

Agenda Item	6
Report No	RDB-17-23

Committee: Redesign Board, The Highland Council

Date: 5 December 2023

Report Title: The Storr – Progress Update 23/24

Report By: Executive Chief Officer, Communities & Place

1. Purpose/Executive Summary

- 1.1 The purpose of this report is to update on the progress at The Old Man of Storr (The Storr). It also invites comments on the proposed operational service delivery model, which is planned to be implemented from April 2024.
- 1.2 The Storr and associated path network is a major tourist draw on the Isle of Skye and attracts more than 200,000 visitors per year. The number of visitors from January 23 to September 23 was 238,000. Images of the site can be found in [Appendix 1](#).
- 1.3 The financial benefits and costs from this project are detailed in the tables below. In summary they are:
- £685k – which includes capital / one-off funding secured which covers the cost of the project site investments (Ionad an Stòir (Storr Centre), EV charging, and staff welfare facilities) in full
 - £200k – new annual recurring income (off-street car parking) at no additional cost (from April 23)
 - £350k – new estimated annual recurring income (Ionad an Stòir, EV charging, guided walks) net of costs (from April 24) (thus £550k annual recurring income from April 23 overall)
 - £45k – project costs

	Source	Amount	Use
Finance Secured	Place Based Investment Fund	£57,000	Staff Salaries Y1
	Coastal Communities Fund	£57,000	Staff Salaries Y2
	Coastal Communities Fund	£20,000	Staff Cabin
	S&R Ward Match Funding	£60,000	Storr Centre
	Islands Infrastructure Fund	£420,000	Storr Centre
	Islands Infrastructure Fund	£20,000	EV Connections
	Community Regeneration Fund	£51,162	EV Chargers
	Total	£685,162	

New Annual Income Generated	Source	Amount
	Off-Street Car Park	£200,000
	Total	£200,000

Estimated New Annual Income Generated	Source	Amount
	EV	£31,000
	Guided Walks	£18,200
	Weddings	£1,000
	Retail	£300,000
	Ecommerce	£0
Total	£350,200	

Project Cost to THC	Source	Amount	Use
	Consultancy	£24,500	Glenmorven
	Digitisation	£21,000	Brand and Website
	Total	£45,500	

- 1.4 Further developments are planned for the site which will also provide new income delivering against the strategic aspirations and objectives set out in the place-based investment framework for the area, known as Skye & Raasay Future (SARF).
- 1.5 A key objective of the project is to provide Ionad an Stòir (Storr Centre) and ecommerce.
- 1.6 Full funding has been secured for the installation of the physical unit from the Islands Infrastructure Fund (£420k) as well as contribution from the Skye and Raasay Area Committee disaggregated budget from share of car parking income (£60k). The opportunities from the site are significant, financial projections predict that running costs will be covered by income generated on the site and surplus income.
- 1.7 Ionad an Stòir also plans to offer local retail, registrar wedding services, educational resources, a base for guided walks, and a shelter for visitors. The centre will contribute to the economic development both of the Area and The Highland Council (THC), enhance the visitor experience in Skye, and support recovery from the pandemic. Ionad an Stòir would also create local employment opportunities in the community and support the learning of new skills.

2. Recommendations

- 2.1 Members are asked to:
- i. Note the ongoing local Member involvement and established governance through an Officer-led cross-Service Project Board
 - ii. Note the ongoing Partnership working including with Skye Iconic Sites Project, NatureScot, SkyeConnect, and local community
 - iii. Note the significant achievements delivered by the Project and the continued progress being made
 - iv. Note the future growth opportunities for the site for both Council and local economy
 - v. Note the commitment to measuring performance including regular reports to the Skye & Raasay Area Committee

3. Implications

- 3.1 Resource – implications are discussed throughout this report. The Project Sponsor is the ECO Communities & Place, and the project is managed by existing resources within THC.

- 3.2 Legal – there are no legal implications arising from this report.
- 3.3 Community (Equality, Poverty and Rural) – options set out in this report 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 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. The Storr presents THC with an opportunity to put into practice policies that commit to reducing environmental impact and safeguarding natural habitats for future generations. The provision of EV charging (both AC and DC) is important too.
- 3.5 Risk – risks continue to be managed through the Project Board. Due diligence is carried out including with regards to the development of retail. The risks include that the operating costs of Ionad an Stòir are not fully covered by income generated by Ionad an Stòir. In the unlikely event it ever materialised, mitigation can be provided via the excess car parking income (held in the specific earmarked reserve and is currently £196k as reported by the Section 95 Officer to Corporate Resources Committee on 6 September 23), the spend of which is determined by the Skye and Raasay Area Committee. The project risk register documents and manages associated risks.
- 3.6 Gaelic – The Storr has a particular opportunity to support Gaelic via effective promotion of Gaelic culture to visitors via initiatives such as effective bilingual signage, site interpretation, the Storr website and social media page, 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

- 4.1 On behalf of the Isle of Skye and Raasay (S&R) Area Committee, the current Chair asked the ECO for Communities and Place to investigate the potential income generation opportunities at the 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 to deliver a detailed Business Case.
- 4.2 In May 2021, local Members supported this proposal. The key requirement was to produce a Business Case to provide the justification for increased on-site resourcing, digitisation, and installation of a retail module at the Storr. External consultants, Glenmorven Associates, were engaged to produce an initial feasibility study the Storr.
- 4.3 Glenmorven carried out a range of stakeholder and community engagement which included a series of consultations with a variety of stakeholders and parties with active interests in the Storr.
- 4.4 The Isle of Skye and Raasay Area Committee of 29 November 2021 considered and supported findings, including estimated costs of development, implementation, and incremental ongoing operations and maintenance costs at the Storr, as well as the anticipated benefits (including financial and local employment benefits), and the associated risks.

