

Agenda Item	6
Report No	SR/21/21

HIGHLAND COUNCIL

Committee: Isle of Skye and Raasay Area Committee

Date: 29 November 2021

Report Title: Storr Future Development

Report By: Executive Chief Officer, Transformation

1. Purpose/Executive Summary

1.1 On behalf of the Isle of Skye and Raasay Area Committee, the Transformation Service were asked to investigate the potential income generation opportunities at the Old Man of Storr. An outline Business Case was produced, setting out the business options and potential benefits, and recommending the engagement of external expertise to develop and deliver a detailed Business Case.

1.2 The Isle of Skye & Raasay Ward Business Meeting of 17 May 2021 supported the proposal to engage external expertise, and a Business Requirement was documented for the purpose of procuring such expertise. The key requirement was stated as:

The consultant will produce a business case to provide the justification for a retail outlet at the Old Man of Storr site selling souvenirs and mementos, and in so doing, provide detailed information on the following key business case components:

- *the costs of development, implementation and incremental ongoing operations and maintenance costs*
- *the anticipated benefits, and this will be financial (e.g. income), and importantly, in relation to create employment and supporting the local economy*
- *the associated risks*

1.3 This report provides the detail and outcomes of the work undertaken by Glenmorven Associates on behalf of the Council in line with the stated Business Requirement.

2. Recommendations

2.1 Members are asked to:

- i. Note the contents of the report and invite comments

- ii. Consider investment from disaggregated Ward funds, towards the delivery of on-site management and income generation at the Old Man of Storr site, through future Reports to the Isle of Skye and Raasay Area Committee.
- iii. Agree that a report is presented to a future Corporate Resources Committee seeking approval of the required set-up funding to deliver the installation on the retail module at Storr.
- iv. Note that further reports will be presented to this Committee in respect of future funding opportunities (as detailed at section 14) and further development opportunities taking forward the Council's "Future Highlands – Health and Prosperity Strategic Partnership Plan" and this Committee's "Skye & Raasay Future".

3. Implications

- 3.1 Resource – implications are discussed throughout this report, with substantive sections at 12, 13 and 14.
- 3.2 Legal – subject to member approval, the project will consider all legal implications related to the options to be progressed and will also be managed as part of the Project Management Framework as described at 3.5.
- 3.3 Community (Equality, Poverty and Rural) – options set out in this report at section 6 provide opportunity to further enhance the site, the visitor experience, and income, with further benefits to the local community and economy.
- 3.4 Climate Change / Carbon Clever - a critical aspect informing the study undertaken was assessing how the Storr can both prepare itself and support the community for the future. Modern projects with the kind of potential seen at the Storr must consider and include as high a degree of sustainability and low environmental impact as possible. Indeed, being carbon conscious is vital in order to adhere to the Council's Carbon Clever Declaration. The Storr presents Highland Council with an opportunity to put into practice policies that commit to reducing environmental impact and safeguarding natural habitats for future generations.
- 3.5 Risk – subject to member approval, the work will be conducted within a Project Management framework, and this will include ongoing risk management to identify and manage risk. Risks identified to date, and to be mitigated through the options set out in this report, include parking demand at the Storr at risk of exceeding capacity leading to congestion and roadside issues, site at risk of degrading/falling into disrepair if not managed, and by not actively managing the site, there is a risk of poorer visitor experiences and the erosion of the reputation of the Storr as an iconic visitor destination.
- 3.6 Gaelic – a theme of the Future Highland: Health and Prosperity Partnership Plan is finding ways to support Gaelic culture and identity. The Storr has a particular opportunity to support this via effective promotion of Gaelic culture to visitors via initiatives such as effective bilingual signage, site interpretation and the development of high-quality materials via partnership initiatives such as the Skye Iconic Sites project and engagement with local community trusts.

