

EAST AYRSHIRE COUNCIL

CABINET- 1 SEPTEMBER 2010

EAST AYRSHIRE TOURISM STRATEGY ANNUAL PERFORMANCE MONITORING REPORT

Report by Depute Chief Executive / Executive Director of Neighbourhood Services

1 PURPOSE OF REPORT

- 1.1 To update Cabinet on progress relating to the implementation of the East Ayrshire Tourism Strategy and Action Plan.

2 BACKGROUND

- 2.1 Acknowledging the tourism industry as a vital part of the economy of East Ayrshire, development of a Tourism Strategy was led by the Planning and Economic Development Division of the Department of Neighbourhood Services, in order to provide a strategic framework to realise the considerable potential to grow this contribution further.
- 2.2 On 20 May 2009 Cabinet approved the *East Ayrshire Tourism Strategy & Action Plan: The Way Ahead 2009-2015* and requested the Depute Chief Executive/Executive Director of Neighbourhood Services to bring forward performance monitoring reports on an annual basis.
- 2.3 As researched performance data for the preceding year is not available until early to mid-summer in each year, these annual reports will be brought to Cabinet as soon as possible after the summer recess.

3 THE WAY AHEAD 2009-2015

- 3.1 Aligning with East Ayrshire Council's priorities for Delivering Community Regeneration, the Tourism Strategy outlines the following **vision** for tourism:

“By 2015 East Ayrshire will be an immediately recognisable and even more attractive destination where our industry works together to provide a unique, authentic and accessible tourism experience which focuses on exceeding visitor expectations and delivers tangible benefits to the wealth and wellbeing of local communities.”

- 3.2 In 2006, the Scottish Executive published “A Tourism Framework for Change”, which outlined a strategic ambition to achieve a 50% growth in tourism revenue in Scotland by 2015.
- 3.3 Taking into account the fragility of the economic climate and the required level of investment, the Tourism Strategy outlines a **strategic ambition to grow tourism revenue by 10% in real terms, in East Ayrshire by 2015.**

4 SUMMARY OF PROGRESS AND MAJOR DEVELOPMENTS

4.1 The Tourism Strategy provides a strategic framework for the achievement of the growth ambition for tourism industry in the area, based on six key aims. A summary of progress towards the achievement of these aims, and major sectoral developments, is provided below.

Aim 1 Establish and work towards a growth ambition and vision for tourism
<ul style="list-style-type: none">• East Ayrshire Tourism Strategy adopted by Cabinet in May 2009, including vision and growth ambition as outlined above.• Strategy published and promoted to businesses and groups.• Strategy presented at industry groups including Ayrshire Chamber Tourism Committee and Ayrshire Hotels Association.
Aim 2 Develop an active, connected tourism community
<ul style="list-style-type: none">• Series of three networking events held at key attractions in East Ayrshire in spring 2010, involving over 60 tourism businesses from across Ayrshire & Arran, to improve product knowledge and encourage cross-selling.• Engagement with industry forums at regional level well established.• Engagement with national tourism forums established.
Aim 3 Develop a framework for research and information monitoring
<ul style="list-style-type: none">• Negotiated independent research to provide volume and value statistics on an annual basis.• Ayrshire & Arran Visitor Survey undertaken to provide market intelligence, informing future area marketing and assisting businesses to meet current and future demand.• Key performance information provided by VisitScotland as part of revised Service Level Agreement.• Comprehensive electronic database of over 200 tourism businesses and operators across the Local Authority area developed.• Detailed accommodation provider's database developed to provide information on bed stocks, tariffs, occupancy levels etc.
Aim 4 Enhance and expand the tourism product
<ul style="list-style-type: none">• First full season opening of Dumfries House.• Opening of Burns Monument Centre. Opening of Braehead Foods Cook School – East Ayrshire's first five star visitor attraction.• Refurbishment of The Grand Hall.• Refurbishment of Baird Institute, which achieved four-star grading.• Exhibitions at Dick Institute, Baird Institute and Doon Valley Museum.• Events at Dean Castle.• Development of Kilmarnock 'First Edition' Music Festival.• Imprint Book Festival.• Extension of Catrine House coffee shop, ice-cream parlour and agricultural visitor centre.

Aim 5

Improve tourism infrastructure to support the tourism product

- Specialist support provided to assist development of new projects including planning consultations, Scottish Rural Development Programme (SRDP) applications, and feasibility studies.
- Audit of all brown tourist road signage undertaken, identifying significant deficiencies in the network, and a package of remedial works underway to remove, replace, and augment existing provision.
- Growth in bed stock from 1,330 bed spaces in 2008 to 1,471 bed spaces in 2009 attributable mainly to a number of small, independent developments of self-catering properties.
- Implementation of CARS/THI schemes improving streetscapes for residents and visitors.
- Increased frequency of rail travel following improvements to the Glasgow to Kilmarnock rail line

Aim 6

Proactively market the area as an attractive destination

- Service Level Agreement (SLA) with VisitScotland (see section 4.2) for the delivery of agreed marketing activities.
- Benefits accrued from VisitScotland's national activity (see section 4.3) due to strategic relationship.
- Supplementary marketing and PR activity including advertising in Prestwick Airport's Flight Magazine and the Mail on Sunday, and press coverage in The Herald.
- Development of new marketing strategy in liaison with industry partners, considering current activities and options appraisal for future target markets and priorities.
- Attendance of Burns Monument Centre at national Business Tourism Showcase event, introducing new venue to conference organisers and corporate market.