- 4.5 Governance is conducted through a Project Board chaired by the ECO for Communities and Place. The Board Members are as follows:
- Project Sponsor: Allan Gunn (ECO Communities and Place)
 Project Lead: Matt Bailey (CRD/UKSPF Programme Manager)
 Project Manager: Amy Smith (Strategic Improvement Project Manager)
 Board Member: Willie MacKinnon (Ward Manager)
 Board Member: Iain Robertson (Lead Technical Officer)
 Board Member: Debbie Sutton (Amenities Service Manager)
 Board Member: Andrew Puls (Environment Team Leader)
 Board Member: Alistair Stewart (Project Officer - Facilities)
- 4.6 Governance provides the required authority to progress the project, through direction and decision making. Supporting project documentation includes a Project Plan which enables monitoring of progress, delivery of outcomes, timings, and risks. There is robust project budget management, monitoring, recording, and forecasting of spend.
- 4.7 Critical to the approach is, right from the outset, regular involvement of local Members and their support and involvement continues and is much appreciated by the Project Team. Regular updates are also provided to the Area Business Meetings and Area Committees.
- 4.8 Risks associated with the project are subject to monthly reviews and are pro-actively monitored and managed with Board oversight.
- 5. Aims and Progress**
- 5.1 The aims and recent progress of the project are summarised below and discussed in more detail in their respective sections.
- Section 6 – Project Finance
 - Section 7 – Management of Site Charges
 - Section 8 – Increased On-Site Resourcing
 - Section 9 – Staff Welfare Facilities
 - Section 10 – Toilet and Motorhome Facility Improvements
 - Section 11 – Partnership Working
 - Section 12 – Net Zero – EV Chargers
 - Section 13 – Digitisation
 - Section 14 – Ionad an Stòir
 - Section 15 – Visitor Experience
 - Section 16 – Education and Promotion of Culture
- 6. Project Finance**
- 6.1 The total investment secured to date for the project is shown below. Funding has been secured from various sources reflecting a proactive approach from the Project Team. This covers the capital/one-off costs **in full**. New annual recurring income has been enabled through changes to car parking/site charges (section 7) from April 23. New income generation from retail, EV charging, weddings, and guided walks are forecasted to generate new annual recurring income, net of costs, of £350k from April and are discussed in detail later in this report.

Fund	Amount	Use
Place Based Investment Fund	£57,000	Staff Salaries
Coastal Communities Fund	£57,000	Staff Salaries
Coastal Communities Fund	£20,000	Staff Cabin
S&R Ward Match Funding	£60,000	Storr Centre
Islands Infrastructure Fund	£420,000	Storr Centre
Islands Infrastructure Fund	£20,000	EV Connections
Community Regeneration Fund	£51,162	EV Chargers
Total	£685,162	

6.2 The cost of the project investment is £24.5k consultancy (£15k was funded via the Transformation Commercial Investment Fund (ear marked reserve), and £9.5k by the Ward budget). Costs of £21k in respect of digitisation have been funded by the Transformation/ICT budget. Total costs are therefore £45.5k, which is a small % of the total capital funding secured.

7. Management of Site Charges

7.1 The Storr is an iconic and internationally recognised site, thus it is imperative that all areas of the site are maintained to as high a standard as possible. This generally applies to the three main areas of: parking, paths, and toilet and motor home waste disposal facilities. These areas all have recurring annual costs and require ongoing development and investment. In terms of a sale by The Secretary of State for Scotland to Skye and Lochalsh District Council, registered 22 April 1994, the THC own 94 hectares of land incorporating the approaches to the Storr. In recognition of grant aid towards the £25,000 purchase price, the Council's predecessors entered a 999-year agreement with Scottish Natural Heritage (now NatureScot) to preserve and promote the natural amenity and access to the Storr (including car parking). To maintain and to improve the service provided to visitors, and to ensure that the site is self-sustaining for the future, it was proposed that the parking charges were reviewed and implemented with effect from April 2023. This change was confirmed by S&R Members at Area Committee on 31st October 2022.

7.2 The previous charges for the Storr were as follows:

Length of Stay	Charge (Prior to April 2023)
Up to 3 hours	£3.00
Up to 6 hours	£5.00
Up to 12 hours	£7.00

7.3 The current charges for the Storr are detailed below:

Length of Stay	Charge (Current)
Up to 6 hours	£5.00
Up to 12 hours	£7.00

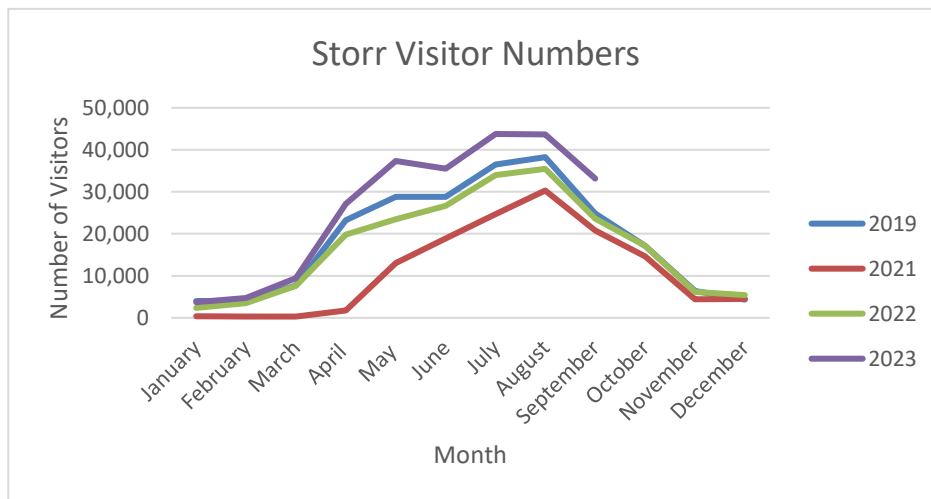
7.4 There were no changes recommended to the £10 monthly charge for the local parking season ticket for Skye car parks. The income generated from the off-street parking at the Storr (after all costs have been deducted) is split between the THC and the Area.

