

ABERDEEN CITY COUNCIL

COMMITTEE	Enterprise Planning & Infrastructure
DATE	January 2011
DIRECTOR	Gordon McIntosh, Enterprise Planning & Infrastructure
TITLE OF REPORT	Review of Aberdeen Convention Bureau
REPORT NUMBER:	EPI/10/254

1. PURPOSE OF REPORT

To appraise members of the outcome of the recent review of the services provided by Aberdeen Convention Bureau and to make recommendations for future delivery of these services

2. RECOMMENDATION(S)

1. To note the content of the review
2. To instruct officers to put in place measures to address accountability to and communication with members of the Bureau
3. To instruct officers to report back with developed proposals for a destination marketing organisation including how it would be funded
4. To nominate one Committee member to participate in the small group being established to steer the future direction of the bureau (see 5.8, second paragraph).

3. FINANCIAL IMPLICATIONS

The Aberdeen Convention Bureau is almost entirely funded by Aberdeen City Council. Additional funds are received from the private sector in the form of membership dues. VisitScotland provides in kind office accommodation and administration services for payroll and invoicing functions. In addition the National Business Tourism Unit at VisitScotland have provided funding support for specific activities.

Aberdeen City Council	£213750
Membership	£50,250
Visit Scotland BTU	£13,000

The Bureau also has access to the subvention fund, which can be used to attract conferences to the city.

4. OTHER IMPLICATIONS

It has been highlighted by legal services that the provision of funding to VisitScotland for the services provided by Aberdeen Convention Bureau may be an area of risk in relation to state aid. A view has been sought from the State Aid Unit and their recommendation is that others could provide the same service and that the provision of the service ought to be open to public procurement. It will be necessary therefore to review this advice and take it into consideration when determining the future set up of the Bureau or Destination Marketing Organisation.

It should be noted that other Bureau's operating in Scotland are receiving public sector funding for the same services without public procurement taking place.

5. BACKGROUND/MAIN ISSUES

1. Review of Aberdeen Convention Bureau Performance

Aberdeen Convention Bureau has secured business to the value of £45.7 million over the last five financial years. The economic impact has been to create or safeguard 804 full-time equivalent jobs in the local economy.

Return on Investment for Aberdeen City Council's contribution to ACB has been an average of 45 to 1 over the period with the highest RoI achieved in 2006/07 at 51 to 1. Recent decline may have occurred as a result of global recession impacting upon the worldwide business tourism market together with a reduction in ACC funding of 5%. In addition it is likely that many competitor destinations may have been focussing on the association market rather than their traditional but declining corporate market, leading to increased competition for business from within the associations market which did not grow strongly in the last year or two.

2. Views of ACB

The views of partners and ambassadors were sought. Overall there is a high regard for Aberdeen Convention Bureau from ambassadors and from partners. Partners indicate that whilst they were concerned to some degree over value for money of participation of the Convention Bureau they supported the organisation in general terms and were likely to continue to support it in future.

Ambassadors who had received support from the Convention Bureau were very supportive of the organisation and saw a central role for it in the future development of Aberdeen as a conference destination.

There was some concern over the high levels of staff turnover and a need for improvement in communication with partners and ambassadors were suggested. There was also some concern over the current legal status of the organisation and its apparent lack of accountability.

The high turnover of staff has raised some concerns over experience and level of product knowledge. Overall however there was a high regard for Convention Bureau staff and the efforts which they make to develop Aberdeen as a business tourism destination. Asked to give an overall score for the ACB, an average value of 6 out of 10 was concluded from amongst partners.

3. General Conclusions

The overall conclusions are that the Convention Bureau has generally been successful in creating economic impact through business tourism and is well regarded and respected organisation which receives widespread support however in the short term the Bureau must address issues of perceived value for money and communication with its partners

4. Aberdeen as a Business Tourism Destination

On a competitive basis Aberdeen is capable of winning conferences from across the UK and internationally. The city offer is generally one of high quality of accommodation and venue. However it does not yet offer a consistent 4 or 5 star accommodation experience or an outstanding main venue. Based on analysis of reasons for lost business, it appears that Aberdeen does lose out because of the lack of five-star high-quality hotels and proximity of the conference venue to major city centre hotels. The city is not yet in the premier league of conference destinations alongside Glasgow or Edinburgh but scope may exist to develop and improve its competitive position if investment in infrastructure continues and the marketing effort is enhanced.