4. Background & Context

- 4.1 The Old Man of Storr and associated path networks is a major tourist draw on the Isle of Skye and is estimated to attract some 200,000 visitors per year. Over recent years, £2m has been committed, with improvements to parking, path networks, and new toilet and motorhome facilities, transforming the area for the benefit of local residents and visitors. Habitat restoration and site interpretation will also be delivered as part of the Skye Iconic Sites Project.
- 4.2 The Council has committed £887k of capital investment at the Storr through a combination of Service Budgets and capital borrowing, based on income generation covering the repayment loans. The remainder of the investment to date has come through funding from the Rural Tourism & Infrastructure Fund (RTIF), LEADER, the Scottish Government Rural Payment & Inspection Directorate (SGRPID) and the Natural Cultural & Heritage Fund (NCHF). As part of the conditions of grants from RTIF the Council also has responsibility for the management and maintenance of the newly created/upgraded paths developed on land currently owned by SGRPID, with an expectation that these costs are met from income generated on site. In addition, the Council is also responsible for the management and maintenance of approximately 95 acres of land it owns at the Storr.
- 4.3 Led by the Isle of Skye and Raasay Members, these improvements at the Old Man of Storr are a response to the local challenges experienced in previous years, such as traffic congestion and a lack of public conveniences and proper paths.
- 4.4 With the improved facilities and access, this presents the opportunity to: encourage local business opportunities and income generation for the Council; invest in the management and maintenance of the Old Man of Storr site; and support other Council Services.
- 4.5 Strategically, this report regarding Storr Future Development compliments both The Isle of Skye and Raasay Area's vision as well as that of The Highland Council's, and this is discussed in more detail in the remainder of this section.
- 4.6 This report and the options set out therein, are aligned to and deliver against the strategic aspirations and objectives set out in the place-based investment framework for the area known as [Skye & Raasay Future](#) (SARF), approved by this Committee on 30 August 2021.

SARF is a bold proposition for transforming how partners collaborate on an ongoing basis to improve the lives of people and places across Skye & Raasay. SARF reflects the collective priorities and ambitions of communities and groups across the area taking account of consultation events undertaken since early 2021. Through this engagement stakeholders have highlighted a desire for all sectors of the community to work together in addressing future priorities and projects to deliver better outcomes for Skye & Raasay. To help achieve this, SARF is intended to act as a 'live' portfolio for the area that can evolve over time and support an ongoing process for monitoring and delivering change.

- 4.7 Similarly, the ongoing development of the Storr is an excellent example in supporting the key Council's aims in the [Future Highlands – Health and Prosperity Strategic Partnership Plan](#) approved Council on 9 September 2021. This ambitious strategy includes the intention to take a pro-active collaborative approach to capitalising on the unique opportunities and natural assets available in the Highlands relating to green energy; tourism; workforce; and innovation, science and skills. The intention behind it

is to encourage economic stability, recovery and growth which will revitalise Highland communities and towns.

5. Developing the Business Case

5.1 Skye & Raasay members approached the Transformation Service to produce an Outline Business Case (OBC) for an initial and high-level assessment of the opportunity at the Old Man of Storr site. The Isle of Skye & Raasay Ward Business Meeting of 17 May 2021 considered the OBC, and supported the proposal that further work into the viability of a commercial venture at the site should be progressed, with external expertise to be commissioned for the production of a detailed business case to provide the justification based on the following:

- ✓ the **costs** (of development, implementation and incremental ongoing operations and maintenance costs)
- ✓ against the anticipated **benefits** to be gained and
- ✓ the associated **risks**

5.2 Through a formal procurement procedure, Glenmorven Associates were engaged to produce a detailed business case on the viability for a retail outlet at the Old Man of Storr site. This report draws from the study completed by Glenmorven, carried out with professionalism and great care and attention in ensuring effective stakeholder engagement, providing an informed range of options and opportunities for sustainable and effective site management and income generation at the Storr.

5.3 The key drivers for site management and a retail outlet at the Old Man of Storr site are as follows:

- **Enhancing the Site and Visitor Experience/Sustainable Business Model** – this proposed commercial development is seen as an important addition to an increased suite of services at the site, enhancing customer experience, supporting economic development and employment, and importantly as part of a sustainable business model for the facilities through providing additional income that would support site maintenance and reinvestment.
- **Recovery from Covid** - the 4 harms of Covid are the direct health impact of the virus, other health impacts, societal impacts, and economic impacts. As we continue to respond and recover, this initiative is aimed at supporting the growth of the local economy where the pandemic has negatively impacted on local spend and therefore our local businesses.
- **Highland Economy** – initiatives to stimulate and support economic growth is a key element of the Council's recovery response. The Highlands are renowned for their natural and unspoilt environment, attracting tourists and prospective migrants into the region. The economic benefits have long been recognised, with an ever-increasing demand by visitors on facilities, experiences and opportunities. PreCovid, in 2019, Visit Scotland reported 2.9M overnight visits to the Highlands an increase of 30% on the previous year, equating to £777M spend. The growth in overnight tourism was much more significant than the national average. As lockdowns ease and the country starts to emerge from isolation, it would be reasonable to anticipate new records being broken, especially where international travel may be restricted for some time.