7.5 This change in pricing strategy is estimated to provide additional income for the site. The projections are £200k per annum. Income collected during 2023/2024 (YTD) shows that the potential risk of price elasticity from this new pricing structure has not materialised. Indeed, visitor numbers are higher than prior years.

7.6 Pre-pandemic, visitor numbers saw an annual increase at the Storr. Visitor numbers are increasing again post-Covid, shown below, and it is expected that they will continue to

grow. Visitor numbers (to September 2023) are up an average of 38% vs 2022 and are up an average of 15% vs 2019 (pre-Covid visitor numbers). Indeed, visitor numbers for the first 8 months in 2023 exceeded the total numbers for 2022.

Month	Storr				% Increase	
	2019	2021	2022	2023	19 v 23	22 v 23
January	4,000	405	2,363	3,716	-8%	57%
February	4,049	305	3,495	4,751	15%	36%
March	7,674	317	7,588	9,457	19%	25%
April	23,269	1,775	19,794	27,113	14%	37%
May	28,783	13,026	23,462	37,337	23%	59%
June	28,771	18,916	26,672	35,514	19%	33%
July	36,483	24,663	33,974	43,769	17%	29%
August	38,256	30,309	35,468	43,657	12%	23%
September	24,806	20,813	23,617	33,175	25%	40%
October	17,167	14,660	17,110	22,651	24%	32%
November	6,387	4,436	6,135			
December	4,335	4,512	5,378			
Total	223,978	134,137	205,056	261,141	16%	37%



7.7 The number of parking transactions up to August 2023 (vs 2022) are shown below:

Month	Parking Transactions		
	Off-Street		
	2022	2023	% Change
Jan	610	905	48.4%
Feb	891	1,392	56.2%
Mar	2,366	2,795	18.1%
Apr	5,525	7,151	29.4%
May	7,005	10,248	46.3%
Jun	7,462	9,072	21.6%
Jul	8,846	10,484	18.5%
Aug	10,857	11,572	6.6%
Total YTD	43,562	53,619	30.6%

Month	Parking Transactions		
	On-Street		
	2022	2023	% Change
Jan	123	210	70.7%
Feb	159	292	83.6%
Mar	630	776	23.2%
Apr	1,921	2,528	31.6%
May	2,599	3,392	30.5%
Jun	2,811	2,828	0.6%
Jul	3,367	3,156	-6.3%
Aug	3,541	3,690	4.2%
Total YTD	15,151	16,872	29.8%

8. Increased On-Site Resourcing

8.1 Previously, Council Parking and Amenities teams visited the site to uplift parking monies and to maintain the W/C facilities. These visits were part of a wider route around the island and did not offer a presence at the Storr for any length of time.

- 8.2 To deliver the agreed resource investment of two FTE for two years, funding was secured from the Coastal Communities Fund for year one resource, amounting to £57k and from the Place Based Investment Fund to cover year two resource, which amounted to £57k.
- 8.3 Member support was given to establish dedicated posts, based at the Storr. The Storr team provide a contact for visitors and are able to educate and spread awareness of the site such as path conditions, geology, history, work to maintain and upkeep the site, including litter picking and car park monitoring, and to administer first aid. The presence of the on-site team also provides an opportunity for increased parking revenue as visitors are more likely to pay for parking if they are aware of THC staff at the Storr.
- 8.4 These posts supports the creation of local employment opportunities and skills development in Skye & Raasay, as well as providing additional car park enforcement.
- 8.5 The introduction of dedicated resource supports improved protection of the site; any degradation can be immediately addressed. With the recent increase in visitor numbers the presence of the dedicated team is both extremely beneficial and important for the site.

9. Staff Welfare Facilities

- 9.1 An additional £20k was granted by the Coastal Communities Fund to provide a welfare cabin for our team. In speaking with staff, it was clear that such provision was required, not just for their welfare, but for the overall message we wish to portray at the Storr of a high-class site for both staff **and** visitors.
- 9.2 This cabin provides welfare facilities, working space, and also provides storage for tools that are required for site maintenance.
- 9.3 The cabin was installed June 2022 and has been well received by staff especially during periods of extreme weather and reinforces our value of a caring organisation.

10. Toilet and Motorhome Facility Improvements

- 10.1 There have been improvements made to the existing toilet facilities, most notably, the installation of drains in the male, female, and disabled toilets. This allows for better cleaning of facilities and for excess water to better drain from the floor, so as to offer an improved visitor experience. Other improvements such as the removal of plugs from the sinks have been implemented, which reduces the risk of flooding, again so as to offer a high-class visitor experience.
- 10.2 Drainage of the toilets has also been improved by more frequent emptying of the septic and chemical tanks. As there was an increase in the requirement of the service, a procurement exercise was carried out to ensure that THC was receiving the best and most cost-effective service available to them. A cost comparison exercise, comparing several local suppliers, was carried out. A contract was agreed with a new supplier, and costs avoided of £16k per annum.

11. Partnership Working

- 11.1 While there are many improvements being carried out by THC, there has been partnership working with various organisations in order to further progress developments at the site. Details of recent collaborative work include:

- Habitat restoration and installation of interpretation panels with Skye Iconic Sites Project (SISP)
 - 3 additional boards on path network
 - 2 boards in car park replaced
 - 1 map board
- Site Management Plan with NatureScot
 - Collaborative plan for site sustainability and maintenance
- Installation of a touchscreen VDU (Visual Display Unit) with SkyeConnect
 - Up to date traffic information for visitors to Skye

12. Net Zero – EV Chargers

- 12.1 The Storr is a remote location, dependent on transport infrastructure for access. Development at the Storr therefore presents the perfect opportunity to align the site with the wider Council ambition to expand sustainable travel provision via EV support. Given the nature of an average visit to the Storr generally involving an approximately two hours walk, the site is particularly well suited to offering EV charging.
- 12.2 Funding has been granted from the Islands Programme (£20k) to install two x EV connections at the site, and from the Community Regeneration Fund (£51k) to install two x EV chargers (one x AC and one x DC) – this will allow four cars to charge at any one time. These are due to be installed later in 2023. The funding of £71k covers the full costs of installing these infrastructure and transport improvements. Providing both DC and AC charging is important, especially as the former has the capability of charging a car from 0% to 80% battery capacity in around 20-25 minutes.
- 12.3 Income generated from this service, and rates charged, will be treated in accordance with Council policy, which is regularly reviewed and led by the Climate Change team, with any surplus reinvested in the EV network. Estimated running costs and expected income generated are shown below. A combined annual recurring surplus of £31k is projected.

