

The Highland Council

Planning, Development and Infrastructure Committee

11 May 2016

Agenda Item	11
Report No	PDI 28/16

Tourism, Events and Film Update

Report by Director of Development and Infrastructure

Summary

This report summarises the work undertaken by the Council's Tourism & Film Unit and proposed changes to its operations including the renewal of a Service Delivery Agreement with VisitScotland for 2016-17. This work supports the Council's "Highland First" programme commitment on building tourism – "The Council will strive to grow tourism by working with partners to retain and develop world class events and promote destination management."

1. Background

- 1.1 The Council currently includes within its Economy and Regeneration section, a small Tourism and Film Unit that assists in the development of the tourism industry in Highland, supports major events, and works to attract film productions to undertake their activities in Highland. This unit comprises a full time Principal Tourism and Film officer, a part time Film Locations officer and a Graduate Tourism and Film officer. Following staff reductions elsewhere in the Economy and Regeneration section and the redistribution of workload, the Principal Tourism and Film officer role will also take on responsibility for the European section from 1 May 2016.
- 1.2 Sustainable Tourism (of which events are a key part) is one of Scotland's key growth sectors and is the Highlands' most important industry generating over £1bn for the economy (comprised of £810m of direct expenditure and a further £191m of indirect expenditure which in turn supports the employment of over 26,000 people in Highland. (2014 figures).
- 1.3 Another key sector in Scotland's Economic Strategy is the Creative Industries of which the film industry is a part - and one that is of significant importance to Highland. In this context it should be borne in mind that both the term "film" and the Council's work in this area also covers a number of related or sub sectors including television, commercials, still photo shoots and new media production.

2. Tourism

- 2.1 The Council's tourism work, and in turn how its tourism budget is allocated, can conveniently be split into two distinct elements: work with VisitScotland and work with the Highland tourism industry.
- 2.2 Working with VisitScotland
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 for more local services. Since then the Council has provided funding to VisitScotland with an accompanying Service Level Agreement defining the additional activities. In 2015-16 a contribution of £145k was made to VisitScotland, with £60k of this allocated to additional marketing activity, and £85k supporting the Visitor Information Centre (VIC) network in Highland.

2.3 Working with the Highland tourism industry

As well as support to individual businesses provided through Council services such as Business Gateway or Trading Standards, the Tourism & Film Unit provides further support and funding to Destination Development groups in Highland. While these groups' roles vary depending on local priorities there are common areas of activity, notably improving the tourism offering of their area and local marketing activity. Recent years have seen some considerable successes from this work - perhaps most notably the creation of the North Coast 500 touring route that is already attracting significant numbers of visitors and global publicity. Other successes by groups elsewhere in the Highlands include such diverse activities as a local hospitality employment initiative for young people, initiatives to increase the use of local produce in tourism businesses and attracting the world's most influential bloggers to host their global conference in Inverness.

2.4 Cruise tourism

The Council and a number of industry partners are involved in work to attract cruise business to Highland. The Council takes a proactive role reflecting its role as a harbour operator in locations such as Portree. While cruise industry and UK border control factors have caused fluctuations in the number of visits, the overall trend in the sector is one of growth and there is an appetite for new destinations. Working closely with the Council's harbours staff and the destination organisations, work is focused on encouraging further visits and working to ensure businesses are prepared for the new customers this might bring. A notable success in this area is the increased interest in Fort William as a cruise destination with a significant number of new cruise calls planned for 2017.

3. **Major Events**

3.1 The Council Programme's tourism commitment also includes a pledge to "retain and develop world class events". To support this, the Council's Tourism and Film Unit has worked with, and part funded, selected major events. (As outlined in the report on the Council's Major Events Fund presented to this Committee on 18 February 2015).

3.2 During 2015 two major events were held in the Highland area: the UCI Mountain Bike World Cup in Fort William and the World Orienteering Championships held jointly between Highland and Moray. This event also incorporated the Scottish 6-day Orienteering Championships, creating the largest orienteering event ever held in the UK. Economic impact assessments carried out for these events again demonstrated the economic returns such events bring to the Highlands with the Mountain Bike World Cup bringing £2.8m to the Fort William area and the World Orienteering bringing £7.4m to Highland / Moray.

4. **Film**

4.1 The Council's film locations work is designed to encourage inward investment in the area while also raising the area's profile. Each year the Tourism and Film Unit

receives enquiries from a number of productions to which advice is provided on possible locations, local constraints or opportunities and suppliers of services that might be required by the production. 2015-16 saw 159 such enquiries.

