

UPDATE ON TOURISM ACTIVITIES

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this paper is to provide the Environment, Development and Infrastructure (EDI) Committee with an update on recent tourism activities and achievements with a particular focus on Argyll and Bute Council staff working in partnership with Argyll and the Isles Tourism Co-operative Ltd (AITC).
- 1.2 Tourism is an extremely important sector for Argyll and Bute employing almost 25% of private sector jobs and 9% of our GVA compared to a 3% GVA average for Scotland.
- 1.3 The latest data (index linked) is over the period January to June 2017, which is compared with the same period in 2016. In the first half of 2017, Argyll and Bute received **1,353,000** visitors over all visitor types, which is an increase of **13.1% on 2016**. The growth in the number of staying visitors was less than that of day visitors at **10.7%** and **15.8%** respectively, with an increased economic impact of £4.8 million from day visitor spend.
- 1.4 Argyll and Bute witnessed a **6.9% increase** in visitors to attractions in 2017 compared with 2016. In the same period visitors to attractions across Scotland increased by 4.5%; 2.4% points less than for Argyll and Bute.
- 1.5 The paper outlines encouraging performance figures with regard to tourism numbers and spend for Argyll and Bute using the latest available data sources. It is important that through collaboration with industry partners, such as Argyll and the Isles Tourism Co-operative (AITC) we continue to focus on the unique selling points of the region so that Argyll and Bute becomes a key destination of choice not only for visitors from the rest of Scotland and the UK, but within a very competitive global market.
- 1.6 Members are asked to:
 - Note the content of this paper.
 - Provide feedback on tourism activities in Argyll and Bute and the strategic regional marketing campaign for 2018.

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2.0 INTRODUCTION

2.1 The purpose of this paper is to provide the Environment, Development and Infrastructure (EDI) Committee with an update on recent tourism activities and achievements with a particular focus on Argyll and Bute Council staff working in partnership with Argyll and the Isles Tourism Co-operative Ltd (AITC).

3.0 RECOMMENDATIONS

3.1 Members are asked to:

- Note the content of this paper.
- Provide feedback on tourism activities in Argyll and Bute and the strategic regional marketing campaign for 2018.

4.0 DETAIL**Tourism Economic Performance: Scotland and Argyll & Bute**

4.1 Following the decision for the UK to leave the European Union the value of the pound sterling has fallen against each of the currencies used by the world's 16 biggest economies. This has resulted in the UK becoming more attractive to prospective international visitors, since they get more pounds in exchange for their currency. This has also resulted in more 'staycations' as it is more expensive for UK residents to travel abroad. How this has impacted on the Scottish and local Argyll and Bute visitor market is outlined in the following paragraphs.

Scotland

4.2 As reported in the latest Great Britain Tourism Survey, for the first nine months of 2017, there were 8.3 million trips and £2.2 billion spend by GB residents taking overnight visits to Scotland. UK residents took 54.5 million visits abroad in the first nine months of 2017, 3% more than the same period last year and spent £33.5 billion (in nominal terms), up 5% on the year to August 2016. It should be noted that for the three months to September 2017, UK residents took -2.6% fewer trips abroad, the first noted decline in UK outbound departures for several quarters.

4.3 Focusing on domestic tourism to Scotland, overnight trips by GB Residents for holiday purposes increased +8.5% compared to the January to September 2016. Expenditure increased £163 million or 12.7% to £1.5 billion over the same period. Visiting Friends and Relatives declined -10.2% in terms of trips and -11.4% in expenditure compared to

the first nine months of 2016. Tourism Day Visits to Scotland¹ continued to increase in volume and value in the year to September 2017. A total of 115 million day trips were taken in the first nine months of 2017, generating £4.6 billion, an increase on both 2015 and 2016. International inbound markets to Scotland for the year to September increased 15% in terms of trips and 18% in expenditure².

