

Agenda Item	4.
Report No	SCC/02/20

HIGHLAND COUNCIL

Committee: Sutherland County Committee

Date: 24 February 2020

Report Title: Investing in Sutherland Tourism

Report By: Executive Chief Officer Infrastructure and Environment

1. Purpose/Executive Summary

- 1.1 This report describes for Members the current situation regarding tourism in Sutherland with a particular emphasis on the levels of investment, both under way and proposed, that are intended to increase the economic benefits of tourism and tackle some of the challenges currently being faced.

2. Recommendations

- 3.1 Members are asked to:

- i. note the current situation regarding tourism in Sutherland; and
- ii. consider how members of the Committee might feed into future tourism plans for the local area.

3. Implications

- 3.1 There are no resource implications arising directly from this report. A number of the activities referred to do however require resourced and some of this will be done through existing Council budgets.
- 3.2 There are no legal implications arising directly from this report.
- 3.3 There are no community (Equality, Poverty and Rural) implications arising directly from this report. However, many of the investments referred to will have impacts on communities particularly in rural areas.
- 3.4 There are no legal, Climate Change / Carbon Clever. Risk or Gaelic implications arising directly from this report

4. Introduction

- 4.1 Tourism is the most significant industry in Highland, with an economic impact of almost £1.3bn in 2018. While sub-regional figures are not gathered annually, tourism in Sutherland was worth £80m in 2014 and, if the rate of increase in Highland from 2014-18 is applied to Sutherland, the value is now estimated to be £102m. The Council is commissioning a series of sub-area reports including one specifically for Sutherland which will give more precise and up to date (2019) figures later this spring.
- 4.2 As well as bringing a direct economic impact to tourism businesses, tourism also supports a range of other businesses which form the business supply chain. These range from direct services such as laundry services, through to primary industries such as agriculture and fishing, and food and drink producers who can benefit from tourism businesses increasingly looking to buy local produce. Tourism can also be of greater significance in more rural areas where local services can be supported by visitor use. Notable examples of this are local shops, as in areas such as Sutherland a number shops still exist in small communities where a local shop would not be a viable business were it not for the additional trade derived from visitors.

5. Strategic context

- 5.1 Across Scotland the strategic direction for tourism has largely been defined by the tourism industry but with the support of the Scottish Government and the wider public sector – including local authorities. In recent years this was documented in the national strategy “Tourism Scotland 2020” published in 2013 but as this comes to an end the national industry body, the Scottish Tourism Alliance have prepared a new national strategy for the next decade. This will be launched on 4th March 2020.
- 5.2 Complementing the national strategy, a Highland Tourism Action Plan for the period to 2020 previously identified the priority areas for Highland so this will also require to be replaced with a new set of priorities. In parallel with this, there has been an increased level of interest in more localised plans. These give the opportunity to define priorities in a much more location specific way rather than focussing on broader themes. Some discussion regarding this approach has taken place and it is anticipated that the Highland tourism priorities for the future are likely to be defined in a series of more local “Destination Plans” rather than a single Highland plan.
- 5.3 Economic circumstances have changed quite significantly since 2013 and this is reflected in the new national strategy. In particular the period leading up to 2013 was characterised by a challenging economy after the banking crisis with features such as high youth unemployment. As such, the focus was very much on marketing, achieving growth and areas such as skills. Since then economic circumstances have changed and factors such as a high international profile for Scotland and a favourable exchange rate have seen tourism grow with areas such as Highland seeing particularly strong growth.
- 5.4 With this in mind the new strategies at both national and at a more local level are expected to see a very different set of ambitions and while areas such as use of digital skills will remain important there is now much more need to address issues such as sustainability, visitor management and increased engagement with communities. Of particular note for an area such as Sutherland, is the emerging issue of “social sustainability” which recognises that “to avoid burnout, residents must come first”. It is considered essential that future tourism plans for the area recognise and address this.

6. The impacts of tourism growth

- 6.1 Much of the recent growth in tourism has been a welcome boost to business and indeed has enabled business growth and the development of new businesses – both tourism businesses and others that form part of the supply chain for tourism businesses. More detail on this specifically related to the growth of the North Coast 500 is given in section 8 below.
- 6.2 While this growth is welcome, it is also clear that there are circumstances where the growth has had negative impacts - particularly where the volume of visitors at certain times puts pressure on parts of the local tourism infrastructure. A number of projects are now under way or in development that aim to tackle some of these previously identified infrastructure needs.

