareholders and its constitution (Memorandum and Articles) sets out its aims and manner of operation. Company status provides clarity about independence and management (responsibilities rest with the Board of Directors), of a recognised legal structure, ability to trade and to set its own terms of employment (subject to TUPE regulations if there are transferred staff). However adoption of limited company status also requires clear financial support from stakeholders for a minimum of 2- 3 years to inspire confidence in the industry, in potential employees and contractors.

A variant form is a **Community Interest Company** (which can be a company limited by guarantee or by shares). It has to conform to general company law and may borrow money and pay interest but has a 'lock' to ensure assets are used for community benefit. The form is mostly

used by social enterprises and an application would be made to the CIC Regulator to ascertain whether the objectives of the Tourism body would qualify for this status. In our view the CIC would increase the burden of administration without providing a measurable benefit to Scilly.

In conclusion, an independent Scilly Tourism Partnership could be either a formal partnership or a company limited by guarantee. Representatives of the existing tourism bodies have considered the options and **recommend that the new organisation is established as a formal partnership.** The preference for a partnership took into account the limited capitalisation that a limited company would have, the procurement restrictions of contributions to a limited company by the Council (unless it is a wholly owned subsidiary of the Local Authority) and the complexity and time involved in transferring staff under TUPE regulations; it was considered that the necessary governance and procedural framework could not be put in place in the required timescale.

Case Example: The Dartmoor Partnership

Before 2008 the Dartmoor Tourism Association was a body of 200 members which worked alongside the local authority (West Devon Council) and the National Park Authority which both had their own tourism staff and programmes. In 2008 these bodies came together with the Duchy of Cornwall to form the Dartmoor Partnership 'as the official tourism and trade organization for Dartmoor, a representative for local people, local business and a champion of Dartmoor as a tourist destination'.

Dartmoor Partnership (DP) became a company limited by guarantee with a strong board with commercial experience. A key move was the appointment by interview of a Project Manager with funds from the local authority and NPA. According to the then Chairman the Project Officer brought professionalism to the operation. She maintained good relationships with the partner bodies and was a 'doer' while he was the leader figure. They appointed a membership officer and the membership has now increased to over 540 members. There are currently 4 staff.

Dartmoor Partnership (DP) membership is open to all businesses on Dartmoor. There is a tiered membership scheme with fees from £50 to £210 plus VAT depending on the size of business (e.g. number of rooms or number of visitors to attractions etc.). The Partnership includes everything from hotels of international standing to small B&Bs.

The membership includes farmers who are the second economic sector after tourism. Better collaboration between the sectors is an objective and hoteliers make an effort to use local produce. There is a single Dartmoor brand that is applied both to produce and the tourism offer.

Members are said to most value the marketing activity. Formerly the printed Guide was central, but now the website <http://www.discoverdartmoor.co.uk> is the key thing and members have a page entry on the site as a benefit of their membership fee. They can pay for additional website exposure and online booking services. DP undertakes extensive PR work but not national advertising which it finds ineffective. Other member benefits include discounted rates on credit and debit card transactions, a local inspection scheme (a less expensive version of the national scheme), free use of photos from an image bank, business to business networking, seminars and training opportunities.

Directors of the company are elected for 3 years with a third retiring each year. Election papers go out to members in advance of the AGM where elections are made by show of hands.

DP continues to receive financial and officer time assistance from the local authority and NPA which is critical to its survival. The TICs continue to be run by the local authority while the NPA runs a Visitor Centre. The NPA employs a Sustainable Tourism Officer who coordinates local public transport and organises events which DP publicises.

6 RECOMMENDATIONS FOR A SCILLY TOURISM PARTNERSHIP

We recommend that:

- ▶ The three existing bodies merge to form a single organisation - a partnership of all the sectors and interests
- ▶ It should be a membership body, open to all businesses and organisations by subscription on a tiered scale.
- ▶ It should receive – as far as practicable – the tourism resources of the three existing organisations.

GOVERNANCE

The Partnership should be led by a Board, preferably limited to around 10 to 12 persons. The Board would normally elect the Chair. Interestingly some of the most successful destination body chairpersons have not been actively involved in tourism, though this may be a difficult precedent to follow in Scilly. Directors could serve for 3 years with one third retiring each year.