Journey Charger (DC)

- 1 x 50kW
- 70p per kWh, £1 min charge
- Overstay charge after 45 mins, £1/min thereafter
- Likely income p/a: £30k
- Cost to run p/a: £3k
- Surplus: £27k

Destination Charger (AC)

- 1 x 22kW
- 35p per kWh, £1 min charge
- No overstay fee applied
- Likely income p/a: £7k
- Cost to run p/a: £3k
- Surplus: £4k

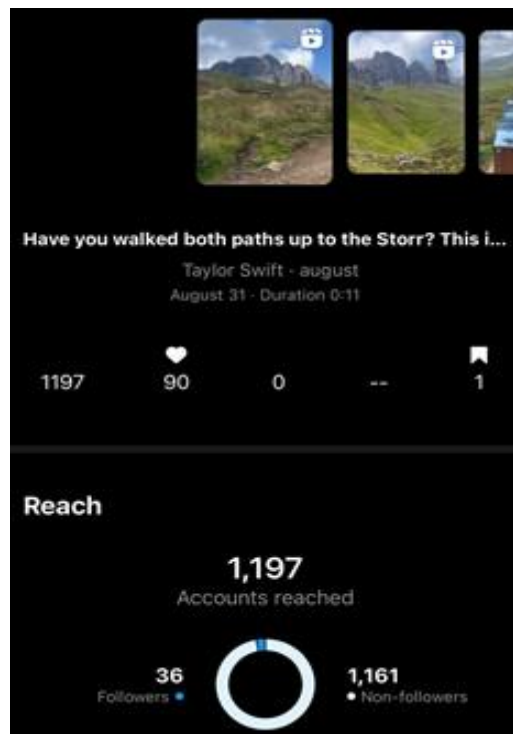
13. Digitisation

- 13.1 A website (thestorr.com) and social media site (Instagram – [the.storr](https://www.instagram.com/the.storr)) have been developed for the Storr and are live. THC has also purchased relevant domains (oldmanofstorr.com, thestorr.org, oldmanofstorr.co.uk, thestorr.co.uk) supporting future business development. Both the website and social media aim to spread awareness of the site, enable visitors to better plan their trip with access to key information such as path conditions or weather forecasts, and promote education specifically around local history, geology, culture, and Gaelic.

- 13.2 Social media posts are fully translated to Gaelic and the website translation is underway. S&R Councillor Munro (and Chair of THC Gaelic Committee) supports the Gaelic translation work.
- 13.3 Analytics are tracked and show positive uptake. The website is receiving visits from all over the world, the top 10 countries are shown below.

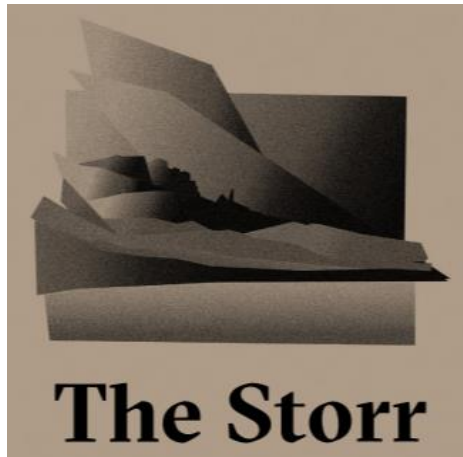
Top 10 Countries		
1.	 United Kingdom	891
2.	 United States	212
3.	 Germany	92
4.	 France	89
5.	 Spain	54
6.	 Netherlands	52
7.	 Italy	37
8.	 Belgium	18
9.	 Switzerland	16
10.	 Canada	14

- 13.4 Social media engagement is also increasing with the first post reaching 129 accounts, to a post at the end of August reaching 1,197 accounts (below).



- 13.5 To support delivery of digitisation, Baxter + Co were appointed as Storr website designer following a procurement process in accordance with contract standing orders. This work included brand design and were considered by S&R Members for final approval. THC holds IPR for this design. This is a hosted website with Council staff having direct access to make text changes. For significant developments of the site such as online parking booking, there would be a one-off charge which is not predicted to be significant.

- 13.6 Branding and a logo feature on social media, the website, and is planned for retail merchandise. It provides an identity for the site and therefore an image that visitors associate with the Storr. There will be continuity of signage and branding throughout the site. Examples of the Storr branding can be seen below.



14. Ionad an Stòir

- 14.1 To support the provision of a physical unit, a detailed application was submitted to the Islands Infrastructure Fund (IIF). The bid of £440k was confirmed as successful for developments at the Storr. The bid was in 2 component parts, £420k was granted to establish the physical unit and therefore progress economic development, and £20k was approved for the addition of EV charging points within the car park to improve local transport links and infrastructure, as well as to support Net Zero.
- 14.2 Following the successful outcome of the Islands Infrastructure Fund bid, it was agreed at S&R Area Committee on 31st October 2022 that local Members would also commit £60k of investment from disaggregated Ward funds, towards the delivery of the site. Thus the budget available for the site is £480k and latest estimates show that the cost will come in on budget.
- 14.3 Planning permission for the unit was approved on the 8th March 2023. The modular build solution offers many benefits including affordability and flexibility. Current estimates are that the unit will be installed on site prior to Easter 2024. Proposed images of the unit including floor plan can be found in Appendix 2.
- 14.4 The build contract has been awarded to Modular West, who are based in Barra which positively sees these funds being reinvested in the islands economy. Staff from Procurement and Property supported the Project Team on aspects, including design, and were involved in the contract award process to support robust governance.
- 14.5 The unit is planned to include a sales space, stock room, and a multipurpose space which would be available for use for local art installations, and small wedding ceremonies.