7. Current investment in tourism infrastructure

- 7.1 In view of the recent tourism pressures in many areas a number of initiatives are under way or currently seeking funding so as to deliver improved tourism facilities and reduce tourism impacts. Many, but not all of these have been supported by the Scottish Government's Rural Tourism Infrastructure Fund (RTIF).
- 7.2 Two funding rounds saw an initial budget of £6m made available and through applications put forward by the Highland Council just under £3m of this was awarded to Highland projects. A community project in Lochinver, to provide overnight motorhome parking and waste facilities adjacent to the Assynt Leisure Centre, was successful in the first round. No Sutherland projects were initially funded in the second round but one project – motorhome parking and waste facilities in Helmsdale did meet the criteria. Due to the limited funds available, it was placed on a "reserve list" to be funded if underspends elsewhere allowed it. Work on meeting some conditions is under way and it is hoped that this project may receive funding in the near future.
- 7.3 In autumn 2019, the Scottish Government announced a third round of funding with a further £3m made available. Full applications are required by July 2020 but an "Expression of Interest" stage is under way at present. While further projects may yet come forward the Council's tourism team are already working with three potential projects in Sutherland:
- Dornoch car and coach parking
 - Kyle of Sutherland motorhome parking and waste facilities (at three sites - Rosehall, Falls of Shin and Bonar Bridge)
 - Motorhome parking management at three locations around Loch Fleet
- 7.4 The Highland Council also leads on the distribution of funding from the Scottish Government's Town Centre fund. This scheme has seen just over £48,000 contributed to the Brora Tourism Infrastructure project that will see tourism signposting around the town and the provision of motorhome waste facilities and electric hook up points.
- 7.5 The Council's Head of Roads and Transport chairs one of the sub groups of the North Coast 500 (NC500) working group specifically focussing on roads related issues. Much of the activity of this group has focussed on road safety including driver behaviour. One of the matters considered was speeding, with Police Scotland undertaking additional activity to address this. Potentially hazardous manoeuvres by drivers unfamiliar with the roads and unsure of the NC500 route was another main issue raised. Notable examples of where this was an issue in Sutherland were Ledmore junction (southbound) and Skiag Bridge junction (Northbound) – both locations where the main

road markings are for traffic to continue straight ahead, whereas the NC500 actually turns off. Feedback suggested this was causing potentially dangerous last-minute reactions and a programme of directional signage which would give advance warning of junctions was therefore proposed to help address this. These signs will begin being erected during February 2020.

8. Private sector Investment

- 8.1 In addition to the investment seen in public facilities and services the growth in tourism, and in particular the success of the NC500, has led to significant levels of private sector investment and the launch of new businesses.
- 8.2 In 2019 the Council's Business Gateway service handled enquiries from 561 businesses around the NC500 (excluding Inverness) of which 370 (66%) were businesses in the tourism sector. Of these there were 67 tourism start-ups (78% of all start-ups) while a further 115 were existing businesses looking to grow. Highland Opportunity (Investments) Ltd, the Council's business funding support arm has also provided financial support to 7 Sutherland tourism businesses in the period since December 2018. Through the EU Leader programme businesses can also access financial support through the rural enterprise scheme and this saw 3 new tourism businesses supported and a further 11 tourism businesses and tourism suppliers in Sutherland supported to expand their business.

9. Future investment in tourism in Sutherland

- 9.1 Despite the levels of investment described above, it is clear that much work remains to be done in order to maximise the potential benefits from tourism and provide the quality experience visitors expect, while also minimising any negative impacts on communities. Some degree of continuing business investment is expected but perhaps more pressing is the need for further public investment in infrastructure.
- 9.2 This need for investment is not unique to Sutherland and as a first step to addressing these issues across all of Highland, the Council's Tourism Working Group recently tasked officers with producing a tourism infrastructure plan. This plan seeks to audit existing provision with a view to then identifying potential gaps in provision for a range of services and facilities used by visitors. These range from more traditional services such as public conveniences to emerging infrastructure needs such as motorhome waste facilities or electric vehicle charge points. Work on this plan is under way at present.
- 9.3 One particular element of tourism that is worth a more specific mention is that of the increasing level of motorhomes seen in recent years and which has been considered to cause issues in certain areas, most notably parts of the west coast including West Sutherland. Recent years have seen increases in the number of new motorhome registrations (+9% in 2018 in the UK for example) although vehicle licencing changes appear to have slowed this growth in 2019. None the less, these recent increases, similar increases in other European countries that our visitors come from and the increased availability of hire vehicles suggest continued investment specific to this sector is required.
- 9.4 Popular opinion often suggest this sector is a low value sector but the reality is that, similar to other parts of tourism there are a spread of visitors from low value to high end. It is undoubtedly true that some visitors come from outside the area in a well-stocked vehicle, undertake "informal camping" rather than staying on a campsite and