- **Iconic Site/Strong and Growing Visitor Base** – the Old Man of Storr is an established attraction for visitors, with the location recently enhanced through improvements to parking, path networks, and new toilet and motorhome facilities, and so provides a strong customer base from which to generate income.

The following table sets out the numbers of visitors using the path networks at the site (data from count machines), showing a strong growth in numbers over the period 2010-19, with 2020 impacted by the Pandemic. The numbers shown will not account for visitors who may only stop at the car parking area, and not access the paths.

YEAR	VISITORS	NOTES
2010	33,248	
2011	58,032	
2012	36,206	
2013	61,624	
2014	91,507	Path upgraded commencing start of July and finishing end of August. Parking layby extended
2015	118,354	First complete year of improved forestry path and extended layby parking
2016	151,531	
2017	177,405	
2018	205,501	Implementation commenced with improved facilities (parking and path networks)
2019	223,616	
2020	72,205	10 months data only; Lockdown resulted in extremely low figures for 6 months (Jan to June)

In addition, registrars are busy with weddings on Skye (see following table - 2020 figures affected by the pandemic). The Old Man of Storr site provides an iconic destination (e.g. photo shoots), and this commercial opportunity, geared to further enhancing the customer experience, could increase the demand for registrar services on Skye & Raasay, and provide the demand for other wedding related initiatives.

SKYE & LOCHALSH AREA - MARRIAGES						
	2015	2016	2017	2018	2019	2020
PORTREE & RAASAY	76	101	123	126	129	76
BROADFORD	78	66	83	86	77	39
LOCHALSH (KYLE)	45	49	82	63	65	29
	199	216	288	275	271	144

6. Community

- 6.1 The Storr Project has the potential to benefit visitors and locals alike. In the same way that tourism's positive attributes affect all aspects of society, so too can tourism-focussed projects positively impact local communities. High visitor numbers do not happen in isolation, nor do they merely affect the sites and attractions being visited but have an ever-widening radius of impact. Whilst there is no doubt the injection of revenue from visitor spend enables and supports local business, it is important to ensure that

projects encouraging sustained visitor numbers are managed appropriately to ease the strain on existing infrastructure and enhance local provision where possible.

6.2 **Local Opportunities**

Storr sits at the intersection of several communities and as such is ideally situated to offer the benefits of any further development at the site to each. Whilst Skye often operates as one homogenous community, it is an island of many communities, each distinct from the other and with their own identity, purpose and pursuits. Whether by way of a commuted route, active employment or leisure pursuit, the Storr consistently contributes to Skye local life. This allows any further development at the site to offer additional opportunities to all. Section 7 (Sustainability & Environment) explains the green benefits that the development at the Storr can offer, with particular regard to electric vehicle charging. Whilst this would primarily have visitors in mind, a so-called 'Charge and Ride' adaptation has potential to benefit locals too. The scheme could offer remote charging of electric vehicles at the Storr, with onward travel into Portree / Staffin via the service bus route

6.3 **Community Adoption**

Whilst relatively simple to design and build, the options covered in this report have a dependency on effective community engagement and enrolment for enduring success in the future. Communities hold a considerable amount of power and influence when it comes to how well additional facilities at a site like the Storr are adopted by visitors and locals. Effectively enrolling the community in the potential at the Storr can help to harness the marketing power held in local accommodation providers, café operators, restaurateurs etc.

7. **Sustainability and Environment**

7.1 A critical aspect informing the study undertaken was assessing how the Storr can both prepare itself and support the community for the future. Modern projects with the kind of potential seen at the Storr must consider and include as high a degree of sustainability and low environmental impact as possible. Indeed, being carbon conscious is vital in order to adhere to the Council's [Carbon Clever Declaration](#). The Storr presents Highland Council with an opportunity to put into practice policies that commit to reducing environmental impact and safeguarding natural habitats for future generations. The various ways in which the Storr supports this demonstrate how critical adopting the correct mindset is to allowing opportunities and methods to present themselves. The remainder of this section outlines initiatives that could be progressed.

7.2 **Electric Vehicle Charging**

The Storr is a remote location, dependent on transport infrastructure for access. As technologies and understanding continue to evolve, the contribution that responsible travel makes to protecting our environment becomes even more important. Further development at Storr therefore presents the perfect opportunity to align the site with the wider Council remit to expand sustainable travel provision via electric vehicle support. This commitment picks up the mantle set down by both the Scottish and UK governments' Climate Change plans.