14.6 The unit will be fully accessible and disabled bays are planned to be installed for improved access to the unit from the car park. The toilet facilities are planned to contain a disabled toilet which is fully accessible and inclusive.

14.7 The Highland Council have a duty of care to ensure that any development at the site is more than environmentally neutral. The physical unit will be net-zero and will promote sustainable goods for sale as well as using eco-packaging within the retail unit. LED lights and sustainable building materials will be used and sourced locally where possible. In order to try to reverse the negative impact on the environment, the retail unit will commit to:

- partnering with sustainable suppliers
- introducing recycle/upcycle incentives for visitors
- exploring potential refillery & deposit return scheme option
- reducing paper consumption (receipts to be emailed if required)
- reducing plastic consumption (recycled, reusable and/or biodegradable packaging to be used if necessary)

15. Visitor Experience

15.1 The unit will provide shelter for those who may have climbed the Storr in bad weather. The space outside the existing toilet facilities is covered overhead but is limited in space and is shared by those waiting for the local bus. The unit aims to provide a warm, dry space for those who may need it, these visitors will also be exposed to the retail offering in the unit which provides an income generation opportunity for THC.

16. Education and Promotion of Culture

16.1 It is intended that Ionad an Stòir will display educational resources. These may be in the form of interpretation panels, Gaelic events, or information displayed on screen. Educational materials would focus on local culture, heritage, flora and fauna, history, and Gaelic.

16.2 Gaelic is of huge importance to the Isle of Skye and the wider region, with the island being home to Sabhal Mòr Ostaig (National Centre for Gaelic Learning and Culture). The project aims to educate visitors on Gaelic culture by including stories, poems, and songs on signage, on the Old Man of Storr website, and in the unit itself. The unit also aims to promote Gaelic by working closely with local artisans and hosting Gaelic events in the space which maximises exposure to Gaelic, spreads awareness, involves the community, and improves education.

16.3 Signage created for the site takes account of visual impairments by using large font and easy to understand language. The Storr [website](#) is fully AA accessible.

17. The Immediate Future

17.1 The immediate future is discussed in each of sections shown below.

- Section 18 – Ionad an Stòir Services: THC Staffing
- Section 19 – Ionad an Stòir Services: THC Finance
- Section 20 – Ionad an Stòir Services: THC VAT
- Section 21 – Ionad an Stòir Services: Statutory Context
- Section 22 – Ionad an Stòir Services: THC Community Wealth Building

- Section 23 – Ionad an Stòir Services: THC Approach to Retail and Ecommerce

18. Ionad an Stòir Services: THC Staffing

18.1 A new role is planned, Visitor Experience Manager, who will report to the Environment Project Officer within THC (an example organisational chart can be seen in [Appendix 3](#)). It is envisaged that there will be a Visitor Experience Supervisor who will report to the Visitor Experience Manager. It is also envisaged that a seasonal Visitor Experience Assistant will be required during peak season. It is required that 2 x FTE Storr Officers are kept on to maintain the site. The on-site team will be responsible for maintaining the Storr ecommerce site. The long-term management of the site and 'business as usual' will be managed by the Environment team, as part of Infrastructure, Environment & Economy (IE&E). The Responsible Premises Officer (RPO) will be the Storr Visitor Experience Manager.

19. Ionad an Stòir Services: THC Finance

19.1 It was estimated by Glenmorven Associates that based on projections, there would be annual recurring costs of the unit. Staff costs have been included in the expected running costs, including a seasonal staff member. It is estimated that annual running costs for the unit will be £211,060.

19.2 It is estimated that income may exceed costs by £300k per annum. It is of course difficult to be precise with such estimates and close monitoring of performance and reporting to future S&R Committees will provide important governance. This figure could be higher as the estimate only assumes the purchase of one item, when visitors may purchase more, in the centre, or online.

19.3 In order to cover expected annual centre running costs, each visitor who visited the Storr in 2022 would need to spend £1.03. It should be noted that visitor numbers are up (at September 2023) 38% YTD 2023 vs 2022. It should also be noted that the official visitor numbers are counted as those that pass the first counters on the path network. This is not a true reflection of the number of visitors to the site, as some visit the car park or toilet facilities but do not make it up the hill. The possible customer numbers and consequently those who may spend money, are therefore potentially greater.

19.4 If the income exceeding cost per consumer spend was £5.00 in the visitor hub, 42,212 people would be required to spend in the unit in order to cover the annual recurring running costs. This is the equivalent of 20.6% of visitors to the Storr in 2022. [Experian FootFall](#) estimate that the average conversion rate ranges between 20% and 40% for most retailers (e.g. of 100 visitors entering the shop, 20 to 40 would be expected to spend). A conversion rate of 20% has been used for forecasts to allow a contingency.

19.5 In the unlikely event that the Ionad an Stòir costs exceed income, the excess costs can be supplemented by parking income at the site. The off-street parking income currently covers the cost of the paths, and toilet and motorhome waste facilities as agreed.

19.6 As the running costs of ecommerce are low, it is expected that to cover running costs, 72 people would need to spend £25 online per year. This considers postage costs and margin on cost of goods.

19.7 Running costs of ecommerce have been included in website maintenance costs. It is expected that the costs to maintain and to run the Storr website are covered by income

generated by ecommerce. Domain name registration has been included as a recurring cost of the physical unit.

- 19.8 According to VWO, Great Britain's ecommerce sector has an average conversion rate of 3.4%. According to Adobe, ecommerce websites should expect to see a conversion rate of 1% to 4%. Ecommerce websites vary dramatically in performance based on industry, business model, shoppers, pricing, marketing, and products. According to Statista, in the United Kingdom, clothing and household goods were the most popular retail items consumers purchased through the internet in 2020.
- 19.9 For the purposes of the estimate of £300k, as discussed earlier, the assumption in relation to ecommerce is that the sales achieved are equal to that of the costs incurred of the service. Of course, customer transactions may be higher than this, but at this stage current estimates assume income equal to that of costs.