Argyll and Bute

- 4.4 Tourism is an extremely important sector for Argyll and Bute employing almost 25% of private sector jobs and 9% of our GVA compared to a 3% GVA average for Scotland³.
- 4.5 Council officers are in receipt of STEAM (Scottish Tourism Economic Activity Monitor) data. The latest data (index linked) is over the period January to June 2017, which is compared with the same period in 2016. In the first half of 2017, Argyll and Bute received **1,353,000** visitors over all visitor types, which is an increase of **13.1% on 2016**. The growth in the number of staying visitors was less than that of day visitors at **10.7%** and **15.8%** respectively, with an increased economic impact of £4.8 million from day visitor spend.
- 4.6 The food and drink sector showed a slight increase of 2.9% in income over January to June 2017 to the same period in 2016. However, the greatest growth in sectoral income between January to June 2016 to January to June 2017 is through transport at 11.9% (+£3.02 million) and shopping at 11.6% (+£1.4 million).
- 4.7 The monthly visitor attraction barometer figures for Argyll and Bute are outlined in **Table 1** below. Approximately 40 of Argyll and Bute's visitor attractions contribute regularly to the visitor attraction barometer, which includes both free and paid for attractions.

Table 1: Monthly Visitor Attraction Figures for Argyll and Bute			
Month	2016	2017	Percentage difference between 2016 and 2017
Total	828,514	883,526	6.44%
November	32,731	42,788	30.73%
October	65,939	60,984	-7.51%
September	93,596	98,847	5.61%
August	208,171	218,474	4.95%
July	126,303	127,255	0.75%
June	97,597	109,613	12.31%
May	108,639	119,847	10.32%
April	60,460	74,683	23.52%
March	25,675	17,444	- 32.06%*
February	6,571	9,688	47.44%
January	2,832	3,903	37.82%

*Note: the Easter holidays were in April for 2017, where as in 2016 the holidays fell in March.

Source: Moffat Centre (2017): Scottish Visitor Attraction Barometer Reports, Jan to Nov 2017 and 2016, Glasgow School for Business and Society, Glasgow Caledonian University.

- 4.8 With reference to **Table 1** there was a 7.9% increase of visitors to Argyll and Bute attractions over the period January to November 2017 compared with the same period in 2016. However, further to accounting for monthly variances, rounding errors, etc, from January to November, the official figure published by the Moffat Centre for Argyll and Bute was a **6.9% increase** in visitors to attractions in 2017 compared with 2016. In the same period visitors to attractions across Scotland increased by 4.5%; 2.4% points less than for Argyll and Bute.

¹ Source: Great Britain Day Visitor Survey, 2017

² Source: International Passenger Survey, 2017.

³ Source: Impact of AITC on Argyll and Bute, 2011 to 2016, Grampian Highland Resources Limited (GHRL), 2016

- 4.9 The Argyll and the Isles Tourism Co-operative (ATIC) is the local tourism industry umbrella delivery body with an overarching vision to “ensure that tourism activity in Argyll & the Isles has a significant impact on key economic drivers and the sustainability of the region”. AITC in partnership with VisitScotland and Argyll and Bute Council conducts a quarterly barometer study with the tourism sector. During the third quarter of 2017, 144 responses were received from the local tourism sector. Half of the businesses who responded reported an increase in turnover compared to the same quarter last year and 48% of businesses recorded more visitors in quarter three compared to the previous year. In particular, 58% of the businesses noted more international visitors.
- 4.10 The Argyll and Bute’s ferry network tends to be heavily influenced by tourism, with seasonal variations evident. Road Equivalent Tariff (RET) fares have also contributed to an increase of visits to the islands in Argyll. **Table 2** below shows approximate changes in passenger numbers on Calmac routes, as above comparing January to November 2017 to the same period in 2016. Some of the higher percentage increases have been to the smaller islands of Lismore, Coll and Tiree.