spend little in the area. However, this is balanced by others who spend considerable amounts most notably on areas such as eating out. As an example, one Highland based motorhome hire company reports their vehicles are commonly returned with the cooking facilities unused as their guests have eaten in restaurants every night. It is therefore recommended that the Council should continue to welcome this market and support the provision of further facilities and work to address issues through good management rather than discouraging these visitors.

- 9.5 One recent development in this area has been a commitment at a national level to introduce clear and consistent guidance on driving, acceptable behaviour and informal camping. In particular this aims to more clearly draw a distinction between informal camping in motorhomes and wild camping as defined in the Scottish Outdoor Access code which does not apply to camping in motorised vehicles. In view of our experience in this area, the Highland Council was invited to take part in the national group, led by the Scottish Government, tasked with addressing this issue.
- 9.6 Another area of concern has been disposal of waste from motorhomes. Anecdotal evidence of irresponsible disposal is frequently mentioned although firm evidence that allows enforcement action is less frequently provided. However, there is a need for better information and advice, more facilities outwith recognised commercial campsites and appropriate promotion of where these facilities are. Some of the RTIF projects described in section 7 above are designed to help address this issue but more will be required to create a suitable network. Some further work is currently under way between the Council, Scottish Water and SEPA to produce advice for those such as community groups who may be considering providing such facilities.
- 9.7 As described in 9.4 above, there is the potential to gain an economic benefit from those visiting in motorhomes. However, this is most likely to happen when visitors can stop overnight in, or very near to, communities. It is worth noting that on average around a third of visitor spend is on accommodation, so opportunities exist to gain the remaining elements of spend from motorhome visitors in the same way as with other visitors. The French system of “Aires” which sees basic, low cost overnight parking facilities at the edge of communities is seen as a successful way of encouraging this type of spend and some community projects of a similar type are under consideration in this area.

10. Transient Visitor Levy

- 10.0 Funding the types of infrastructure investment described is likely to bring its own challenges although it is also worth noting that the Council itself would not be the only provider of such services – many communities are currently showing an interest in doing so and other public sector partners with sites in the area e.g. Scottish Natural Heritage may do so. Where Council investment does take place, some may be possible using existing resources (perhaps supported by RTIF) but there is a clear need for additional funding and this has led the Council to consider introducing a Transient Visitor Levy (TVL) or “tourism tax”. Members will recall that the Council voted in favour of the principle of introducing such a levy at their meeting in December 2019
- 10.1 In the analysis of the data from the Council’s TVL consultation it has been possible to break down some responses to indicate views in a given geographic area. Overall Sutherland was well represented in the responses as 9.1% of business responses came from businesses based in Sutherland - a higher response rate than average as Sutherland accounts for just over 6% of the Highland population. 7% of resident responses came from Sutherland residents which is roughly in proportion to the local population.

- 10.2 In terms of support or opposition to a Highland TVL, overall Highland results (from visitors, residents and businesses) showed 65.1% in favour and 25.9% against with the remainder giving a neutral response. When Sutherland responses (residents and businesses) are considered separately 73.9% were in favour and 17.5% against indicating greater support for a TVL than the Highland average. This was the second highest response in favour of a TVL of any area of Highland.
- 10.3 The legislative process to allow a TVL to be implemented by local authorities is currently under way in the Scottish parliament. The time required for the legislation to be passed and collection systems to be put in place suggest the Council is unlikely to receive any levy income before 2022. However, this does allow time for the Council and partners to undertake the strategic planning work outlined in section 5.4 above with the priorities contained within these influencing how future income might be used. While it is anticipated that Destination Organisations across Highland are likely to take a lead on tourism plans for their area the Council will wish to be closely involved and members are invited to consider how they might feed into this process.

Designation: Executive Chief Officer Infrastructure and Environment

Date: 14 February 2020

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