20. Ionad an Stòir Services: THC VAT

- 20.1 THC is VAT registered. Advice regarding VAT is provided by THC Finance team.
- 20.2 VAT will be included in the price of goods at a rate of 20% where applicable. Books and maps are likely to be charged at 0% VAT (VAT Notice 701/10). Any children's clothes for sale in the store will likely to be charged at 0% VAT (VAT Notice 714).
- 20.3 The VAT 407 scheme has now been closed by the UK government as the UK is no longer part of the EU. Tax refunds are not able to be processed in the retail space.

21. Ionad an Stòir Services: Statutory Context

- 21.1 Strictly, THC can only do what the law expressly empowers it to do (the Ultra Vires principle). In practice the 'incidental rule' relaxes the Ultra Vires principle. The incidental rule permits activities, that while not expressly permitted in law are 'incidental' to other statutory powers and duties.
- 21.2 Further The Local Government in Scotland Act 2003 ('2003 Act') created a 'power of well-being'. The power of well-being gives THC the power to do anything which they consider would promote or improve the well-being of its area and persons within it. The power of well-being is not however a general power of competence, with the result that the Ultra Vires Principle has not been abolished. The 2003 Act contains considerable limitations and the Scottish courts have interpreted the power narrowly.
- 21.3 Section 15 Local Government and Planning (Scotland) Act 1982 (the 1982 Act') empowers THC to provide recreational, cultural, and social activities, and Section 16 permits a charge for such activities. The trading element proposed in this report may be seen as 'incidental' to THC powers in the 1982 Act and therefore permitted.
- 21.4 The absence of express statutory powers to trade as described in this report is not without risk. Reliance on 'the incidental rule' and/or the power of wellbeing are not total legal solutions. However, the economic reality is that THC must operate in an environment that pushes councils towards more commercial operations with their attendant risks.
- 21.5 Therefore, THC should have clear, explicit reasons for commercial trading, which justify the associated balance of risks and rewards. The below reasons are considered

legitimate reasons to engage in trading activity according to the Scottish Government's Best Value task force in 2004.

- Reduced costs to partners
- Reduces cost to the Council by sharing of overheads
- Provides contribution to the local economy which contributes to sustainable development

Contributes to the Council's corporate goals in a way which cannot be better provided by an alternative provider

22. Ionad an Stòir Services: THC Community Wealth Building

22.1 The project aligns with THC strategy as referenced at Highland Council Committee on 29th June 2023 'Developing a Community Wealth Building Strategy'.

22.2 Whilst the Old Man of Storr is a draw for many international visitors to the Isle of Skye each year, the site holds great importance for the community surrounding it. Some locals interact with the site on a daily basis and as it supports tourism in the area, it plays a significant role on the island. The unit will generate community wealth as income generated will be reinvested in the Area.

22.3 The community will benefit from economic development as a result of the project, as the unit creates employment opportunities directly via staff required in the unit, indirectly via partnership with local suppliers, and via local contractors involved in sustaining the site.

22.4 The project mainly benefits the Isle of Skye and Raasay, but the wider area will also benefit from tourism spend as visitors are likely to go elsewhere in the Highlands during their trip. The developments aim to increase the length of time that visitors spend on the island as there has been a rise in short stay tourism (Visitor Flow Modelling and Management on the Isle of Skye Report by SkyeConnect) which translates to economic benefits. Items sold in the retail unit will be sourced from Skye where possible, but where items are not available, they will be sourced from the Highlands or Scotland where possible. This benefits artisans in the wider community as a result.

23. Ionad an Stòir Services: THC Approach to Retail and Ecommerce

23.1 The approach discussed below assumes that retail and ecommerce operations will be run by THC.

23.2 Due to the global pandemic, consumer shopping habits have changed. According to NielsenIQ, shoppers prefer to make purchases that educate, are sustainable, or support charitable giving. Consumers now search for products that fulfil their needs, support their well-being, and help with their daily challenges.

23.3 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/ecommerce presence offers flexibility of service and is responsive to consumer trends.

23.4 In addition to the physical unit, the Council aims to build on the new Storr website which is live as an information site but is also planned to host ecommerce going forward.

23.5 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 the 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.

- 23.6 Based on advice from Glenmorven Associates, and after discussion with the Storr Project Board, ecommerce will launch before the physical unit is open to the public. Launching ecommerce prior to physical retail allows THC to understand which products or types of products sell well, to refine the stock list, and to soft launch commercial trading before the physical retail space is open. Product lines will be reviewed regularly, using analytics from the website, in order to understand trends and performance.
- 23.7 Ecommerce plans to offer a digital 'shop window' for local craftspeople. This supports 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. The website will link to suppliers but will not process any payments on their behalf initially, although this may be looked at as part of future development. THC will not be in competition with local suppliers as the website will advertise their goods free of charge, and local suppliers will be used for the production of THC branded goods. Examples of the ecommerce site can be found in [Appendix 4](#).
- 23.8 High-quality and stylish lifestyle goods will be stocked both online and in Ionad an Stòir, including items sold by local suppliers and Storr branded goods. Products will be locally made where possible and should be relevant to the Storr, the Isle of Skye, or Raasay. It is expected that visitors will prefer limited edition or exclusive items while visiting the store. The offering is likely to include t-shirts, mugs, and keyrings, amongst other items, at a range of price points, an example of proposed merchandise can be found at [Appendix 5](#). The commitment to supporting the local economy and community outweighs any potential cost saving.
- 23.9 Perishable goods may need additional trading licences and will therefore not initially be stocked. Any goods with political or offensive messaging will not be sold. Items which require specific licences such as alcohol cannot be sold unless licences have been obtained. All goods sold will be in line with THC policies.
- 23.10 All suppliers and products will be subject to an evaluation process in order to ensure consistency and fairness when stocking items in the centre and online. The criteria areas are broadly: sustainability, price, supply chain, offering, and provenance.
- 23.11 The evaluation criteria will ensure that the process is fair, justifiable, and easy to understand. Branded stock for sale in the store will be owned and managed by THC.
- 23.12 Stock will be stored in a dedicated and secure storeroom within Ionad an Stòir. Stock will be labelled and stored in an orderly manner. Stock will be managed with an inventory management system and regular stock takes.
- 23.13 The visitor hub will accept payments made in GBP and by card payment in person. No transactions over the phone will be processed. The existing payment processor used by THC (The Access Group) will be utilised at the Storr. The unit will not hold cash on its premises. This reduces any risk of theft, removes any responsibility on the on-site team, and increases safety and security for staff on site. Whilst this approach may exclude some consumers, it is unlikely that visitors to the site do not have access to either a mobile