Table 2: Approximate Changes in Passengers Numbers on Calmac Routes, 2016 to 2017		
Island	Overall passenger numbers from January- November 2017	Approx. Percentage Change between Jan to Nov 2016 and Jan to Nov 2017
Bute	872,753	+2.65%
Gigha	65,090	+6.4%
Iona	245,001	+3.2%
Lismore	24,419	+6.6%
Coll and Tiree	56,179	+4.87%
Campbeltown to Ardrossan (April to Sept)	9,995	-3.06%
Mull	797,014	+3.26%
Tarbert to Portavadie	83,160	-0.13%
Islay	204,207	+2.62%
Colonsay	12,898	+11.17%

Source: Calmac Monthly Operating Figures, 2017

Argyll and the Isles Strategic Tourism Partnership (AISTP)

- 4.11 The Argyll and Isles Strategic Tourism Partnership Steering Group is made up of strategic partners focused on supporting the development of Argyll and Bute’s tourism sector. The partnership currently comprises:

- Argyll and Bute Council.
- Argyll and the Isles Tourism Co-operative (delivery agent of AISTP).
- Calmac.
- Developing the Young Workforce (DYW) Argyll.
- Forestry Commission Scotland.
- Highlands and Islands Enterprise.
- Scottish Natural Heritage.
- ScotRail.
- VisitScotland.

The partnership meets quarterly and helps to co-ordinate support effectively within resource constraints. It also allows the partners to collectively plan, address challenges and look at areas of opportunity for the region. In particular partners reviews progress against the Tourism Argyll and the Isles Tourism 2020

'rocket'/strategy and oversees Argyll and Isles Tourism Co-operative (AITC) as the primary delivery agent of the AISTP. Standing items on the agenda currently include:

- AITC quarterly activity/performance report.
- Strategic regional marketing campaign activity.
- WorldHost delivery and progress towards accreditation as a WorldHost region.
- Digital tourism.
- Tourism industry skills and recruitment issues.
- Investment updates.
- Themed years.

AITC and Argyll and Bute Council Tourism Activity

4.12 The current Service Level Agreement with AITC commenced on the 1st of April 2017 and concludes on the 31st March 2020. The funding levels agreed for the work programme over three financial years 2017/18 (£50k), 2018/19 (40k) and 2019/20 (£30k) to a total value of £120,000. As ratified by Argyll and Bute Council on the 23rd February 2017.

4.13 Recent activities being delivered in partnership by AITC and Argyll and Bute Council are as follows:

- AITC has signed up to the World Host destinations programme which will target 200 Argyll businesses to enable 50% of their front of house staff to undertake the accredited Principle of Customer Care training workshop. The Council's Business Gateway team has been instrumental in taking this forward with AITC. In particular the Business Gateway team's trained advisers will be delivering World Host workshops to small/micro businesses throughout Argyll and Bute, while the AITC delivery agents will focus on training for the larger businesses. Business Gateway has 10 workshops left to deliver by June 2018. Over 400 individuals across Argyll and Bute have now been accredited in the principles of customer care: 127 businesses have engaged in the programme and 35 now accredited (with a target of 50 required to become a World Host destination). In addition Loch Melfort Hotel and Portavadie have established an in-house World Host training resource which will be able to support the programme.
- AITC, with support from the council's Business Gateway team and Highlands and Islands Enterprise (HIE), delivered the Tourism Day, Corran Halls, Oban during Argyll Enterprise Week on 7th November 2017. Some of the highlights of this day were:
 - the keynote address by Gordon Campbell Gray of Campbell Gray Hotels and now the new owner of The Machrie on Islay; and
 - the launch of the 'Wild About Argyll' Bike Packing Trail developed with Bike Packing Scotland and funded by Forestry Commission Scotland (FCS) and Scottish Natural Heritage (SNH).
- AITC is working in partnership with Argyll and Bute Council and the Culture Heritage and Arts (CHArts) network to ensure linkages are made and information is shared on development activity. Helping to identify synergies and maximise opportunities through each other's planned work.
- As previously noted, the tourism industry currently supports a significant number of employment opportunities in Argyll and Bute. As businesses associated with these industries grow to take advantage of current and future trends, it is essential to have an understanding of current skills needs and, more importantly, to take into account