5. Future of Business Tourism in Aberdeen

The available information on levels of lost business together with the ongoing development of new conference and meetings venues indicates that the business tourism market in Aberdeen may have significant opportunity to grow in future. The basis of business tourism is mainly the corporate business generated by the oil industry but new hotels and other major projects mean that there may be significant opportunities to increase levels of conference business and to become more established as a UK and international meetings destination. Aberdeen Convention Bureau has a central role to play in making sure that the city capitalises on these opportunities and in the longer term could play a central role in any future DMO.

6. Future Approach to Destination Marketing

There are a number of opportunities for Aberdeen to develop as a stronger business and leisure tourism destination. To ensure that the city benefits from a co-ordinated approach to development and marketing there is a generally held view that some form of destination marketing organisation (DMO) will be essential. However opportunities exist to formally constitute the Aberdeen Convention Bureau in the short term to address concerns expressed over accountability and structure and to reinforce its role as the business tourism marketing organisation for Aberdeen.

With regard to specific DMO options, opinions are currently divided with no real focus amongst partners as to which form a DMO may take. However there is a general agreement that given current public funding cuts, the private sector will expect to take a lead role in establishing and supporting a DMO in the longer term

7. Conclusions

In general it appears that Aberdeen Convention Bureau has been effective in developing the business tourism market in Aberdeen. For the future there are a number of opportunities and threats which face the city as a conference destination. The role of Aberdeen Convention Bureau is seen as important in developing business tourism in future and irrespective of which model emerges for destination management the functions of the Convention Bureau as an organisation dedicated to business tourism must carry forward. In the short term there are likely

to be opportunities to formally constitute the Bureau and to clarify its constitutional arrangements with its key private and public sectors.

8. Recommendations

Retaining the services of the Aberdeen Convention Bureau will be vital to sustaining the local economy by attracting large-scale conferences with significant economic impact to the city. In particular it is vital to the success of the Aberdeen Exhibition and Conference Centre as it plays a key role in attracting conferences suitable only for this venue.

It is recommended that the link to the AECC is strengthened by the formation of a small group led by the City Council to steer the future direction of the bureau. This group would include representatives from the AECC, the Hotels Association, the City Centre Association and the City Council. This would allow for a united approach to securing future business for the city.

In addition the manager of the Bureau is due to retire in May therefore it will be essential to recruit a new manager and this group could oversee that.

This group will then be in a position to assist the City Council to move to a Destination Marketing Organisation if an appropriate funding model can be agreed.

6. IMPACT

Corporate

Vibrant Dynamic & Forward Looking

- Recognise the contribution of Sport, Culture and Arts to promoting the area as a tourist destination.
- Promote the City as a tourist destination.
- Economic promotion of Aberdeen locally, nationally and internationally, promoting all aspects of city life, wherever the City is represented.

Single Outcome Agreement

- National Outcome 1: We live in a Scotland that is the most attractive place for doing business in Europe.
- National Outcome 12: We value and enjoy our built and natural environment and enhance it for future generations.
- National Outcome 13: We take pride in a strong, fair and inclusive national identity.

Community Plan

- 10 % increase in the numbers of recreational and business tourists by 2011.
- Work with other agencies, including Visit Scotland, to encourage tourism and the provision of facilities for tourists.

7. BACKGROUND PAPERS

Review of Aberdeen Convention Bureau prepared by Colin Smith of the Glamis Consultancy.

8. REPORT AUTHOR DETAILS

Louise Scott
Marketing & Events Manager
Tel: 01224 522577
Email: loscott@aberdeencity.gov.uk