

Agenda Item	4
Report No	SRC/015/15

Developing Tourism in the Skye, Ross and Cromarty area

Report by Director of Development and Infrastructure

Summary

This report updates Members on the Council's work to develop tourism in the Skye and Ross and Cromarty areas. This includes detailing work with the North Highland Initiative which provides some strategic context to accompany the presentation being given to the committee by Mr Tom Campbell of the North Highland Initiative on their work to develop tourism in the Northern Highlands. These activities all support the Council's programme commitment "*Working with the Scottish Government, Highlands and Islands Enterprise and private sector partners, the Council will 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 around £740 million of direct expenditure and supporting 20,000 jobs in Highland. Annual figures at a sub-regional level are not gathered but the most recent figures (2012) indicate total tourism revenue - which includes both direct and indirect spend was £123m in Ross and Cromarty and £101m in Skye and Lochalsh.
- 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 (the partnership which brings together tourism industry representatives and the public sector organisations involved in tourism where the Council is represented by Councillors Prag and Lobban) and allocates discretionary funding to develop Highland tourism from the Development and Infrastructure Service's budget.
- 1.3 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 provides a common agenda for the industry and supporting organisations to develop tourism in Scotland. The Highland Tourism Partnership subsequently produced a more focussed action plan detailing the main actions required to deliver the national strategy's objectives in the Highlands. This has been approved, for the Council's interest, 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.

2. Working with VisitScotland

- 2.1 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.
- 2.2 The agreement reached with VisitScotland for 2014-15 saw a contribution of £220,000 to VisitScotland, with £60,000 allocated to additional marketing activity to promote the Highlands, and £160,000 supporting the Visitor Information Centre (VIC) network in Highland.

3. Working with Destination Organisations

- 3.1 Across the Highlands there are a number of industry led tourism groups – some are sectoral groups but predominantly these groups exist to develop or promote a particular geographic area. Most operate on a fairly small scale and undertake smaller local projects which generally require little funding support – although there are notable exceptions such as the Invergordon group who welcome passengers from cruise liners visiting the port.
- 3.2 Recent years have also seen the rise of destination organisations (often also referred to as Destination Management Organisations or DMOs) in many parts of the Highlands. These larger groups have now started to take more of a lead in developing tourism in their areas. Following approval of the approach by the Council's Planning, Environment and Development Committee in February 2013, the Council has contributed funding to a number of Destination Organisations to support the delivery of a series of activities which are defined in a Service Delivery Agreement.
- 3.3 In the area covered by this committee three Destination Organisations have been supported via annual Service Delivery Agreements namely:-
 - North Highland Initiative
 - Visit Wester Ross
 - Destination Skye and Lochalsh
- 3.4 The range of activities defined in these agreements varies depending on local circumstances but typically they include elements such as:-
 - Marketing and promotion of the area including use of social media channels
 - Organising networking events to improve business collaboration and cross promotion
 - Organising or partnering with others including Business Gateway to offer tourism sector specific Business development workshops
 - Compiling and hosting an events diary for the area and distributing this to businesses
 - Representing the interests of the local tourism industry on groups such as the Highland Tourism Partnership

3.5 One of these groups - the North Highland Initiative has also undertaken a substantial amount of work to start the development of a major tourism route – the North Coast 500. Over time this is expected to become one of the must do trips for visitors to Scotland. This will form a major part of the presentation being given to the committee by Mr Tom Campbell from the North Highland Initiative.

4. Attracting and catering for Cruise business

4.1 One of the growth areas in world tourism is the cruise industry and in a Highland context the Skye, Ross and Cromarty area is the most developed with Invergordon, Portree and Ullapool as the three most popular Highland ports.

4.2 The promotion of ports to the cruise industry is undertaken by the port authorities and this is primarily done in conjunction with other Scottish ports under the banner of Cruise Scotland. In the case of Invergordon and Ullapool the ports are privately operated but the Council also has a direct role as the operator of Portree harbour as well as a number of smaller harbours which attract less frequent business from smaller ships e.g. Gairloch or Raasay. The Council also provides a civic welcome to cruise liners on their maiden visit to Highland ports.

4.3 Whilst it is understood that many cruise passengers go on “official” shore excursions which often leave the immediate community there are still many benefits to local businesses notably:-

- Coach hire, where a Ross-shire business is one of the largest providers of coaches for shore excursions
- Locally operated tours which both benefit tour operators and smaller attractions not visited by the “official” shore excursions.
- Local spend in gift shops, cafes etc. by cruise passengers not going on shore excursions (approx. 48% of passengers don't take a shore excursion)
- Local spend by the ship's crew which is normally different to the spend by visitors and benefits different businesses e.g. clothing and grocery shops or chemists.

4.4 In order to increase the economic benefit cruise visits bring, the Council has worked with local business groups to ensure businesses are well prepared. This work has included elements such as jointly hosting a cruise workshop for Portree businesses with Business Gateway.

5. Film

5.1 In addition to the Council's work directly aimed at developing tourism, the Council also operates a film location service – the Highlands of Scotland Film Commission which also provides an indirect but significant benefit to tourism in the area.

5.2 The work of the film commission is largely designed to attract film, television and still image productions to use the Highlands for their production and to assist producers in finding locations, facilities and services in the area. During 2014-15 154 enquiries were handled by the film Commission. While many enquiries are for smaller scale productions such as television commercials recent enquiries where the film Commission have recommended locations include major movies such as Prometheus filmed on Skye and “What we did on our holiday” filmed near Gairloch.

5.3 Bringing productions to the area can provide an immediate tourism benefit as cast and crew use local accommodation - quite often for significant periods of time while the success of some of the movies filmed in the area can be a significant factor in visitors deciding to come to the area on holiday

6. Implications

6.1 Resources

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

6.2 Legal, Equality, Climate Change, and Gaelic

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

Recommendation

The Committee is recommended to:

- i. Note the presentation given by the North Highland Initiative;
- ii. note the approach that has been taken by the Council to develop tourism including entering into service delivery contracts with destination organisations and;
- iii. consider how tourism growth can best be supported by the Area Committee, both directly and indirectly through the planning and delivery of other Council services.

Designation: Director of Development and Infrastructure

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