

Agenda Item	14
Report No	PED 16/14

## TOURISM DEVELOPMENT

### Report by Director of Planning & Development

#### Summary

This report summarises the work undertaken by the tourism industry to produce a National Tourism Strategy and subsequently a Highland Tourism Action Plan which details how the national strategy objectives can be delivered in the Highland area. The report asks Members to consider and approve, for the Council's interest, the Highland Tourism Action Plan, as well as agreeing the budget and arrangements for concluding the annual 2014-15 Service Delivery Agreement with VisitScotland.

This work supports the Council's 2012-2017 Working Together for the Highlands Programme commitment to work with partners to maximise the tourism potential of the Highland area.

#### 1. Background

- 1.1 Sustainable Tourism is one of Scotland's key growth sectors and is the Highlands' most important industry generating almost £740m of direct expenditure and a further £174m of indirect expenditure in 2012. This supports 20,000 jobs in Highland.
- 1.2 Through a number of its Services the Council provides facilities and services that are of benefit to tourism. In addition, and in recognition of the importance of tourism to the Highland economy, the Council plays an active role in the Highland Tourism Partnership (where the Council is represented by Councillors Prag and Lobban) and allocates discretionary funding to develop Highland tourism from the Planning & Development Service's budget.

#### 2. National Tourism Strategy & Highland Tourism Action Plan

- 2.1 Tourism Scotland 2020 - A Strategy for Leadership and Growth was launched by the Scottish Tourism Alliance in summer 2012. Led by the tourism industry and supported by the public sector, this strategy is based on an in-depth understanding of market opportunities matched to Scotland's capabilities and provides a common agenda for the industry and supporting organisations to develop tourism in Scotland.
- 2.2 The Highland Tourism Partnership (the partnership which brings together tourism industry representatives and the public sector organisations involved in tourism) agreed that a further tourism strategy for the Highland area was not required. It considered that a more focussed action plan should be produced detailing the main actions required to deliver the national strategy's objectives in the Highlands. Work was therefore undertaken during 2013 to produce a Highland Tourism Action Plan. A copy of the final draft of this plan as approved by the Highland Tourism Partnership is attached as Appendix 1 which outlines

the priorities and activities that will be undertaken to grow tourism in the Highland area between 2014 and 2020.

- 2.3 At its meeting on 13<sup>th</sup> March 2013 this Committee considered a report on the Council's tourism spend. In relation to that aspect of the review which considered the funding of tourism business organisations, it was agreed that this should continue if it achieved Council objectives and the objectives of both National and Highland Tourism Strategies. Adoption of this plan as the recognised action plan for the Highlands will both ensure future Council funding is aligned with industry agreed priorities while also providing a strategic basis for the disbursement of non-Council funding allocated to develop tourism, for example, the forthcoming Scottish Rural Development Programme.

### **3. Service Delivery Agreement with VisitScotland 2014-15**

- 3.1 The legislation that created VisitScotland in 2005 outlined a funding structure for VisitScotland that included Scottish Government funding for national activities and local authority funding that would go towards the cost of providing local services. Since then the Highland Council has provided funding to VisitScotland for additional Highland activity that would not otherwise have taken place. The annual Service Level Agreement entered into with VisitScotland specifies the cost involved and the additional activities to be provided.
- 3.2 The agreement reached with VisitScotland for 2013-14 saw a contribution of £270,000 to VisitScotland with £60,000 allocated to additional marketing activity and £210,000 supporting the Visitor Information Centre (VIC) network in Highland. Under this agreement VisitScotland is required to provide a report on their activities after 6 months and at the year end. A report on activity to the end of September has been provided by VisitScotland and confirms that activity as agreed has been carried out. A year-end report will be prepared and circulated to Members for their information.
- 3.3 The review of tourism spend described in section 2.3 above agreed that the contribution to VisitScotland regional marketing activity be maintained or where possible increased, as this is the element previous evaluations have shown contributes the greatest return to the economy. While it is necessary to reduce funding towards the VIC network (see 3.4 below), it is proposed that the £60,000 provided towards marketing activity is maintained for 2014-15.
- 3.4 Members will be aware that in order to accommodate budget reductions the contribution towards VisitScotland has seen a reduction of £225k or some 50% since 2009-10. Through close working with VisitScotland, managing opening hours and migrating some of the VIC's to partnership centres, this reduction in funding has successfully been managed over the years without an adverse impact on service. This approach will continue in 2014-15 and it is proposed to run the same network of VICs as last year (except for Grantown on Spey which will move to a partnership with Grantown Museum in spring 2014), but with some reductions to hours or length of season.
- 3.5 However, it is now considered that the VIC network has reached a point where the approach of simply reducing hours will no longer be sustainable and in future more substantial change will be required. In order to consider all options

and engage a range of interested parties in this process, it is proposed that the Highland Council and VisitScotland jointly carry out a review of the existing network between spring and autumn 2014, to allow a remodelled VIC network to be in place for the 2015 season. A commitment to carry out this review will be included in the Service Delivery Agreement.

