

The Highland Council
City of Inverness Area Committee
5 March 2015

Agenda Item	11
Report No	CIA/9/15

Attracting Business Tourism / Conferences to Inverness

Report by Inverness City Manager

Summary

This report provides background on activity undertaken and proposed to attract Business Tourism and Conferences to Inverness including the operation of the Subvention Policy which is supported by the Inverness Common Good Fund. It concludes by recommending a number of ways in which the Council and the Inverness Common Good Fund can continue to support this activity. 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 the Highlands' most important industry. Latest full year figures for Inverness City (2012) showed tourism generated £88m of direct expenditure and a further £27m of indirect expenditure and supported over 2000 jobs.
- 1.2 Business Tourism is a key element of this and is identified in Scotland's National Tourism Strategy and in the Highland Tourism Action plan as one of the areas of tourism with real growth potential. This element of tourism, often referred to as the "MICE" market, includes meetings, incentive travel, conferences and business events. For convenience the term "conference" is used in this report but this should be taken to cover these other elements as well.
- 1.3 By hosting conferences, cities can put themselves on the world map, showcasing research or best practice to industry colleagues and potentially attracting future investment in that particular field of expertise. Delegates can be encouraged to (and frequently do) return as leisure visitors following their attendance at a conference.
- 1.4 The UK's national tourist boards have previously undertaken joint research to demonstrate the level of economic benefit that hosting such events brings to a destination. Conferences tend to be held outside the main summer season and as such this is a perfect fit for hotels and other service providers who are at maximum capacity in summer but have spare capacity at other times. The figures given below show the average economic benefit per conference delegate per day including factoring in elements such as extending stays before or after the conference or delegates bringing non-delegate partners with them.

Corporate day	£134
Corporate multi-day	£514
Domestic Association day	£190

Domestic Association multi-day	£516
International Association	£407
Incentive	£328
Other	£341

As an example the Celtic Media Festival could generate over £600,000 for the area's economy (based on attracting 500 delegates x £407 x 3 days).

- 1.5 In addition to the direct financial benefits to businesses, the increased use of air services that conferences would bring can play a significant role in sustaining air links to and from the city which in turn benefit other industry sectors, local residents and help attract inward investment.
- 1.6 While mainstream marketing approaches are commonly used to attract leisure visitors, the approach to attracting conferences is very different and revolves much more around personal contacts, tailored solutions and even incentives. In the case of attracting conferences to Inverness this commonly involves three main players / sources of support with the role of each described in more detail below.

2. VisitScotland

- 2.1 VisitScotland's Business Tourism Unit promotes Inverness as a key conference destination and operates a programme of support for local Ambassadors wishing to bid to host conferences to the city. Ambassadors are generally locally based professionals or academics, involved in national or international associations which can then be encouraged to hold their conference in Inverness. Areas of support provided by VisitScotland's business tourism unit include a free venue-finding service, on-line bid builder, co-ordination of site visits and funding support (described in more detail in 2.3 below).
- 2.2 VisitScotland's Business Tourism Unit also attends a number of events aimed at conference organisers - normally with partners from Scottish conference destinations. They also host their own flagship "Scotland means business" event, on an annual basis which invites around 40 buyers from across the world and recently held this in Inverness giving those attending the opportunity to see what the area had to offer first hand.
- 2.3 VisitScotland also manage a Conference Bid Fund, which provides financial assistance through match funding to Scottish destinations bidding to host eligible conferences. A £1 million fund to help attract major international conferences to Scotland was announced on 2 December 2014 with the money made available during 2015/16. The fund is intended to both support the academic and investment aims of the country as a whole and its individual destinations and also to help capitalise on VisitScotland's other activity and the series of major events in 2014 which have helped raise the profile of Scotland.
- 2.4 A previous version of this fund, introduced in 2012, has already helped secure a number of conferences for Scotland over a seven year period with Inverness being one of the areas already seeing the benefits of it. This funding has supported events such as the Natural product biotechnology conference held in Inverness in November 2014 and is also being used to support the Celtic Media Festival to be held in Inverness in April 2015.

3. Inverness Common Good Fund

- 3.1 The Inverness Common Good Fund has previously supported the attraction of conferences to Inverness through the operation of a subvention fund. The rationale for this support and the terms that applied were the subject of a previous report to the Inverness City Committee on 13 February 2012. This can be found at <http://www.highland.gov.uk/download/meetings/id/5731/item6icc0312pdf>
- 3.2 The rationale for why support should be offered remains the same as in 2012 but the circumstances in which it might be used have changed - most notably because the national conference bid fund did not exist and locally provided subvention was the only source of such support for conferences.
- 3.3 Being able to access the national fund provides an advantage to Inverness but this comes with a requirement that any national contribution is matched locally. This match funding is expected to come from public funds but the scheme also allows for sources such as Common Good Funds to be used.
- 3.4 In the past contributions from the Inverness Common Good Fund were agreed in negotiation with the organisers of the conference but were essentially based on the expected economic benefit the conference would bring. The National scheme however is based on contributing a fixed rate of £30 per delegate and this is paid to the organisers not the venue. To ensure consistency and provide an easy to understand system for organisers it is recommended that the Inverness Common Good Fund subvention scheme be continued for a further 3 years but that all contributions are now made as a fixed contribution of £30 per delegate. It is also recommended that the previous cap on the level of contribution be retained for most applications but that in exceptional circumstances where match funding for a larger conference is required to meet the terms of the national BID fund, a separate report is brought to this committee.
- 3.5 However, it is clear from the successes of other Scottish cities and from the level of uptake of the existing Common Good Fund subvention funding that the offer of subvention funding alone has not attracted the number of conferences to Inverness that would be expected. This has also been recognised by the tourism industry in Inverness with the Inverness and Loch Ness Tourism BID now proposing activity as detailed below to address this.