7.3 The Council currently hosts over 50 EV charge points around the region with over 40 further installations either in place or planned. Consultations with representatives from the EV Infrastructure Team who operate within the wider Climate Change and Energy Team (Infrastructure & Environment Services) revealed the Storr as an ideal location to host further chargers. Given the nature of an average visit to Storr generally involving

an approximately 2 hour walk, the site is particularly well suited to offering EV charging.

7.4 Such provision at Storr would respond to increasing demands for EV infrastructure on Skye. Whilst the intention behind Storr's place within this would primarily have visitors in mind, it prepares the way for future discussion regarding a wider network of provision that encompasses a so-called 'Charge and Ride' service. With appropriate adaptation, commuters challenged by access to parking and charging facilities in town could make join use of the Storr's charge terminals and service bus provision.

7.5 **Electric Active Travel**

As a further part of the Council's commitment to green futures, the Storr has the potential to support the ever-expanding e-Bike network of provision also being rolled out across the region. e-Bikes have transformed active travel and significantly increased access to the outdoors in recent years. The Storr sits on a route already extremely popular amongst cyclists and, for similar reasons to EV charging as listed above, is an ideal location to support e-Bikes. The site would benefit from a range of current schemes operating throughout Scotland with a remit to increase accessibility and infrastructure related to e-Biking. Partnering with nationwide collaborations such as the current work being carried out by Sustrans could not only assist with initial capital outlay and unit installation, though also with onward marketing, maintenance and user engagement.

7.6 **Deposit Return Scheme**

As we learn more about the human impact on the planet, we increase our ability to refine and improve existing efforts. Recycling and waste management is a good example of this. Consultations with representatives from the Waste Management team revealed that whilst recycling habits have helped foster environmental consciousness, it does not always go far enough.

7.7 Zero Waste Scotland includes supporting the nationwide roll out of Deposit Return Schemes. Deposit return schemes are used across the world as a way of encouraging more people to recycle drinks containers, such as bottles and cans. They work by charging anyone who buys a drink a small deposit for the bottle or can that it comes in. Customers get this money back when they return the bottle or can to a collection point to be recycled. Scotland's Deposit Return Scheme will improve recycling rates and reduce litter in Scotland, as well as help to tackle climate change. Whilst the recommendation from Zero Waste Scotland is to support re-use, they acknowledge that the many hundreds of millions of single-use PET, glass, steel and aluminium drinks containers in circulation in Scotland make deposit return the most effective and practical way to manage and reduce environmental impact.

7.8 As a key visitor site and sitting along a local commuter corridor, Storr presents itself as a suitable candidate to take the idea of a deposit return scheme further, offering a possible trial site for innovative thinking. The Council could become a national leader amongst local authorities in the way it offers deposit and collection of bottles and single use plastic. With the necessary personnel provided by the appointment of Site Wardens and the existing provision of waste collection infrastructure already in place, the Storr could become part of a Skye-wide network of drop-off points for people wishing to participant in the scheme. As such, a deposit return scheme supports the Council's commitment to exploring emerging ways to drive economic activity in the Highlands.

8. **Business Case – Options**

8.1 This section of the report details the options that could meet the key requirements as outlined in section 1.2. The Business Case includes 3 specific elements proposed for development to support effective site management and income generation. These can be described as:

- Increased On-Site Resourcing (section 9)
- Digitisation (section 10)
- Retail Module Install (section 11)

Each of these elements is described in more detail at sections 9-11 of this report with section 12 reporting the financial assessment and considerations.

9. Increase On-Site Resourcing

9.1 A key issue the consultation element of the study repeatedly highlighted the need for a personnel presence on site at the Storr. Currently the site is attended by Council parking and toilet teams to uplift parking monies and maintain the W/C facilities. These visits, whilst regular, are part of the team's wider route of other sites around the island and do not offer capacity to attend Storr for any great length of time. Consensus was that many of the Council Services and Teams represented on site, expressed support in principle for the establishment of a post with remit and base at the Storr. The role has been coined as 'Site Warden / Site Ranger' and has received additional support from those consulted out with the Council, including government agencies, neighbouring landowners and tenants.

9.2 The principle of maintaining an active presence via dedicated personnel based at a particular site presents a further opportunity for cross Service working. Several Services necessarily interact with the Storr and the surrounding site on a regular basis as a direct result of the parking and W/C improvements, such as Amenity Services and Properties & Facilities Management. There is additional interaction related to the Council delivering its more general remit in the wider area, with departments such as Roads, Transport, Planning and Infrastructure coming into periodic contact with the Storr site. Those consulted expressed a personnel presence on the ground at the Storr being of significant help to the Council, both with the management of the Storr site itself and the delivery of the wider Council community remit.