The default position is election of Directors by members. However we recommend that the Partnership recognises the role of ‘investors’ – those companies who currently invest in Island Marketing (and any others prepared to make that level of contribution). Their financial contributions and their participation will be vital to the new Partnership and we suggest they should have the right (but not the obligation) to be on the Board. Similarly it is essential that the Council is represented as of right by two Directors. These proposals are to ensure the Board is inclusive of all interests and sizes of businesses.

The Board should be able to co-opt observers and advisers and set-up working groups including non-Directors as it sees fit. There should be opportunities for interactive meetings, with members encouraged to participate in creative thinking and planning.

WHAT THE STP WILL DO

The aim of the Partnership, under the leadership of its Board, will be to coordinate the development and marketing of the islands as a visitor destination while respecting the environment and interests of the local community. The Board must prioritise its work as resources are limited. We will recommend some priorities in the Action Plan that will accompany the Blueprint Report.

Some destination management organisations manage TICs, some don't. There is an argument that day to day management of a service and staff is a distraction from more strategic matters. However we believe the new Partnership needs the resources of that staff team. Staff roles would be developed to cover a range of marketing and communications tasks, developing customer relationship marketing (CRM) and working with businesses on skills and development. In season they would continue to have face to face contact with visitors, making sure the welcome is first rate and gathering market intelligence to support the tourism team.

MEMBERSHIP BENEFITS

For a membership fee, the Partnership should offer an attractive basket of benefits, only available to members, such as

- ▶ Standard inclusion in the Isles of Scilly brochure and website with opportunities to purchase enhanced profile – only available to member
- ▶ Access to the online availability and booking facility if required
- ▶ Grading and accreditation by Scilly's local inspection scheme
- ▶ Inclusion of information in the What's On publication
- ▶ Preferential fees for debit and credit card transactions
- ▶ Other deals (such as discounted transport) that the Partnership may negotiate.

RESOURCES

Scilly’s resources will be small relative to some big destinations, but will go further when brought together.

The Partnership will need **core resources** – the semi-guaranteed resources to allow the organisation to exist and employ staff and undertake regular activities. The current level of annual resources of the existing bodies – the gross spend on tourism - that could be anticipated to transfer to the new Partnership are as follows:

Gross resources

Source	Amount £	Notes
Island Marketing contributions	75,000	From the Council, IoS Steamship Co, BIH, Tresco, Duchy of Cornwall; further ‘investor’ contributions would be very welcome
Membership subs, Island Tourism	12,000	Potential to increase if membership expands
Destination Brochure and Website gross spend (as budgeted 2010/11)	110,000	Offset by income of £80,000. Includes staff, premises, supplies and services. (Excludes certain support services.)
TIC gross cost (as budgeted 2010/11)	135,000	Offset by income of £45000. Includes staff, premises, supplies and transport. (Excludes certain support services.)
Total gross spend	332,000	

Net contributions and application of funds

Source	TIC £	Marketing and PR £	Brochure and web £
Council of the Isles of Scilly	90,000	15,000	30,000
Duchy of Cornwall		15,000	
BIH		15,000	
IOS Steamship Company		15,000	
Tresco Estate		15,000	
Island Tourism		12,000	
Totals	90,000	87,000	30,000

The Partnership should aim to attract additional **project resources** for specific purposes. They may be from external funding – such as through the LAG – and from contributions and sponsorship for additional marketing campaigns, events or other projects

The Partnership will look to influence wider **partnership resources** – through agreements and support in kind allowing the STP to have influence across the full spectrum of tourism support activities such as local leaflet publication, press and PR activities of individual organisations, etc.

STAFFING

We recommend key staff positions will be:

- ▶ The Partnership Director or Manager, whose key role will be to secure implementation of the Blueprint and Action Plan under the guidance and priorities of the Board, and to manage the relationships with partners and external bodies – including contractors – to maximise their contributions. The person needs to be a strong communicator.
- ▶ A Tourism Services Manager with responsibilities to include liaison and communications with local businesses, media hosting, supervision of the TIC and aspects of the marketing programme.
- ▶ Information Assistants, delivering the TIC service and supporting the marketing, research, CRM and other functions of the Partnership.

We envisage some marketing (including PR) will be outsourced, and that other jobs and projects will be undertaken by Partnership members or by contract. It would be very helpful, for instance, if the secretariat functions of the Board could be undertaken by a member organisation.

ACCOUNTABILITY

The Partnership will be accountable to its members, reporting formally at the AGM. The Board's work should be as open and transparent as possible, with minutes published, and that the business plan and annual programme of action made public.

