
TOURISM - ECONOMIC IMPACT AND BUSINESS OPPORTUNITIES

Report by Corporate Transformation & Services Director

EXECUTIVE COMMITTEE

31 January 2017

1 PURPOSE AND SUMMARY

- 1.1 **This report provides an update to members on the economic impact of tourism on the Scottish Borders economy. The report also highlights a range of opportunities that tourism businesses can take advantage of in the coming year.**
- 1.2 Tourism is a key sector of the local economy in the Scottish Borders with an economic impact of £194 million annually. In order to track tourism activity in the Scottish Borders, the Council currently receives annual tourism volume and value data from the Scottish Tourism Economic Assessment Monitor (STEAM). In December 2016, the Council received the first interim report of the STEAM data for the Scottish Borders covering January-June 2016.
- 1.3 Comparing Jan-June 2015 with Jan-June 2016, visitor days in the Scottish Borders have increased by almost 11%, visitor spend is up by 16%, and employment related to tourism has increased by 8%. The rise in tourism activity in the Scottish Borders, both in terms of numbers and economic impact, is substantial, not only when compared to the previous year, but also when compared to other local authority areas in Scotland.
- 1.4 Some tourism businesses are missing out on valuable opportunities to market and promote themselves through the VisitScotland.com website. The VisitScotland Growth Fund is also an opportunity for businesses in the Scottish Borders. 2017 will be the Year of History, Heritage and Archaeology and presents further opportunities for tourism businesses.

2 RECOMMENDATIONS

- 2.1 **I recommend that the Executive Committee:-**
- (a) **Notes the positive results of the latest tourism research for the Scottish Borders as set out in Section 4; and**
 - (b) **Agrees to promote to local businesses, through Business Gateway and the Area Tourism Partnership, the tourism business opportunities set out in this report.**

3 BACKGROUND

- 3.1 Tourism is a key sector of the local economy in the Scottish Borders, with an economic impact of £194 million annually, supporting approximately 4000 jobs (2015). About 1.8 million people visited the Scottish Borders in 2015, spending 3.5 million days in the area. Of these, 1.15 million were day visitors. The 2013-2020 National Tourism Strategy and the Scottish Borders Area Tourism Partnership's new Tourism Strategy and Action Plan aim to grow visitor spend by 20-30% by 2020 to contribute to sustainable economic growth.
- 3.2 In order to track tourism activity in the Scottish Borders, the Council currently receives annual tourism volume and value data from the Scottish Tourism Economic Assessment Monitor (STEAM). STEAM is a well-recognised and long-running tourism economic impact modelling process. It addresses the measurement of tourism from the bottom up, through its use of local supply-side data and tourism performance and visitor survey data collection. The STEAM data has been adopted for use throughout the United Kingdom and overseas by tourist boards, local authorities, regional development agencies, national park authorities, and many other public and private sector organisations.

4 TOURISM VISITOR ECONOMIC IMPACT

- 4.1 The Scottish Tourism Economic Assessment Monitor (STEAM) quantifies the local economic impact of tourism, from both staying and day visitors. It does this through analysis and use of a variety of inputs including visitor attraction numbers, tourist accommodation bedstock, events attendance, occupancy levels, accommodation tariffs, macro-economic factors, visitor expenditure levels, transport use levels and tourism-specific economic multipliers.
- 4.2 STEAM uses the above input data to generate a series of impact analyses, relating to four key visitor types:
 - a) •Staying in Serviced Accommodation –hotels, guest houses, B&B
 - b) •Staying in Non-Serviced Accommodation – self-catering, camping
 - c) •Staying with Friends and Relatives (SFR)
 - d) •Tourist Day Visitors
- 4.3 The Council has accumulated STEAM data from 2006 through until 2016. Over the period 2006 to 2015 Scottish Borders figures were similar to the whole of Scotland picture, i.e. a slight decrease in day and overnight serviced accommodation visitors and employment categories. Total visitor numbers peaked at 1.95 million in 2009 and 2010. Since then, there has been a 5.6% decrease in numbers to 1.84 million in 2015. The downward trend was briefly reversed in 2013 before falling again the following year.
- 4.4 However, the Scottish Borders did better than the rest of Scotland during 2006 to 2015 in non-serviced accommodation (Self Catering, Caravan and Camping), where the area regularly registered a small increase in visitor numbers staying longer. This has resulted in a steady, but small, increase in the Economic Impact as perceptions changed from the area being a 'short break' destination to a 'longer-stay' destination for Self-Catering visitors.