4. Uniqueness Tourism BID

- 4.1 The Uniqueness Tourism BID (TBID) was formed on 1 April 2014 following a successful ballot of businesses in the sector. Included in the proposed business plan published for the ballot was a commitment to undertake activity to attract more conference business to the area. The TBID can be considered to be the lead organisation providing support from the business community but there is also involvement from and benefit to other businesses that are not TBID members – for example hotels, restaurants and shops that are members of the City Centre BID. The City Leader is a Board Director and support and advice is given by the Aird and Lochness and Inverness South Ward Manager.
- 4.2 As described in section 2 above, VisitScotland have attended and still are attending a

number of exhibitions aimed at attracting conference business, but while other cities such as Aberdeen, Dundee etc. partner with them, Inverness has not previously been in a position to do so and as such was not as successful in attracting conferences. The formation of the TBID means there is now a business organisation that can represent the city, address this and attract more conferences to Inverness.

- 4.3 Objective 2 in the TBID Business Plan is to “*Attract more conferences and business tourism all year round*” and to do so the TBID has allocated £48k of funds from the business levy towards this activity in 2015/16. Part of this covers the cost of a dedicated officer to “*market, promote and attract conferences and business tourism*” but some funding is also being allocated towards the production of promotional materials and attendance at conference buyer events.
- 4.4 The original Business Plan also indicated intended sources of additional funding and this included the intention to seek contributions of £20,000 per annum from the Inverness Common Good fund. This was included on the understanding that the TBID would require to detail the proposed activities and was on the proviso that “*applications meet all the required criteria including most importantly, evidence of direct benefit to the city of Inverness*” and that applications would “*be subject to the strict governance on the use of Common Good Fund monies.*” In keeping with this objective the TBID has previously submitted an application for additional funding to assist them in delivering some initial activities in the period until August 2015.
- 4.5 Since their formation the TBID has appointed a Board of Directors who have further developed the organisation’s strategy and business plans with expanded details on the TBID’s proposed future activities. In relation to attracting conference business this includes:-
- Continued attendance at conference buyer events in future years.
 - Arranging familiarisation visits for key conference buyers to showcase what the city and area has to offer.
 - Targeted activity in the UK, Western Europe and areas with direct flights to Inverness including activity in US locations that have Aer Lingus flights to Dublin to link with the Dublin - Inverness flights. (This targeted approach makes attracting delegates easier but also aims to use the additional conference business to increase the viability of these air routes.
 - Developing a commission based scheme with businesses that in the longer term will provide additional private sector funding towards conference promotion activity.
- 4.6 To deliver the activities outlined in section 4.5 above the TBID has earmarked funding from the business levy for the remainder of the TBID’s term (until March 2019) at a similar level to that for 2015/16. Additional private sector support will be provided in kind – for example complementary transport from airlines or TBID members hosting conference buyers on familiarisation trips. Highlands & Islands Enterprise have also been approached to provide support and while this is yet to be approved this is expected to support some of the international activity proposed. However the TBID have indicated that to deliver all the proposed activity would still require additional external funding. Although some elements can be costly, where successful, the returns can be significant. As an example attending one North American Association Roadshow event has an estimated cost of £4,600 but if this secured one event for 400 delegates the return to the City and its businesses would be £476,000.

4.7 The Committee have indicated previously that the TBID could approach the Inverness Common Good Fund for additional funding of up to £20,000 per annum to support continuing the above activity in future years. It is recommended that any application made be given support so long as it meets with the governance standards set for the consideration of these applications. This would include the TBID providing full details of, and a proposed budget for, the range of activities proposed.

5. Implications

5.1 Resources – this report makes a number of recommendations which would require funding to be provided from the Inverness Common Good Fund but these demands can be met from the annual sums available from the fund.

5.2 Rural – this report details and makes recommendations on a range of activities which are essentially city based and as such it should be assumed that most benefits would accrue to businesses in the City rather than rural areas. However, aspects such as delegates bringing partners, extending their stay or making return visits for leisure purposes are also likely to see some benefits brought to rural areas of Highland.

5.3 There are no direct Legal, Equalities, Climate Change or Risk Implications arising directly from this report.

Recommendation

The Committee is asked to:

- i. note the roles of the main players and the benefits that conference business can bring to Inverness and it's businesses;
- ii. approve the recommendations on future subvention funding as detailed in section 3.4 of the report and
- iii. Agree that an approach to the Inverness Common Good Fund for funding of up to £20,000 per annum to support continuing the above activities would be viewed favourably subject to compliance with the governance standards set for the consideration of these applications. This would include the TBID providing full details of, and a proposed budget for, the range of activities proposed.

Designation: City Manager

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