future skills needs. To this end, a Workforce Survey (focusing on the tourism and food & drink industries) is currently being commissioned by Argyll and Bute Council, with industry representation on the Steering Group. In addition, there is uncertainty surrounding the availability of a suitably skilled workforce in Argyll and Bute post Brexit, due to EU citizens possibly returning to their home country (anecdotal evidence supports this theory). The result of this survey aims to provide an updated evidence base that will inform industry stakeholders and partner organisations on the current skills gaps and ongoing workforce requirements (next three years) in order to address these labour market opportunities and challenges. The evidence will also be used to inform the skills 'ask' to be developed for the Argyll and Bute Rural Growth Deal.

- At present, Argyll and Bute Council is contributing £59k towards an indicative total funding package of £169k to support a strategic regional marketing campaign in 2018 building on the success of the 'Wild About Argyll' campaign which concluded in October 2017. The 2018 campaign specifically focuses on the unique relationship between Glasgow and Scotland's Adventure Coast. Other funders include, AITC (£40k); Glasgow Life (£20k); ScotRail/Calmac (£10k) and an outstanding application by AITC entitled 'Best of Both Glasgow and Argyll' to the Visit Scotland Growth Fund with the goal of securing £40k. The overarching aim of this strategic regional marketing campaign is:
 - to showcase how easy it is to travel to Argyll and undertake unique and memorable experiences;
 - to demonstrate the appeal of the region to key segments who enjoy city life/breaks (and can readily pack in a micro adventure out to Argyll which can then inspire further visits and longer stays); and
 - to work with transport and activity providers to develop and showcase unique itineraries built around our adventures and wildlife, events and festivals, and food and drink.

This is currently being taken forward by a steering group which includes representation from Council staff from the Economic Growth side of the EDST Service, AITC, VisitScotland and Love Loch Lomond (Destination Management Organisation (DMO)). Other partners included in the 'Best of Both Glasgow and Argyll' bid have been meeting separately with AITC. At the steering group meeting on 1st February 2018 it was agreed to form one steering group to take forward a collective campaign.

Other Tourism Industry Developments across Argyll and Bute

4.14 Other tourism industry development activities across Argyll and Bute are as follows:

- AITC has recently completed 11 mini summit events in each of the local destination marketing areas of Argyll and Bute, overall more than 360 attendees signed up to attend the mini summits. Updates were provided on development work, local tourism issues and priorities were discussed and input was sourced for the new strategic marketing campaign. Local action plans are currently being collated from the mini summit events.

- AITC is leading a west coast marine tourism collaboration, engaging the twelve destination management organisations in Argyll and Bute, along with six other DMOs on the west coast of Scotland.
- A full audit of Argyll and Bute's events sector is currently being progressed by ATIC and the development of a clash diary arrangement for event providers.
- Early in 2017 AITC attended VisitScotland Expo and Explore GB to market the region and develop more travel trade business. Strong leads were acquired at each event and work is being carried out to follow up on contacts.
- HIE has appointed AITC to support the roll out of Digital Tourism Scotland in Argyll and the Isles from 2016-2018. By the end of September 2017, 343 individuals had undertaken workshop training and 37 had one-to-one mentoring support. A total of 15 new workshops are scheduled across the January to March 2018.
- VisitScotland has developed a new two year strategy implementing changes to the way it delivers visitor information services, to keep pace with changes in consumer behaviour. With a steep decline of 58% in footfall to VisitScotland iCentres across Scotland in the past decade, combined with more than 60% of visitors accessing information online and 76% of adults owning a smartphone, the way consumer's access information has and is changing significantly.