9.3 Regarding the direct commercial benefit of a Storr site warden, one immediate impact could be in respect of parking revenue. Chanonry Point on the Moray Firth presents a helpful precedent for comparison. Parking at Chanonry Point exhibited similar pressures to that at the Storr, with a development and management strategy required to address issues relating to capacity and congestion. In a first for the Council, a site warden was stationed at Chanonry with sole remit for the site. The visual presence not only helped to address parking behaviours, it also increased revenue and takings. Adjusting for scale and location, the adoption of a similar approach at Storr could expect equivalently increased results in revenue. From the study, it is believed that the Council can expect an estimated 33% increase on parking revenue alone by employing a warden with remit to inspect parking tickets – thus covering additional salary bill and still generating surplus.

9.4 Consultations revealed that a Site Warden would also benefit Skye-wide initiatives. Efforts to establish a hop-on-hop-off bus service between neighbouring key visitor sites such as the Storr, Kilt Rock and Staffin have been previously hampered by the inability for service buses to turn at Storr owing to height restrictions in place. These restrictions are necessarily in place to protect the car park surface which has been designed for

conventional domestic vehicles use only. The barriers also help manage the overnight parking of motorhomes at the site which addresses a concern of nearby campsite provisions that their business may be adversely affected by visitors choosing to overnight at Storr. Consultees agreed that with a warden at site and with buses working to set timetabling, the height restrictions could be opened throughout the day to allow turning and closed overnight to maintain the provision in place. At the very least, the appointment of a Storr Site Warden would allow the discussion around such a bus service to resume and demonstrates how improved management at Storr can benefit other visitor sites and the wider communities they serve.

9.5 The retail provision element in relation to the Storr necessarily requires personnel to manage the various elements proposed. These begin to make up a general remit of what a job specification would entail:

- Management and staffing of physical shop, including all stocking, serving, ordering, customer service and daily cleaning requirements
- Monitoring of the online shop, including processing and fulfilling orders, preparing collections, updating availability and liaising with suppliers.
- Maintain and monitor digital ownership of the Storr, including management of customer reviews, updating Storr-specific information / news and managing social channels

Additionally, the role of Site Warden fulfils a need for the following to be addressed:

- Car park management and ticket inspection
- Litter collection and refuse basket emptying
- Light path maintenance
- Visitor information and advice source
- Bus turning management via height restriction barrier

9.6 Given the above remit and sustained visitor numbers throughout the year, the Storr has the capacity to support two full-time, permanent positions. This aligns with Council agendas that support projects offering increased local employment opportunities, particularly in rural areas. Practically, the role involves a proportion of the day spent in other areas of the site away from the retail unit, requiring the second staff member for cover. Two members of staff also address potential issues relating to solo working and the additional risks associated with staffing a rural, remote location. The Storr site sees a marked influx of visitors during summer months, this may lead to the appointment of additional seasonal staff to cope with an increase in pressures.

10. Digitisation

10.1 The study undertaken has identified that there is an opportunity for the digital ownership of the Storr to be consolidated by the Council. This aligns developments at the Storr with a region-wide initiative to bring Council ICT provision in-house . By developing a companion website to accompany the Storr, visitors will be provided with a one-stop digital destination that offers clear, autonomous guidance in advance of their visit and provides a platform to host a range of virtual benefits covered in the following sections.

10.2 Digital Ownership

Existing online provision in relation to the site, whilst visible and prominent, is disjointed and unclear, and a key aspect of the Digitisation work would be a focus on establishing digital ownership in relation to the Storr.