- 3.6 Negotiations with VisitScotland are already under way and it is recommended that authority be delegated to the Director of Planning and Development to conclude a Service Delivery Agreement with VisitScotland for 2014/15 similar to that agreed for 2013-14 and that incorporates the activities detailed in sections 3.3 to 3.5 of this the report. The Agreement will be concluded and in place for 1<sup>st</sup> April 2014.

#### **4. Implications**

- 4.1 Resources – there are no additional resource implications arising as a result of this report. Endorsement of the Highland Tourism Action Plan will however influence how resources already allocated for tourism development might be distributed. An amount to support the delivery of actions contained in the Service Delivery Agreement with VisitScotland is already contained within the Planning & Development Service budget.
- 4.2 Legal - Service Delivery Agreements with VisitScotland are approved by the Council's Legal Service before being concluded.
- 4.3 There are no direct Equalities, Climate Change or Risk Implications arising directly from this report.

#### **5. Recommendation**

- 5.1 The Committee is recommended to:
- i. Approve, for the Council's interest, the Highland Tourism Action Plan as the strategic document that outlines the priorities and activities that will be undertaken to grow tourism in the Highland area between 2014 and 2020;
  - ii. Authorise the Director of Planning and Development to conclude a Service Delivery Agreement with VisitScotland for 2014/15 that incorporates the activities detailed in the report; and
  - iii. Approve a payment to VisitScotland of up to a maximum £220,000 for the financial year 2014-15.

Designation: Director of Planning & Development

Date: 22 January 2014

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# HIGHLAND

# TOURISM ACTION PLAN

2020

DELIVERING THE NATIONAL TOURISM STRATEGY IN THE HIGHLANDS

## INTRODUCTION

Tourism Scotland 2020 - A strategy for leadership and growth was launched by the Scottish Tourism Alliance in summer 2012. Led by industry and supported by the public sector this strategy is based on an in-depth understanding of market opportunities matched to Scotland's capabilities and provides a common agenda for the industry and supporting organisations. The strategy targets those markets that offer Scotland the greatest growth potential and promises to collaborate within and across Scotland's tourism assets to develop the authentic experiences today's visitors seek, delivered to the consistently high quality they expect.

### Our

### vision is that

*"The Highlands will be a destination of first choice for a high quality, value for money and memorable customer experience, delivered by skilled and passionate people."*

By doing so we will maximise the benefits tourism brings to our businesses and communities.

## DELIVERING AT A REGIONAL AND LOCAL LEVEL

In recognition of the need to identify specific opportunities and set priorities to deliver this strategy at a regional level, this action plan has been produced by the Highland Area Tourism Partnership to outline the priorities and activities that will be undertaken to grow tourism in the Highland area between 2014 and 2020.

The Highland Area Tourism Partnership has also recognised that other local strategies exist or are in development. Notable amongst these is the Cairngorms Sustainable Tourism Strategy which covers the whole of the Cairngorms National Park only part of which overlaps with the area covered by this strategy. It is anticipated that a number of destination organisations across the Highlands will be developing destination development plans for their areas while work is already under way in Moray on a local strategy. This strategy therefore concentrates on actions that extend across the whole area or which involve collaboration rather than specific local actions which are best defined elsewhere.





## WHERE WE ARE NOW

Sustainable Tourism is one of Scotland's key growth sectors identified in the Scottish Government's Economic Strategy. It is a key industry in the Highland area, generating significant visitor expenditure and supporting a substantial number of local jobs.

### Economic impact 2012 (Highland)

Direct expenditure	£738,432,000
Indirect expenditure	£174,391,000
Direct employment	16,820



## THE OPPORTUNITY FOR GROWTH

The national tourism strategy - Tourism Scotland 2020 recognises that the greatest potential for growth comes from "Home Turf" (the UK), "Near neighbours" (Scandinavia, Germany, France, Spain, Ireland, Netherlands and Italy) and our "Distant cousins" - USA, Australia and Canada while emerging markets such as India, China, Russia and Brazil look set to grow more markedly in the longer term.

Tourism Scotland 2020 also recognises that much of the potential for growth comes from targeting specific tourism assets both individually and by encouraging collaboration across sectors to turn those assets into added value experiences. Six Scottish assets, all of which are relevant in Highland, are identified as having real growth potential, namely:

**Activities  
& Adventure**

**Business  
Tourism**

**Cruise**



**Golf**

**Mountain  
Biking**

**Sailing**



The Highlands is one of Scotland's strongest tourism products and as such can reasonably be expected to equal or exceed the national growth rate if the actions in the strategy and this plan are delivered. Based on the National Strategy growth ambitions this could mean that the value of tourism could grow from a level of £738m in 2012 to between £900m and £1.07bn by 2020.



## ACHIEVING GROWTH

Key to achieving this growth is making the most of our existing assets and turning those assets into experiences. This requires partners to be equally committed to quality and customer service and to combine this with complementary products and services to offer visitors an easier, more enjoyable experience. We also need to develop our assets in response to specific market opportunities and Tourism Scotland 2020 identifies four areas, all of which can be considered to offer opportunities for the Highlands.