- 4.5 In December 2016, the Council received the first interim report of the STEAM data for the Scottish Borders covering January-June 2016. The report provides the first data to compare a full 6 months with the Borders Railway operational (Jan-June 2016) with the same period in 2015, before the railway was operational. STEAM figures for the first six months of 2016 show significant increases over the same period in 2015. Comparing Jan-June 2015 (no railway) with Jan-June 2016 (railway operational), visitor days in the Scottish Borders have increased by almost 11%, visitor spend is up by 16%, and employment related to tourism has increased by 8%.
- 4.6 Breaking the numbers down further, visitor spend on food & drink has increased by 20%, and on accommodation is 17% higher than the same period in 2015. Visitor days in hotels/B&Bs (serviced accommodation) shows a significant increase, 27% higher than 2015. Every tracked category shows positive growth, the first time there has been an increase in all categories in over 10 years.
- 4.7 These increases have been benchmarked against other areas in Scotland over the same period. At present, the Scottish Borders has the most improved results on 2015, not only in terms staying visitors, but interestingly, in terms of day visitors as well. To date, Scottish Borders and Midlothian were the only mainland Local Authority areas to see improved results in all categories (Orkney and Shetland also show improved results throughout, but both are directly due to increased cruise ship numbers).
- 4.8 The rise in tourism activity in the Scottish Borders, both in terms of numbers and economic impact, is substantial for the first six months of 2016, not only when compared to the previous year, but also when compared to other local authority areas in Scotland. Global Tourism Solutions, which produces the STEAM data analysis, believes that the most likely source of the rise in tourism activity in the Scottish Borders, given the timeframe, is the positive impact of the Borders Railway and its role in bringing staying visitors and day-trippers into the area.

5 TOURISM BUSINESS OPPORTUNITIES

VisitScotland

- 5.1 In discussions it is often apparent that there are misunderstandings about the role that VisitScotland plays in supporting tourism. Fundamentally, VisitScotland works closely with individual businesses, public agencies, local authorities and other tourism stakeholders to maximise the economic benefits of tourism to Scotland. It is focused on the following key aims:
- Tourism is a priority industry that fulfils its significant potential to contribute to sustainable economic growth.
 - That local Councils, VisitScotland and other partners deliver the best tourism product and marketing in close alignment with the rest of Scotland, at home and abroad.
 - That the wider tourism industry implements the detailed action plan arising from the national industry strategy, Tourism Scotland 2020.
 - Ensuring the regional action plan is implemented within the Scottish Borders which in turn supports the Tourism 2013 national strategy.

- 5.2 At a local level in the Scottish Borders these aims are taken forward through a range of activities that include:
- Marketing: Promoting 'Scotland' brand, strategy, Target Markets, marketing campaigns and industry involvement, Local Marketing (the campaigns, strategy, local delivery and funding);
 - Quality Assurance: Advisory visits, Accommodation, attractions and activity venues, Welcome Schemes and the VIP programme
 - Visitor Information: iCentres, VIP programme, 'I know' programme, Outreach vehicles
 - Events: Event funding, strategy and business events
 - Partnership Initiatives: VisitScotland works with the Area Tourism Partnership and other tourism related bodies.
- 5.3 The report set out in Appendix 1 provides useful examples of the types of marketing campaign and promotion that VisitScotland provides for the Scottish Borders. This national and international coverage is a key element of VisitScotland's support for the Borders and is delivered as part of the annual Minute of Agreement with the Council. The visitor information activity that is also delivered by VisitScotland under the annual Minute of Agreement was discussed by Executive Committee on 1 November 2016.

VisitScotland.com

- 5.4 It is clear that some tourism businesses are missing out on opportunities to market and promote themselves through the VisitScotland.com website. In the fast changing digital economy, every tourism business needs to have the strongest possible web presence if it is to successfully reach out to all of its potential customers. **VisitScotland.com offers a free of charge opportunity for businesses to have listing.** This is an excellent opportunity for tourism businesses as the VisitScotland.com website has a high number of visits and helps provide an international profile.
- 5.5 Businesses are responsible for providing the content for the website entry and they have the ability to change their listing content and make sure that they have attractive imagery (up to 40 images) on the website at any time. Potential customers can be positively influenced by what they see on the website, and conversely can be deterred by a lack of photos, or poor images. It is important that local businesses provide good quality content for their entries as this helps to sell their product, but also helps to make the Scottish Borders an attractive place to visit.
- 5.6 Recognising the importance of a strong web presence for tourism businesses, the Council will work with VisitScotland to encourage more local businesses to take up listings on VisitScotland.com. Through Business Gateway, the Council will also provide courses and advice to help local businesses promote themselves as effectively as possible on the internet.

VisitScotland Growth Fund

- 5.7 VisitScotland's Growth Fund is another opportunity for businesses in the Scottish Borders. The Growth Fund supports collaborative tourism marketing projects between groups of businesses which focus on growth in the tourism sector and ensure that visitors experience the true Spirit of Scotland. The fund supports groups of businesses to deliver additional marketing investment, stimulating collaboration within the industry, and closer working with VisitScotland. The Growth Fund also helps businesses to build their digital capability, markets and to better measure outputs.