- 10.3 Currently, whilst the Storr's TripAdvisor enjoys active interaction amongst the public, there is no engagement from a managing body. Additionally, any onward signposting from the profile links to a Skye-wide generic external site. With minimal effort, the Storr TripAdvisor can be taken in hand with traffic appropriately funnelled to a dedicated site that provides up to date information, advice and services.
- 10.4 Successfully establishing the Storr on a digital footing allows all other innovations on site to follow. For example, an online shop can be set up much more quickly than a physical outlet, building customer base, supplier network and brand for the physical unit to take forward once open. The website also offers a platform to advise and guide visitors on their visit, helping them adopt behaviours that will help protect the site: e.g. sticking to official paths, etc.
- 10.5 **Digital Parking**
Storr is an ideal site to be subject to a digital booking and management system. Pressures on existing parking provision would be significantly eased with the introduction (and increasing consumer acceptance as a result of Covid-19) of an advance booking system.
- 10.6 As well as benefitting private travellers, this would particularly benefit regular and habitual users of the site such as tour operators. Speaking with a number of operators as part of the consultation for this study revealed that pre-booking would be met favourably. Operators work to set itineraries that can predict months in advance when tour parties will arrive at destinations such as the Storr. One guide acknowledged that even with the existing parking provision, finding space to park and allow passengers to alight had become increasingly difficult in recent months. A dedicated minibus parking area supported by a digital booking system, would stabilise and augment existing parking revenue and ease congestion pressure on and off road during peak times. The system would be managed digitally with pricing to reflect vehicle size and group number. A similar system and area onsite could be adopted for the use of motorhome parking.
- 10.7 Collaboration with Skye-wide parking initiatives could enhance the offering further. SkyeConnect are currently leading a geo-fencing project to support digital management of parking at other notable sites on the island including the Quiraing and Fairy Glen. The system offers real-time tracking of sites, providing accurate data regarding how busy a given site is. This allows visitors to plan their excursions with more certainty and according to capacity around the island. This will in turn ease congestion at peak times and offer a more sustainable approach to managing visitor flow.
- 10.8 **Online Shop**
Taking the Storr retail experience online offers significant opportunity for income diversification. Social media management and virtual signposting present highly effective methods of digital marketing that can increase online sales of Storr products. Whilst increasing passive revenue, an online shop would augment the Storr website offer, further enhance site marketing and present opportunity for retail partner collaboration. This aspect of the retail offering also helps to encourage continued revenue throughout the off-season, when visitor numbers are traditionally reduced. With effective marketing, the online shop can maintain visitor engagement, even when not on-site in person.
- 10.9 The impact of Covid-19 drove a marked increase in online shopping habits. Whilst it is hoped that such a global crisis will not be seen to the same scale again, adopting a digital presence is at once prudent and responsive to current consumer trends.

10.10 Establishing an online shop also offers a digital 'shop window' for local craftspeople. This delivers against existing Council policy to support projects that offer increased community benefit. This aspect will be of particular benefit to start-up businesses, who require the additional reach that increased marketing and exposure can offer.

10.11 **Retail Packages**

Directing tour operators towards an online booking system offers onward opportunity for the marketing of dedicated retail packages to tour parties. Gift bags offering a selection of 'taster' products stocked in the Storr shop could be ordered ahead according to the number in a party and collected on arrival or in advance by a previous tour. The purchase cost could be added onto final bill at time of booking parking.

10.12 This aspect of the retail offering will help ease flow of visitors and congestion around the shop area. Offering a selection of the products available in advance has been proven as an effective method of tangible marketing, encouraging visitors to not only attend the shop in person during their visit but to also seek out the product providers themselves during the rest of their trip to Skye. Such retail packages can also very easily also be made available to private parties and solo travellers.

10.13 **Webcam**

Similar sites to the Storr elsewhere in the Highlands have seen very effective engagement with the installation of webcams. Scotland retains a widespread diaspora and enjoys international accord and affinity around the globe. Webcams have been proven to not only help visitors maintain their connection with Scotland but significantly improve user engagement with the websites that host them. Webcams can be adopted by communities or members of the public to minimise maintenance cost and encourage community engagement. By exploring sponsorship and CSR opportunities, webcams even have the potential to generate income.

11. **Retail Module Install**

11.1 In considering how to address the project brief regarding retail provision at the Storr, the study undertaken focussed on four primary areas, covered in more detail in the following sections.

- i. Whether the Storr site supported any further physical development relating to additional buildings and structures (see 11.2-11.3)
- ii. Whether the site offered the volume of visitor, demand and appetite to sustain a retail provision (see 11.4-11.5)
- iii. Quality of building and stock (see 11.6-11.7)
- iv. Retail Unit - Operating Models (see 11.8-11.9)

Importantly, a design of a retail unit would take cognisance of:

- Be complementary to the existing services
- Build on local partnerships
- Be integral to the sustainability and attractiveness of the site
- Attract new and additional income
- Further enhance the overall management of the site

11.2 **Physical Development**

Investigations for the study were greatly assisted by the Storr having undergone recent developments. This offered up to date insight regarding any challenges or areas of concern relating to earthworks and development feasibility. As an example, much of the

site is peatland which presented significant challenges for the development of the expanded car parking and W/C provision. Peat is a highly sensitive material subject to intensive regulation and management with comprehensive guidance on offer from national agencies such as SEPA . The site is also geologically and culturally sensitive, areas which any significant further development would necessarily need to navigate and consider carefully.