The closure of thirty eight VisitScotland Offices across Scotland was announced on the 12th of October 2017, including four offices in Argyll and Bute (Dunoon, Inveraray, Campbeltown and Tarbert). The VisitScotland iCentre at Dunoon has ceased trading, Inveraray, Campbeltown and Tarbert by the end of March 2019.

The new regional hub model will continue to support Visitor Information Centres operating all-year round in Bowmore, Craignure, Oban and Rothesay, servicing over 300,000 visitors a year.

The Visitor Information Partner Programme is open to all Quality Assured businesses, as well as community groups, local authority-operated library services and social enterprises. So far 110 visitor information partners have been signed up in Argyll and Bute (as of 5th February 2018) and VisitScotland is continuing to work to increase this. More detailed information can be found at the following links: http://www.visitscotland.org/business_support/quality_assurance/information_partner_scheme.aspx and <http://www.visitscotland.org/pdf/VIP-businesses-05122017.pdf>

- The council has invested over £2million in a new marina in Campbeltown, which opened in 2015. This gives access to the town for yacht/boat visitors and it has proved a huge success, with berthing numbers increasing and lots of people visiting and having great experiences. The new facility also provided a great boost to neighbouring private marinas, with their visitor numbers also increasing – if you're on a sailing or cruising holiday you like to be able to stop off at multiple destinations, so a new investment in one particular area provides a boost for everyone. To close this marine loop, the council, backed by partners like HIE and the Scottish Government, has invested over £3million in Oban to create a transit step-ashore facility providing easy access for all. Opened in August 2017, the pontoon facility has proven busy even at the back end of the season, with over around 5,000 visitors in that short period alone. We are expecting further growth in visitor numbers this year (2018).

So far Oban has welcomed visitors from Scandinavia, Benelux and the rest of the UK. The feedback so far has been really positive. At this time 35 larger cruise ships have booked space at the facility from May through to September. Complementing the access infrastructure is a new marine visitor centre that will include meeting rooms that can be let out, the harbour master office, retail space and a showers and toilets for pontoon users.

5.0 CONCLUSION

- 5.1 This report provides the Committee with an update on recent tourism activities and achievements across Argyll and Bute.
- 5.2 The paper outlines encouraging performance figures with regard to tourism numbers and spend for Argyll and Bute using the latest available data sources. It is important that through collaboration with industry partners, such as AITC, we continue to focus on the unique selling points of the region so that Argyll and Bute becomes a key destination of choice not only for visitors from the rest of Scotland and the UK, but within a very competitive global market.
- 5.3 More needs to be done to support working in the tourism industry as a career of choice. The results of the workforce survey will provide an updated baseline and evidence base that will inform industry stakeholders and partner organisations on the current skills gaps and ongoing workforce requirements (next three years) in order to address labour market opportunities and challenges. The evidence will also be used to inform the skills 'ask' to be developed for the Argyll and Bute Rural Growth Deal. Consideration also needs to be given to the potential impact on the Argyll and Bute workforce in the tourism industry of the UK leaving the European Union.

6.0 IMPLICATIONS

- 6.1 Policy Tourism is a key focus within the Council's revised Strategic Economic Development Action Plan, 2016-2021 and in turn fits and contribute to the Delivery Plans captured under Outcome 1 of the Local Outcomes Improvement Plan where "Argyll and Bute has a thriving economy especially within the key sectors of tourism, maritime and food and drink."
- 6.2 Financial Current £59k contribution to the Strategic Regional Marketing Campaign, 2018.
- 6.3 Legal All appropriate legal implications will be taken into consideration.
- 6.4 HR Tourism activity it being taken forward by existing staff in the EDST service and other council departments as appropriate. An independent consultant will be commissioned to undertake the workforce survey.
- 6.5 Equalities None.
- 6.6 Risk None.

6.7 Customer Services None.

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5th February 2018

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