payment method or credit or debit card. Consumers will be made aware that the hub does not accept cash via signage and the website.

- 23.14 Removing cash from the retail unit ensures that Parking Enforcement Officers are only collecting cash from the parking machines and therefore removes the need for any safe or strongbox on site. This proposal ensures that income generation data is accurate and readily available as there is no need for floats or end of day cash reconciliation. The store payment register will be operated by data sim as there is no internet access at the Storr site.
- 23.15 The ecommerce site will accept online payments made in GBP and by card payment using The Access Group (existing service provider to THC) as a payment processor. Transactions over the phone will not be processed. Transaction fee information is shown below. Ecommerce stock will be stored separately to physical unit stock but will be packed at Ionad an Stòir and posted to consumers from the Isle of Skye.

Payment Provider	Transaction Fee
Mastercard Commercial	2.68%
Mastercard Credit	1.51%
Mastercard Debit	0.49%
Visa Business	1.43%
Visa Commercial	2.87%
Visa Credit	1.41%
Visa Debit	0.43%

- 23.16 THC are now a member of Association for Cultural Enterprises (ACE) following conversations with organisations such as and National Trust for Scotland.
- 23.17 ACE offer training in retail, merchandising etc and will be used as a tool in the development of retail by THC. The first year of membership was granted on a bursary basis after a successful application by THC, the second year of membership has an annual cost of £75. A small sum for a large benefit.

24. Future Growth

- 24.1 The planned future developments of the project include those shown below and discussed in more detail in their respective sections.
- Section 25 – Digital Parking Booking
 - Section 26 – Weddings
 - Section 27 – Guided Walks

25. Digital Parking Booking

- 25.1 The development of a digital booking and parking management system is being considered. Pressures on existing parking provision may be eased with the introduction of being able to digitally book a parking space in advance.
- 25.2 Collaboration with Skye-wide parking initiatives are planned to enhance the offering further. SkyeConnect are developing a digital management system in collaboration with THC. The system plans to offer real-time tracking of sites, providing accurate data regarding how busy a given area of the island is. This allows visitors to plan their excursions with more certainty and according to capacity around the island. This should in turn ease congestion at peak times and offer a more sustainable approach to managing

visitor flow. The Storr website may have capability to support this online parking booking system, should it be progressed.

26. Weddings

26.1 Whilst the Storr is not a suitable venue for full-scale weddings, the site is already used for outdoor ceremonies in conjunction with THC registrars. Skye is a popular wedding destination due to the scenery, however, Skye can experience unpredictable weather conditions, which puts outdoor weddings at risk. For this reason, it is proposed to offer the multipurpose space within Ionad an Stòir for wedding ceremonies.

26.2 This would be considered an income generation opportunity that develops existing Council services. Data is being gathered on the costs of weddings and the number of marriages in more recent years, this information will be added to this report when available.

26.3 The number of marriages in Skye & Lochalsh between 2015 and 2023 YTD are shown below.

	Skye & Lochalsh Area Weddings								
	2015	2016	2017	2018	2019	2020	2021	2022	2023 YTD
Portree & Raasay	76	101	123	126	129	76	165	206	124
Broadford	78	66	83	86	77	39	55	68	38
Total	154	167	206	212	206	115	220	274	162

(Covid)

27. Guided Walks

27.1 It is proposed that the Storr Officers carry out guided walks or talks for visitors to the Storr. This is likely to be in Phase 2 of developments after salaries and roles are confirmed. The walks are likely to be charged for and would be considered a commercial opportunity for THC. An example of annual guided walk income is shown in below, and the number of visitors per walk could be as high as 10.

Guided Walk Charge Per Visitor	£10
No. Of Visitors Per Walk	5
Income Per Walk	£50
x 2 Walks Per Day	£100
Peak Season Income (1/2 Year = 182 days per year)	£18,200

28. Measuring Success Post April 2024

28.1 Notwithstanding an on schedule 'go-live' which is within budget, and implementing further site developments and opportunities, the most important measures of success for the visitor hub will be a positive visitor experience, and that the site is sustained (both financially and environmentally). Income generated for both THC and the Ward contributes to community wealth building, which along with improved site management, are also considered positive measures of success. Positive experiences may be recorded via feedback to local Members or via surveys issued from the website or social media to visitors.

The most important measures of success for the ecommerce site will be a positive visitor experience to thestorr.com, and that income is generated.

Expected measurable benefits for the Storr can be summarised as:

- Promote sustainability
- Increase length of stay in Skye
- Local employment opportunities
- Support ongoing site management
- Income generation from ecommerce
- Income generation for THC and Ward
- Increase awareness of the Storr and Sye & Raasay
- Promotion of the Highlands including our culture and Gaelic
- Increase awareness of, and economic opportunities for local suppliers

Regular progress reports will be taken to S&R Area Committee.

- 28.2 As part of the ongoing development of the Storr, and in support of the Isle of Skye & Raasay Future Plan, 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.
- 28.3 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.
- 28.4 A final project report to the Storr Board and to S&R Area Committee is due during 2024, when the project aims to close, and the site will move to BAU. Performance reports will continue to be reported to future S&R Committees.