11.3 Such insight helps to hone an appreciation for any future development at Storr to be low-impact and environmentally friendly yet remain future-focussed and fit-for-purpose. Accordingly, Glenmorven have identified a modular, pile-driven structure as the most appropriate solution to deliver against the original remit of this study.

11.4 **Visitor Demand & Appetite**

The Storr project differs to other similar speculative business case reviews in that the market is already in place. Visitor numbers at the site evidence strong popularity of the Storr, even accounting for the impact of Covid-19 and its associated lockdown on vacation habits and travel preferences.

11.5 During the time of this study, government restrictions on foreign travel meant that the majority of visitors to Skye and the Storr were domestic. Data relating to non-Covid years presented in the SkyeConnect commissioned Moffat Report notes that the ratio of international vs domestic visitors to Skye bucks the national trend with 70% visiting internationally in comparison to the 30% from home. Visitor data for 2020/2021 taken from counters at the Storr whilst showing Covid-19's impact, also indicates a quick recovery – this without the return of an international tourism market. The data comfortably demonstrates that the consistently high visitor numbers at the Storr go well beyond the critical mass required to sustain a retail provision at the site.

11.6 **Quality of Building & Stock**

When considering any proposed retail unit at the Storr site, Glenmore Associates advise the important role that quality plays in enhancing visitor experience as part of the overall strategic approach. Developing a retail unit at Storr presents an opportunity at the outset to allow quality to inform the design of the building itself and as part of the range of products on offer. Nationwide studies show that visitor spending habits on mementos and keepsakes are becoming increasingly discerning and focussed on craftsmanship and artisan products unique to local areas. A sense of having access to limited edition products not available on the mass market has been shown to encourage higher spending per head as well as spontaneous purchasing. Such appetite can be directed towards the new Storr online shop where the notion of an exclusive shop window can be extended.

11.7 As part of the range of items to be sold, the aim is to stock quality, locally produced items to support the Skye economy and for visitors to have the opportunity to purchase authentic items produced on the island. The Storr shop presents an opportunity for the producers to promote their own base elsewhere on the island.

11.8 **Retail unit - Operating Models**

The study considered the implications on expected income and creation of local employment opportunities of the two preferred operating models as set out in the original project brief: Council-run vs Council-leased.

11.9 As the study identifies the need for a site-wide management approach, the significant breadth of opportunity and management requirements at the Storr are apparent. The need at the Storr is such that the Council need to maintain an active, daily presence at

the site. The most practical way to do so is via the Site Warden as section 9 explained. Whilst a Council-leased model of operating has the potential to still deliver an element of this site management, it may not be at the level of quality and engagement required. Given the significant income that a retail unit at the site could generate, a Council-owned and operated model is further preferable. Doing so also better enables the implementation of non-commercially driven Council policies such as enabling local employment, opportunities for young people and increased community engagement.

12. Finance

12.1 The estimated costs for each of the 3 options are shown below. The

Option	Set-up cost (incl. VAT where appropriate)	Recurring
Increased On-Site Resourcing	£0	£57k
Digitisation	£36k	£1k*
Retail Module Install	£264k	£32k**

*ongoing resourcing will be low and provided by the staff "On-site"; broadband charges

** cost includes estimated cost of borrowing over 20 years.

12.2 The cost pertaining to on-site resourcing are straight forward to estimate whilst the costs for Digitisation including an on-line shop less so. Whilst the general consensus is that the cost estimates are robust, further work would be undertaken by Council Officers to establish actual costs if Members wish for this particular option to be considered and taken forward.

Glenmorven Associates advise that further development at Storr necessarily brings with it the associated expenditure of capital outlay and ongoing management costs. In conducting this project, the importance of offering a recommendation that mitigated the possibility of spiralling costs due to unforeseen construction challenges was clear. This was a contributing factor when considering the merits of an 'off-the-shelf' modular solution. Such a solution presents a known, fixed fabrication, haulage and installation cost and minimises the uncertainty of hidden costs.

12.3 As reported earlier, there are many thousands of visitors to Storr. There is confidence that increased income can be realised at least equivalent to this sum through increased on-site monitoring and the on-line shop.

12.4 To give some further context, £89k income for example is equivalent to £0.45 spend per visitor.

12.5 Estimated income does not include any income from the physical on-site shop if that particular option is taken forward. Even at 25% such a mark-up is considered a conservative amount by retail standards, but such a strategy could be considered appropriate balancing the opportunity to generate new income whilst maintaining the Council's reputation in the area.

12.6 The income estimates also exclude the various income opportunities as reported at section 7 (e.g. EV charging) and section 14 (e.g. sponsorship, marketing).