- ▶ **Nature, heritage & Activities**
- ▶ **Destinations, Towns & Cities**
- ▶ **Events & Festivals**
- ▶ **Business Tourism**

The strategy also identifies areas where capabilities need to be built:

- ▶ **Quality and Skills**
- ▶ **Marketing**
- ▶ **Sustainable Tourism**
- ▶ **Leadership and Collaboration**

To achieve this growth will require both effort and investment by individual businesses across the tourism sector and investment by public sector partners in areas such as infrastructure and services. The National Tourism Development Framework published in July 2013 already defines some of the key infrastructure priorities for Highland.

To complement this there is a need for additional activity by the Highland Tourism Partnership and its partners from both the destinations and the public sector. This additional activity needs to focus on providing support to tourism businesses and increasing the level of collaboration between businesses and destinations and the activities in this plan are largely aimed at achieving that aim by a focus on three key areas of activity:

- ▶ **Marketing**
- ▶ **Advocacy**
- ▶ **Improving the Tourism Product**



## MARKETING

### 1. Royal Highland Show

We will ensure strong promotion of the Highlands as a place to visit following on from the Royal Highland Show 2013, taking advantage of the Highlands & Islands focus brought about by the Highlands and Islands providing the Presidential team in 2013.

### 2. VisitScotland Expo

We will encourage better coordination of the Highland presence at VisitScotland Expo and will plan ahead for 2015 with a view to creating a dedicated Highland area where Highland companies can be grouped together.

### 3. Improve links between Destination Organisations and VisitScotland marketing activity

- Destination organisations will be more involved in the provision of content for VisitScotland marketing activities.
- We will work with VisitScotland to ensure a comprehensive range of information including non-business information is included on the new VisitHighlands website solutions.

### 4. Destinations and sectors to be better connected

- We will identify options for Highland destination organisations to undertake joint activity.
- We will improve the cross promotion of Highland destinations by destination organisations.
- We will encourage collaboration between sectors to ensure the Highlands' key assets area expanded into experiences that attract and retain visitors.

### 5. Visitor Information

We will work with stakeholders to produce a plan for the future delivery of visitor information in the Highlands – to include identifying a viable network of Visitor Information Centres and Information Points as well as mobile and technological solutions.



## ADVOCACY

1. We will advocate on a number of issues to ensure the needs of tourism and tourism businesses are recognised in future developments:
  - a. Broadband provision.
  - b. Mobile connectivity.
  - c. Provision of strategic transport infrastructure and public transport.
2. It is recognised that achieving tourism growth in the Highlands requires implementation of many initiatives defined in the National Tourism Development Framework. We will both act on behalf of and assist the tourism industry in delivering these developments.
3. We will support destinations in developing a destination development plan or identifying opportunities for their area where there is demand to do so. Where there is interest from the industry in an area but capacity is limited, the public sector partners will assist in building capacity that allows the destination to produce such a plan.



## IMPROVING THE TOURISM PRODUCT

### 1. Customer Feedback

We will improve our understanding of customer needs through:

- a. The gathering and analysis of customer feedback.
- b. Ensuring a good uptake by Highland businesses of the national customer feedback system currently being developed.
- c. Continuing to encourage businesses to make the most of the tourism intelligence available to them.

### 2. Business Development

We will provide a range of business development events to suit different needs. These will include events that:

- a. Allow sharing of best practice.
- b. Encourage businesses to improve their product.
- c. Demonstrate the range of support available to businesses and how to access it.
- d. Promote knowledge of the Highlands and individual destinations.

### 3. Customer Service

- a. We will work with the Scottish Tourism Alliance to deliver the National Skills Strategy for Tourism.
- b. We will seek to influence and address how customer service training is covered in education (schools /colleges / UHI).

### 4. Infrastructure

We will improve the infrastructure that supports potential growth markets notably:

- a. Nature, heritage and activities.
- b. Events including both leisure and business events (conferences).

## IMPLEMENTATION OF THE HIGHLAND TOURISM ACTION PLAN

The Highland Area Tourism Partnership has been responsible for compiling this action plan and will oversee its implementation. It is recognised by all partners that the objectives of both the national strategy and this plan can only be achieved by working in partnership and involving all of the tourism community; tourism groups, individual businesses and the public sector.



### Measurement

The Highland Tourism Partnership will be responsible for measuring whether the actions outlined in this plan are delivered with this being done through regular reporting to the Partnership. Ultimately it is not simply the delivery of these actions that will tell us if we are succeeding - it is the overall health of the Highland Tourism Industry that will do so. We will use a robust set of key performance indicators to measure this:

- Dedicated Highland research using the "DREAM" model which includes:
  - Direct spend
  - Indirect spend
  - Visitor numbers
  - Tourism employment
- Occupancy surveys of all accommodation sectors
- Visitor attraction visits

### Contacts

TBC