Designation: Executive Chief Officer, Communities & Place

Date: 9 November 2023

Authors:

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Amy Smith, Project Manager, Strategic Improvement (DCE)

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Appendices

Appendix 1 – The Storr Site Photos

Appendix 2 – Ionad an Stòir Exterior Design and Floor Plan

Appendix 3 – THC Structure

Appendix 4 – Ecommerce Site Mock Up

Appendix 5 – Example of Proposed Merchandise

Appendix 1 – The Storr Site Photos



View of the Storr from the Photographer's Knoll



Interpretation Panel



Staff Welfare Cabin

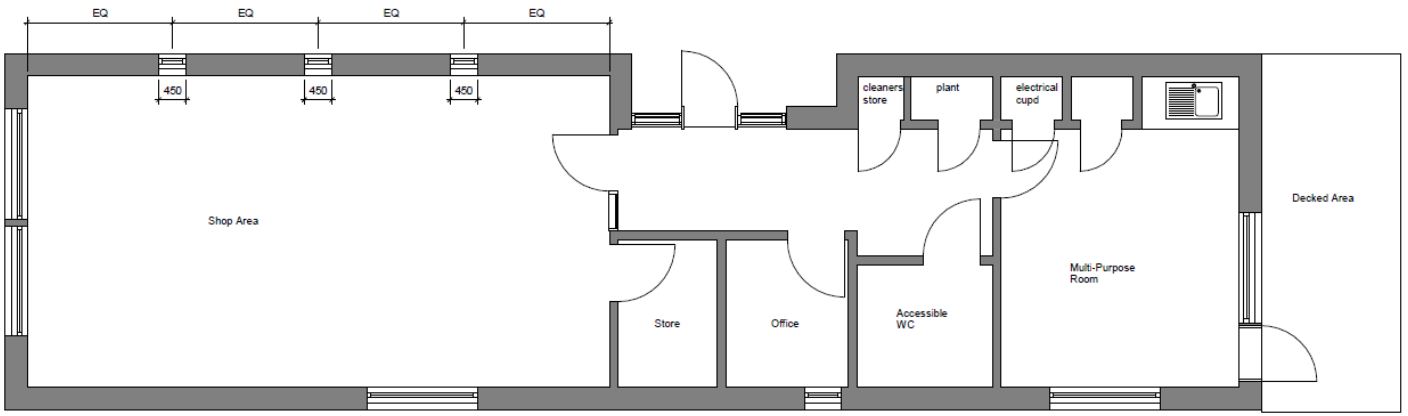


EV Chargers Location

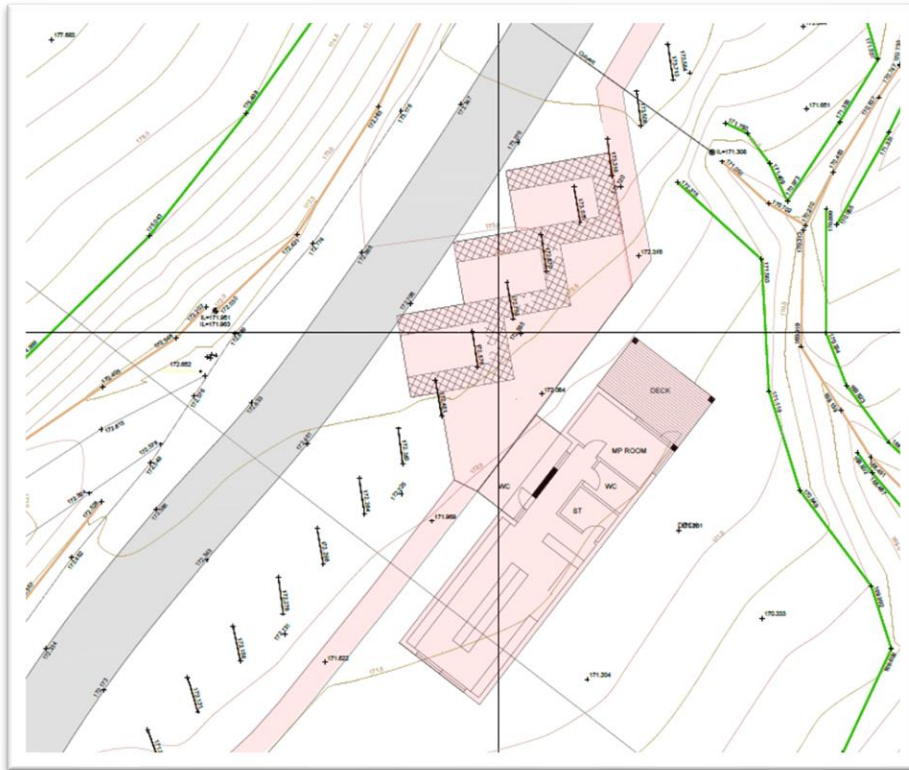


Appendix 2 – Ionad an Stòir Exterior Design and Floor Plan





Floor Plan 1.0
1:50



Appendix 3 – THC Structure



* Service Lead – Environment, Active Travel, and Development Plans

Appendix 4 – Ecommerce Site Mock Up



Featured

The Skye Blanket

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[Read More](#) [Add to your basket](#)

The Skye Blanket is a large, fringed blanket with a colorful pattern of yellow, blue, and green. It is draped over a wooden chair in a room with a wooden floor and scattered red leaves.

<p>Wool Blanket £60.50 Add to cart</p>	<p>Cap £19.99 Add to cart</p>	<p>Wooly Hat £20.00 £18.99 Add to cart</p>
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The product grid displays three items: a Wool Blanket for £60.50, a Cap for £19.99, and a Wooly Hat for £18.99 (originally £20.00). Each item has an 'Add to cart' button.

Your Basket / Do Bhasgaid

	Product	Price	Quantity	Subtotal		
x					Subtotal	£18.99
	Woolly Hat	£18.99	<input type="text" value="1"/>	£18.99	Total	£18.99

[Proceed to Checkout](#)

Appendix 5 – Example of Proposed Merchandise