12.7 Even given the challenges presented by Covid-19, it would appear clear that the investment to cover annual recurring costs of £89k will, in reality, be comfortably realised

and exceeded. It is difficult to precisely predict all the financial benefits that will be realised; that said even with a combination of a conservative approach being taken and indeed excluding some new income figures from the overall financial assessment, the business case for investment does appear to be compelling. Even more so when the equally non-financial benefits are taken into account such as increased local employment, enhanced visitor experience, sustainability and climate change.

13. Funding

- 13.1 Following on from the budget agreed by Highland Council in March 2021, a £100k Place Based Investment Fund was allocated to each Ward for the 2021/22 financial year. A report seeking approval of the budget allocation for this fund is being considered at today's Area Committee, which will include a recommendation for investment in site management and income generation at the Old Man of Storr site. Members will also be aware of other disaggregated budgets available to the Ward, such as Coastal Communities Fund and the Ward Discretionary Fund which could also be available for them to commit funding from.
- 13.2 As reported at 12.1, the retail module install would require a set-up cost possibly as much as £264k. This matter would require to be considered by the Corporate Resources Committee. Members will note that one of the recommendations to this report includes consideration to submit such a report.
- 13.3 Members are also advised that there are other possible funding routes and marketing potential, and these are discussed further at section 14. This type of approach is a good example to help take forward the [Skye & Raasay Future](#) (as reported at 4.7) and the [Future Highlands – Health and Prosperity Strategic Partnership Plan](#) (as reported at 4.8). Further work will be required to better understand the financial impact of such funding routes but suffice to say they do offer real potential and reflect positively on the quality and strategic alignment that these future plans provide.

14. Other possible funding and marketing potential

- 14.1 The Storr is a prestige site, a natural phenomenon attracting many thousands of visitors each year. Often cited as consideration for UNESCO World Heritage Site status, the Storr increasingly bolsters Skye's contribution to securing Scotland as one of world's top visitor destinations. As such, this provides the potential when considering alternative funding streams as regards possible collaboration with partners external to the Highland Council. The remainder of this section outlines potential alternative funding streams that could be explored.
- 14.2 **Corporate Sponsorship**
Large multinationals and corporate bodies are actively interested in ways to support the communities they interact with. Similarly, homegrown successes in the food & drinks and energy industries are increasingly receptive to partnering with projects that help bolster their roots and support the communities they originate from.
- 14.3 Whilst such partnership is largely dependent on relationship and goodwill, expectation has grown in recent years for large organisations to ringfence budgeting that supports projects that deliver against their Corporate Social Responsibility (CSR) values and aspirations. Development at Storr would match the kind of criteria used to assess suitability of projects receiving such support.
- 14.4 **Marketing**

Beyond the obvious financial benefit that such sponsorship could bring, is the additional marketing and PR potential. With a global reach, large-scale partners have access to sizeable databases and audiences. This can be an invaluable help when scheduling marketing agendas to advertise the improvements delivered at site.

- 14.5 Given the positive change being proposed at the Storr, many companies will see value in their association with future developments. With a particular focus on sustainability and responsibility, the Storr delivers the kind of future-focussed values that large-scale companies look to support and encourage.
- 14.6 **National Agencies**
Similarly, the Storr is already a valued element in the portfolios of national agencies tasked with generating additional tourism revenue for the country. Bodies such as VisitScotland, Highland & Islands Enterprise and the Scottish Tourism Alliance are ideally placed to offer insight and expertise as to how best to sensitively implement the developments proposed. Such bodies are also able to advise on any aspects of the project that fulfil the criteria of available funding sources.
- 14.7 Aligning with bodies such as Scottish Development International and Scottish Tourism Alliance directly demonstrates an understanding of how Highland Council can contribute to the end delivery of national strategies such as [Scotland Outlook 2030](#) . As such, this offers further insight into the way in which the approach taken at the Storr can serve as a framework for other projects in the region to follow.

15. Looking to the Future

- 15.1 As part of the ongoing development of Storr, and in support of the Council's "Future Highlands" and "Isle of Skye & Raasay Future" as reported at sections 4.7 and 4.8, there is commitment to identify further developments and initiatives to continue to enhance the: iconic site; visitor experience; and increased income delivering benefits to the local community and economy. Further reports will be taken to this Committee in due course.
- 15.2 Looking beyond the Storr, the study has also presented options and an approach to site development that could be applied across other suitable sites across Highland. It will be beneficial to take the learning from this study, in particular with regard to site management and income generation, and work across Areas to identify further opportunities.

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