

# The Highland Council

## Planning, Development and Infrastructure Committee

18 February 2015

Agenda Item	19
Report No	PDI 16/15

### Tourism Development

#### Report by Director of Development and Infrastructure

##### Summary

This report summarises the work undertaken by VisitScotland in relation to the 2013-14 Service Delivery Agreement, and proposes concluding a further Service Delivery Agreement with VisitScotland for 2015-16. 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 (most recent figure). This supports 20,000 jobs in Highland.
- 1.2 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.

#### 2. Service Delivery Agreement with VisitScotland 2014-15

- 2.1 The agreement reached with VisitScotland for 2014-15 saw a contribution of £220,000 to VisitScotland, with £60,000 allocated to additional marketing activity, and £160,000 supporting the Visitor Information Centre (VIC) network in Highland. Under this agreement VisitScotland is required to provide a report on their activities. Informal reporting throughout the year has demonstrated that VisitScotland has delivered the agreed marketing activity and operated Visitor Information Centres as defined in the 2014-15 agreement. As a presentation by Dr Mike Cantlay, VisitScotland's Chairman will be given to this Committee at its meeting on 13 May 2015, it is proposed that the formal 2014-15 year-end report be prepared and circulated to Members at that time.

#### 3. Service Delivery Agreement with VisitScotland 2015-16

- 3.1 The review of tourism spend approved by this Committee at its meeting on 13 March 2013 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 will be necessary to reduce funding towards the VIC network (see 3.2 below), it is proposed that the £60,000 provided towards marketing activity is again maintained for 2015-16.

- 3.2 Through close working with VisitScotland to manage opening hours and migrating some of the VIC's to partnership centres, previous reductions in funding have successfully been managed with limited direct impacts on service. However, the reduction in funding for 2015-16 approved by the Council at its meeting on 18 December 2014 means the Council's contribution to the VIC network will drop from £160,000 to £85,000. This sum falls well short of the amount required to run a similar service to that delivered for the 2014 season. VisitScotland have indicated that they still plan to run the same number of Visitor Information Centres in 2015 but that more substantial changes to opening hours and / or the length of season will be required to accommodate this budget shortfall. The exact details and specific impacts on individual Visitor Information Centres is not yet known.
- 3.3 In February 2014 in recognition that the manner in which tourists seek and receive tourist information is changing, the Committee agreed that the Council and VisitScotland jointly carry out a review of the existing VIC network between spring and autumn 2014, to allow a remodelled VIC network to be in place for the 2015 season. Subsequent to this VisitScotland's Board of Directors asked their own officers to undertake a national review of the VIC network with changes to be phased in over a longer period of time, thereby negating against a Highland only review. No specific proposals have yet been made for the VIC network but the indications are that in future VisitScotland is likely to manage a smaller network in more strategic locations and that a range of other solutions with communities and businesses will be put in place to help deliver information in other locations.
- 3.4 Negotiations with VisitScotland are already under way for the 2015-16 Agreement and it is proposed that authority be delegated to the Director of Development and Infrastructure to conclude a Service Delivery Agreement with VisitScotland for 2015/16 similar to that agreed for 2014-15. This Agreement will incorporate the activities detailed in sections 3.1 and 3.2 of this the report. The Agreement will be concluded and in place for 1 April 2015.

## **4. Implications**

### **4.1 Resources**

Funding to support the delivery of actions contained in the Service Delivery Agreement with VisitScotland is already contained within the Development and Infrastructure Service budget.

### **4.2 Rural**

In the longer term reduced levels of funding to VisitScotland is likely to result in a reduction in the number of VICs in Highland. The greatest impact is expected to be in the smaller and more remote rural areas as VisitScotland's priority will be to continue with a network of strategically important VICs. However, the proposals to introduce alternative forms of provision could bring benefits to rural areas such as improving the viability of local private sector businesses who can gain additional footfall by offering an information service.

4.3 Legal, Equality, Climate Change, and Gaelic

There are no direct legal, equalities, climate change or Gaelic implications arising directly from this report.

**Recommendation**

The Committee is recommended to:

- authorise the Director of Development and Infrastructure to conclude a Service Delivery Agreement with VisitScotland for 2015/16 that incorporates the activities detailed in the report; and
- approve a payment to VisitScotland of up to a maximum £145,000 for the financial year 2015-16.

Designation: Director of Development & Infrastructure

Date: 30 January 2014

Author: Colin Simpson, Principal Tourism & Film Officer, 01463 702957