4.2 Productions range from major movies such as Steven Spielberg's adaptation of Roald Dahl's BFG filmed partly on Skye (due for release in July 2016) to single day commercial shoots. The immediate economic benefits brought by these vary from a few hundred to many hundreds of thousands of pounds where a large cast or crew spends a considerable time in the area. As many productions use the Highlands because of its scenic qualities, the positive impacts tend to be seen in the more peripheral parts of the Highlands where the economic benefit is more significant.

4.3 In addition, popular films and even some smaller scale productions can showcase the area to a wide audience and support other promotional activities. An example of this in recent months has been the level of interest in the North Coast 500 which has seen motoring magazine Evo, productions such as BBC's Top Gear and Amazon's Clarkson, Hammond & May all shoot on the route which in turn will give the route further publicity as a tourism destination.

5. Future tourism, event and film activity

5.1 The series of budget savings recently agreed by the Council saw two budget reductions agreed – a reduction of £35k specifically from the contribution to VisitScotland and a further reduction of £50k to be taken from across the Council's tourism and film work. This will affect the amount of activity that can be undertaken and a series of recommendations are made below as to which activities should be prioritised. A budget summary is included as **Appendix 1**.

5.2 The review of tourism spend approved by this Committee at its meeting on 13 March 2013 prioritised the contribution to VisitScotland regional marketing activity as this is the element previous evaluations have shown contributes the greatest return to the economy. It is therefore proposed that the £60,000 provided towards marketing activity is again maintained for 2016-17. Through a successful VisitScotland application for ERDF funding towards regional marketing activity, providing this sum will also allow VisitScotland to draw down a further £30k giving a total budget for dedicated Highland marketing activity of £90k.

5.3 A national review of Visitor Information provision has recently been approved by the VisitScotland Board of Directors. Taking into account both expected funding constraints and the changing behaviour of visitors in accessing information, this new approach should see a reduced number of VisitScotland managed centres in strategic locations, complemented by the provision of information in other locations by a series of partners. These include both local tourism providers and national organisations such as The National Trust for Scotland, Historic Environment Scotland, Caledonian MacBrayne and Scottish Natural Heritage. Negotiations are also being progressed with High Life Highland with a view to suitable partnership arrangements and this suggests that a network of information outlets will continue to exist in Highland without the need for ongoing Council funding. It is therefore proposed that £40k of the further savings required be taken from the element previously used to support the Visitor Information Centre (VIC) network with the remaining £10k to be used if / as required to assist with this reorganisation of the VIC network.

- 5.4 The Council's work with destination organisations allows the industry to lead on developing tourism as envisaged in the National and Highland Tourism Strategies and also fits with the priorities for funding in the tourism spend review previously approved by this Committee. It is therefore proposed that support for the destination organisations be maintained and that only a small element (£5k) of the required reduction in the Tourism and Film budget be taken from this activity.
- 5.5 Bearing in mind the clear economic benefit derived from major events and the fact the major events budget remains unchanged agreements have already been reached to support the two major events to be held in Highland in 2016. The UCI Mountain Bike World Cup returns to Fort William in June 2016 while Castle Stuart Golf Club near Inverness will host the Scottish Open Golf Championships in July 2016 and as in previous years the Council proposes supporting these events with grants from the Major Events Fund of £25k and £33k respectively.
- 5.6 The Council's film activity produces a good return to the Highland economy for a minimal financial outlay. While small savings can be made the operational budget is only £15k and delivering the service does still require some expenditure on fixed elements such as a presence in industry directories and online and the database used to handle and enquiries. It is therefore proposed that a small element (£5k) of the required reduction in the Tourism and Film budget be taken from this activity.

6. Implications

6.1 Resources

Funding to support the delivery of the tourism, events and film related activities in the manner proposed is already contained within the Development and Infrastructure Service budget and the operational savings listed enable the service to manage the £85k 2016-17 budget reductions.

6.2 Legal, Equality, Climate Change, Rural, Risk and Gaelic

There are no direct rural, risk 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 of £70k for the financial year 2016-17 including £60k towards marketing activity.

Designation: Director of Development & Infrastructure

Date: 27 April 2016

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Appendix 1 – 2015/16 spend and proposed spend 2016/17

Project	Recipient (if grant)	Actual 15/16 spend	Proposed 16/17 spend
Tourism			
Tourism (non VisitScotland) sub total		82,103.98	75,000
VisitScotland marketing	VisitScotland	60,000.00	60,000
VisitScotland - VIC contribution	VisitScotland	85,000.00	10,000
Total Tourism spend		227,103.98	145,000
Film Unit			
Recce Fund grants	Various productions	2,425.00	2,000
Operational spend		12,158.50	8,000
Total Film spend		14,583.50	10,000
Total spend 2015/16 (budget £290,000) and 2016/17 (budget £205,000)		287,073.23	205,000