

Agenda Item	17
Report No	ECI/46/2023

The Highland Council

Committee: Economy and Infrastructure

Date: 17 August 2023

Report Title: Tourism Development

Report By: Interim Depute Chief Executive

1 Purpose/Executive Summary

1.1 The tourism industry is one of Highland's largest and most significant economic sectors and it helps to support communities across the region. The purpose of this report is to highlight the current policy framework within the industry and to outline the role which the Council plays in providing essential infrastructure and services used by visitors. It also set outs the proposed steps ahead for delivering a new tourism plan for Highland which will ensure the region remains a world-renowned sustainable visitor destination.

2 Recommendations

2.1 Members are asked to:-

- i) **Note** the current context and policy framework for the tourism industry in Highland and Scotland;
- ii) **Note** the important and wide-ranging role of the Council within the tourism industry, particularly in terms of service and infrastructure provision; and
- iii) **Agree** to the commencement of work on a tourism plan for Highland and to the proposed key next steps set out in Section 5.

3 Implications

- 3.1 **Resource** – Staff resource from the Tourism team will be required to undertake the proposed engagement activity as set out in Section 5 and in preparing the plan itself. In addition, input will be required from a broad range of Council Services and stakeholder interests.
- 3.2 **Legal** – There are no legal implications arising from the preparation of the tourism plan.

- 3.3 **Community (Equality, Poverty, Rural and Island)** – Tourism brings significant economic and reputational benefits to our region. Given the pressures on infrastructure and communities, it is important that a sustainable and strategic approach is developed by the Council to maximise the benefits while identifying and mitigating challenges.
- 3.4 **Climate Change / Carbon Clever** - A overarching objective of the national tourism strategy ‘Scotland Outlook 2030’, which was jointly produced by the industry body Scottish Tourism Alliance, Scottish Government, Visit Scotland and other relevant public sector agencies in March 2020, is to help address climate change and ensure a sustainable future. These reflect the objectives of The Highland Council and will be embedded within the new tourism plan for Highland.
- 3.5 **Risk** – There are no significant risks arising from the preparation of the tourism plan.
- 3.6 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** - There are no significant health and safety implications arising from the preparation of the tourism plan.
- 3.7 **Gaelic** – Gaelic is an important part of the Highland culture and identity, and it will be considered from a tourism perspective. The finalised plan and other relevant material will include Gaelic as per the Council’s policy.

4 Background

- 4.1 The Scottish approach to the strategic direction of the tourism sector is one led by industry with the public sector providing a supporting role. In practice, however, it is a collaborative effort, with all those involved recognising that they have distinct yet mutually supporting actions, with dialogue over what is possible and achievable.
- 4.2 Launched in 2020, the Scotland’s national tourism strategy (‘Scotland Outlook 2030’) sets out a bold approach - to see tourism act positively in the common interest of Scotland’s communities, businesses and everyone who visits and lives here. The strategy highlights that the role of tourism has changed as a result of the climate crisis, advances in technology, Brexit and changes in consumer behaviour. It also identifies that success means more than numbers and that we need to ensure it enriches and benefits both visitors and our communities. A priority which is particularly relevant is the need for a collective response from industry, government, public sector and communities to adapt and work together to deliver responsible, sustainable and managed growth for the future.
- 4.3 Delivering the strategy was delayed by the outbreak of the Covid-19 pandemic and shortly after its publication, the Scottish Tourism Emergency Response Group (STERG) was set up to support tourism businesses and recovery. Since STERG was stood down at the end of 2022, a Tourism and Hospitality Industry Leadership Group has been established to drive Scotland’s ambition to be a world leader in 21st century tourism. Although local authorities are not invited to input, it is attended by a member of COSLA and Highlands and Islands Enterprise (HIE).
- 4.4 The latest key figures indicate that the industry as a whole in Highland is recovering from the Covid-19 pandemic. As shown in the table below, and when accounting for inflation, direct spend is up 3.4% to £1.316Bn and total spend is up 3.8% to £1.628Bn. Visitor numbers are up to 6.832m which, although is 8.7% lower than the peak in 2019 of 7.486m, highlights that visitors are spending significantly more.