The Partnership should report regularly to an appropriate Council Committee and/or a Working Group on the work of the Partnership generally, and more specifically on the use of public funds and on the safeguarding of community interests and the environment.

SCILLY PRODUCE AND ARTEFACTS

The appeal of Scilly is enhanced by a high quality offer of produce, arts, crafts and clothing etc. In our view these elements should be part of the brand and image of the Islands, with the relevant businesses participating in the Partnership.

RELATIONSHIP WITH VISIT CORNWALL

Visit Cornwall (VC) would welcome much better working between Cornwall and Scilly and we see it as an important route to market. Cornwall is a very strong brand and VC has considerable marketing muscle which could benefit Scilly. VC's current plans include:

- ▶ A re-launched main web presence featuring inspiration for visits where Scilly's offer of wildlife and nature could be a strong proposition, with visit planning and online booking tools and encouraging two-centre stays
- ▶ Niche campaigns into which individual businesses could buy - such as a Cornwall in Style programme and a joint campaign with Devon for the German market.

There would be a cost, of course, for the Scilly Partnership and for individual businesses. The Head of Tourism at VC has said he is happy to come to Scilly to discuss the principles, to meet regularly about specific opportunities and to keep Scilly informed about tourism development elsewhere.

7 TRANSITION

There is much to do to implement the new Partnership. As Scilly is entering its busy season we suggest the aim is to have decisions on the new structure complete by early 2012, with a view to be operational by April 2012 or as soon as possible thereafter.

Firstly the existing organisations must confirm they back these recommendations in principle. If so we recommend they appoint a 'task and finish' group of individuals, rather like the DMG, to manage the transition, which will involve agreeing the following:

- ▶ A Board structure and the ways that Directors and Chair are appointed
- ▶ A structure of membership and investors and level of subscriptions and fees
- ▶ Confirmation of core resources
- ▶ A 3-year outline business and financial plan
- ▶ Memorandum and articles of a company, or constitution of the organisation
- ▶ A programme of stakeholder communications.

The Task and Finish Group should determine staff posts, job descriptions, employment terms and conditions and recruitment process. It should agree operational matters such as accountancy arrangements, insurance, offices and corporate identity of the organisation. Then the group will be in a position to:

- ▶ Create an action plan and priorities for the next 12 months
- ▶ Explore the potential for project resources
- ▶ Oversee appointment of Directors and Chairperson to the Board through the agreed process
- ▶ Manage the recruitment process for key members of staff
- ▶ Begin to recruit members to the organisation
- ▶ Hand over to the Partnership Board

8 ACTION PLAN

Blueprint Recommendations	Priority	Lead	Timing E- Early M- Medium Term L- Longer Term	Indicative cost and source of funding	Next Steps
Tourism organisation					
Form a new unified Scilly tourism body as a formal partnership of public, private and voluntary sector organisations	High	Council of the Isles of Scilly, Island Tourism and Island Marketing	E	Using existing resources of current organisations with assistance of Council of Isles of Scilly	The existing tourism organisations to confirm their agreement in principle to merge into a new partnership. Form a 'task and finish' group drawn from current organisations to oversee the process and to agree the constitution, Board and membership structure
Formulate an initial business plan and staffing structure for the new partnership	High	Task and Finish Group	E	Existing resources	Confirm resources from existing organisations; draw up job and person descriptions
Undertake a programme of stakeholder communication	High	Task and Finish Group	E	Existing resources	Communicate objectives and benefits of the new Partnership.
Recruit key staff	High	Task and Finish Group	E	Existing resources	Agee and implement recruitment process
Establish a Board for the new partnership	High	Task and Finish Group	E	Existing resources	Agree process and criteria for appointment of Board members and Chairperson
Integrate the management of the TIC service into the new partnership	Medium	Council of the Isles of Scilly	M	Existing resources	Consultation with staff; review of job descriptions
Agree an Action Plan and Priorities for the first 12 months of the new Partnership	High	Board of the new Partnership	E	To allocate existing and formulate plans to increase the Partnership's resources	Review recommendations of the Tourism Blueprint; review and allocate resources and formulate plans to increase resources. Recruit businesses and organisations to membership of the organisation
Build positive relationship and collaboration with Visit Cornwall	High	Board of the new Partnership	E	Existing resources	Liaison with the Head of Tourism and Marketing Manager of Visit Cornwall

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