- 5.8 Growth Fund Grant awards are available from £10,000 to a maximum of £40,000. The Grant can provide groups with up to 50% funding for approved marketing activity. The Fund is open three times per year. Currently Growth Funding is underused Scotland-wide, including in the Scottish Borders, where there has been no uptake since 2010. In order to address this, the Council will work with Business Gateway and the Area Tourism Partnership to encourage groups of businesses to work together and access project funding from the Growth Fund. The groups of businesses will then be given access to a dedicated team of staff at Visit Scotland who can support applicants from enquiry stage through to full application and project stages.

Year of History, Heritage and Archaeology

- 5.9 Scotland's first year of Homecoming in 2009 was a great success, delivering a string of benefits to the country and boosting tourism in Scotland. In recognition of this success, a series of 'Themed Years' built on this momentum, spotlighting Scotland's greatest assets in the run up to the second year of Homecoming in 2014. Homecoming 2014 positioned Scotland on the international stage as a dynamic and creative nation through a year-long coordinated programme of events. In 2015 the second Year of Food and Drink was held; in 2016 the focus was Innovation, Architecture and Design.
- 5.10 2017 is the Year of History, Heritage and Archaeology. Businesses have the opportunity to be part of the themed years through use of the branded toolkit, which includes promotional wording, website banners and digital image library and social media adverts to brand up businesses own profile and show support for the year of focus. In order to promote the Year of History, Heritage and Archaeology, the Council will work with Live Borders and the Area Tourism Partnership to engage with local tourism businesses and encourage the development of relevant events, such as the Borders Heritage Festival.

Midlothian and Borders Tourism Action Group

- 5.11 Another positive initiative providing opportunities for tourism businesses is the establishment of a new private sector led action group - Midlothian and Borders Tourism Action Group (MBTAG). This will deliver a range of business-to-business development opportunities to the tourism sector. MBTAG is a private sector led initiative in partnership with Midlothian Council, Scottish Borders Council, Midlothian Tourism Forum, Scottish Borders Tourism Partnership, Scotrail and VisitScotland. The Group will work collaboratively with all local tourism businesses over an initial two year period. This activity will build upon the success of the Railway Blueprint tourism development programme which has been delivered since September 2015
- 5.12 The project has secured £150,000 from the Borders Railway Blueprint Group, and a further £200,000 from Scottish Enterprises Tourism Destination Development Fund to implement the plan. Specific activity set to take place over the coming two years includes a series of Business engagement events, business innovation workshops, product knowledge sessions, learning journeys, market research, international market development, a travel trade tourism development programme and integrated ticketing and packages linked to the Borders Railway.

6 IMPLICATIONS

6.1 Financial

- (a) The Council provides funding to VisitScotland via an annual 'Minute of Agreement'. This details the delivery of regional VisitScotland marketing and visitor information expenditure for the Scottish Borders. The 2015/16 Minute of Agreement committed £108,000 from Economic Development budgets towards regional marketing and visitor information activity. This provides an annual commitment of £61,000 towards VisitScotland iCentres and £47,000 towards the regional marketing budget.

6.2 Risk and Mitigations

There is a potential reputational risk to the Council if VisitScotland is not as effective in promoting the Scottish Borders to national and international markets. There is also a reputational risk to the Council if local businesses and groups of businesses do not take up the marketing opportunities that are available from VisitScotland in terms of web presence and the Growth Fund. This will be mitigated through effective use of the Council's annual Minute of Agreement and associated funding provided to VisitScotland; and through additional awareness raising by VisitScotland, the Council, Business Gateway and the Area Tourism Partnership of the marketing opportunities on offer from VisitScotland.

6.3 Equalities

Equalities impact assessments will be encouraged for specific projects that come forward under the Growth Fund and the Year of History, Heritage and Archaeology, as appropriate.

6.4 Acting Sustainably

Increasing tourism activity in the Scottish Borders can help to make the local economy more sustainable. Assisting tourism businesses to market themselves more effectively can also help support the sustainability of individual small businesses in the area and improve the visitor experience. A high quality tourism product helps to make the visitor experience of the Scottish Borders more memorable.

6.5 Carbon Management

There are no direct implications for the Council's carbon emissions from this proposal.

6.6 Rural Proofing

Rural proofing is not required because this project does not change Council strategy or policy.

6.7 Changes to Scheme of Administration or Scheme of Delegation

There are no changes to be made to the Scheme of Administration or the Scheme of Delegation.

7 CONSULTATION

- 7.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer,

the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council are being consulted and their comments will be incorporated into the report.

Approved by

Rob Dickson **Signature**
Corporate Transformation & Services Director

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Background Papers: None

Previous Minute Reference: Executive Committee, 1 November 2016

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Bryan McGrath can also give information on other language translations as well as providing additional copies.

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