Key	2019	Comparison	2021	Comparison	2022
Visitor Numbers	7.486 (M)	-51.0%	3.672 (M)	+86.1%	6.832 (M)
Direct Expenditure	1.133 (£Bn)	-37.3%	710.92 (£M)	+85.1%	1.316 (£Bn)
Economic Impact	1.398 (£Bn)	-37.3%	876.57 (£M)	+85.8%	1.628 (£Bn)
Direct Employment	21,173 FTEs	-29.5%	17,277 FTEs	+37.5%	20,513 FTEs

- 4.5 Despite these positive signs, there are clearly a range of major ongoing challenges facing the sector. These range from the high rate of inflation, cost of living crisis, implications of Brexit, acute housing shortage particularly in rural areas, and severe labour shortages. Many of these are having noticeable effects on the industry and were exacerbated by the Covid-19 pandemic. For the Council, issues often arise when visitor numbers exceed local capacity resulting in adverse impacts on communities, the local environment but also for the visitors themselves. The Old Man of Storr, for example, has become one of the most iconic places to visit in Highland with visitor numbers increasing 242% since 2012, which impacted adversely on the site. This has placed increased pressure on the Council budgets to maintain infrastructure and provide services.
- 4.6 The latest Highland specific plan aimed at delivering the national tourism strategy was the 'Highland Tourism Action Plan 2020' and originally produced in 2014. It was authored by the Highland Tourism Partnership (HTP) – an important partnership of tourism industry representatives including all the destination management organisations (DMOs) in the region. The Action Plan sought to build on both the national strategy at the time and on the range of local strategies across Highland. It concentrated on actions that extend across the whole area or which involve the need for collaboration.
- 4.7 In recent years, the Council has prepared plans focused mainly on visitor management priorities. This includes Visitor Management Plans for 2021 and 2022 which were in response to particular challenges faced following the lifting of lockdown restrictions and provided a coordinated framework for the £3m funding which was available by the Council. It helped to implement a range of additional services and infrastructure across Highland, including road and parking improvements, an enhanced countryside rangers service, public conveniences, waste management and wider engagement work.
- 4.8 The Council also prepared the Strategic Tourism Infrastructure Development Plan in 2022 which provides a more strategic approach to the development of tourism infrastructure investment, particularly projects funded by the Rural Tourism Infrastructure Fund (RTIF). To date, this has helped the Council secure nearly £7m of RTIF funding (nearly £12.5m in total project costs) towards projects in 'strategic hot spot areas' across Highland. The most recent tangible benefits include the completion of new public toilets and motorhome waste facilities at Foyers and overnight motorhome provision in Cromarty. The Old Man of Storr is also an example of essential infrastructure being delivered (formalisation and expansion of parking, motorhome

waste disposal and public toilets) which has created an additional revenue stream through parking charges that enables reinvestment.

5 Tourism Plan and Next Steps

- 5.1 Given the significance of tourism in Highland and the distinct role which the Council plays, it is important that there is a clear, consistent, and coordinated approach for the future of the industry in the region. It is suggested that the Council-led plan provides a clear foundation for all relevant Council services on how they support and integrate with the industry and deliver priorities towards a sustainable tourism economy. This will be consistent with place planning work being undertaken across Highland and provide a steer for existing funding streams, such as community regeneration funding and tourism specific funds such as Rural Tourism Infrastructure Fund. It will also provide a basis for how future funding streams should be directed, such as the proposed transient visitor levy.
- 5.2 The plan also gives an opportunity to better define the Council's role and remit in supporting the sector, particularly in the context of sectoral challenges and opportunities faced. This needs to be a realistic and fundamentally affordable given the continued and very real financial pressures facing the Council. The ability to deliver will depend on resources available.
- 5.3 It is anticipated that the preparation of the Council's tourism plan will also coincide with the preparation of a new HTP-led plan which has recently been proposed. Although it is also at inception stage, it is anticipated that the plan will aim to better coordinate efforts across all the partners. The Council's tourism plan will need to be informed by the HTP plan alongside engagement from other partner agencies and industry stakeholders, such as Highland Tourism CIC. This will ensure a comprehensive and cohesive basis for our strategic considerations and actions going forward.
- 5.4 To begin the process of preparing the Council's tourism plan, it is proposed that the next step will be a workshop with Members to better define the role of the Council and the priorities for the region. Engagement will also be required across relevant Council Services and externally with industry and partner organisations. It is anticipated an update and points for further consideration will be presented to Members at the November Economy and Infrastructure Committee.

Designation: Interim Depute Chief Executive

Date: 24 July 2023

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Background Papers: [Scotland Outlook 2030](#)

Appendices: None