4.2 The SLA with VisitScotland has been re-negotiated and is now based on a more focused 'menu based' approach, aimed at delivering greater return-on-investment. The three Ayrshire Councils continue to negotiate with VisitScotland and pool resources, to undertake a wide range of marketing activities to promote Ayrshire & Arran as an attractive destination for visitors.

This activity covering the whole of Ayrshire and Arran included:

- Creation and delivery of a seasonal 'outreach' campaign in summer 2009, including radio advertising with Total Clyde and **distribution of 17,000 leaflets** promoting Ayrshire & Arran itineraries at Braehead Shopping Centre, and Buchanan Street in Glasgow.
- Publication and distribution of 70,000 Ayrshire & Arran Accommodation Guides, used to fulfil brochure requests and supporting the generation of **£274,000 in additional revenue**.
- Publication and distribution of 35,000 Ayrshire & Cumbrae Visitor Guides.
- Publication and distribution of 12,000 Ayrshire & Arran Golf Guides.

- Hosting and maintenance of regional tourism website (www.ayrshire-arran.com), achieving 64,899 unique visits and 236,363 page views in 2009/10, and **generating 1,714 bookings with a value of £198,354**.
- Creation and delivery of an Ayrshire & Arran **direct mail campaign to 60,000 households** in the UK in spring 2010. Full evaluation of this campaign is not yet complete but a similar campaign in 2009 to a database of 38,843 created **additional revenue of £948,735**.
- Creation and delivery of Ayrshire & Arran golf campaign in spring 2010, including advertising and editorial in key publications including Bunkered and English Club Golfer. The media activity alone will **reach an audience of 650,000**.

4.3 In addition to this, VisitScotland continue to deliver national marketing and PR campaigns which have international reach and provide huge benefits to Ayrshire's tourism industry (e.g. 2008/09 'Winter White' Campaign is independently considered to have **generated £2.5 million** for mainland Ayrshire) and to which East Ayrshire Council makes no financial contribution. They also continue to engage with tourism businesses at a local level to provide marketing opportunities and quality assurance advice.

4.4 In addition to the work outlined above under the six key aims of the strategy, a range of special projects and initiatives have been progressed to take advantage of opportunities presented by national and regional developments.

In particular:

- Support for a programme of events across East Ayrshire as part of the national Year of "Homecoming 2009", including development of bespoke East Ayrshire section on Homecoming website and grant funding for Darvel Music Festival, Mauchline Holy Fair and Ploughing Match, and Cumnock Highland Games.
- Attracted the Edinburgh Military Tattoo to deliver a special "Taste of the Tattoo" performance at Dumfries House, leveraging £12,000 of Scottish Government funding into the area to stage an event for 3000 people which was so popular tickets were allocated within 48 hours.
- Successfully applied to EventScotland for £10,000 of funding to stage Kilmarnock's Tartan Tidings Festival which marked the finale of the year of Homecoming, attracting headline acts such as Donnie Munro and generating significant national media coverage.
- East Ayrshire Council led the inception and organisation of a pan-Ayrshire presence at the national tourism trade show, VisitScotland Expo, in 2009 and 2010 bringing together the three Ayrshire Local Authorities and 10 private sector partners to promote Ayrshire & Arran to travel trade, and attracting tens of thousands of pounds worth of new business into the area.

4.5 East Ayrshire Council has sought to support a range of collaborative projects and groups to take forward work which contributes to the achievement of the aims of the Tourism Strategy. These include:

- South of Scotland Marketing Group established, leveraging £12,500 from the VisitScotland Growth Fund, to promote the area.
- Nith Valley Line Promotion Group developed a promotional leaflet for passengers using the Glasgow-Kilmarnock-Dumfries-Carlisle rail line.
- Ayrshire Food Network development and distribution of promotional print highlighting the area's food and drink product.
- Auchinleck Indoor Bowling Club supported to attract and stage the World Indoor Bowling Championships in spring 2010.

4.6 During 2009/10, the Tourism Promotion Adviser held over 50 face-to-face meetings with approximately 30 private sector tourism businesses, in order to provide business advice and support and build strong working relationships, referring businesses to appropriate advice and support from colleagues internally and from partner organisations such as the West of Scotland Loan Fund, VisitScotland, Scottish Enterprise, Kilmarnock College, Ayrshire Chamber of Commerce, and other external funding sources.

4.7 Tourism businesses have continued to be eligible for grant and loan support in order to develop business competitiveness and support job creation. During 2009/10 business grants were approved for:

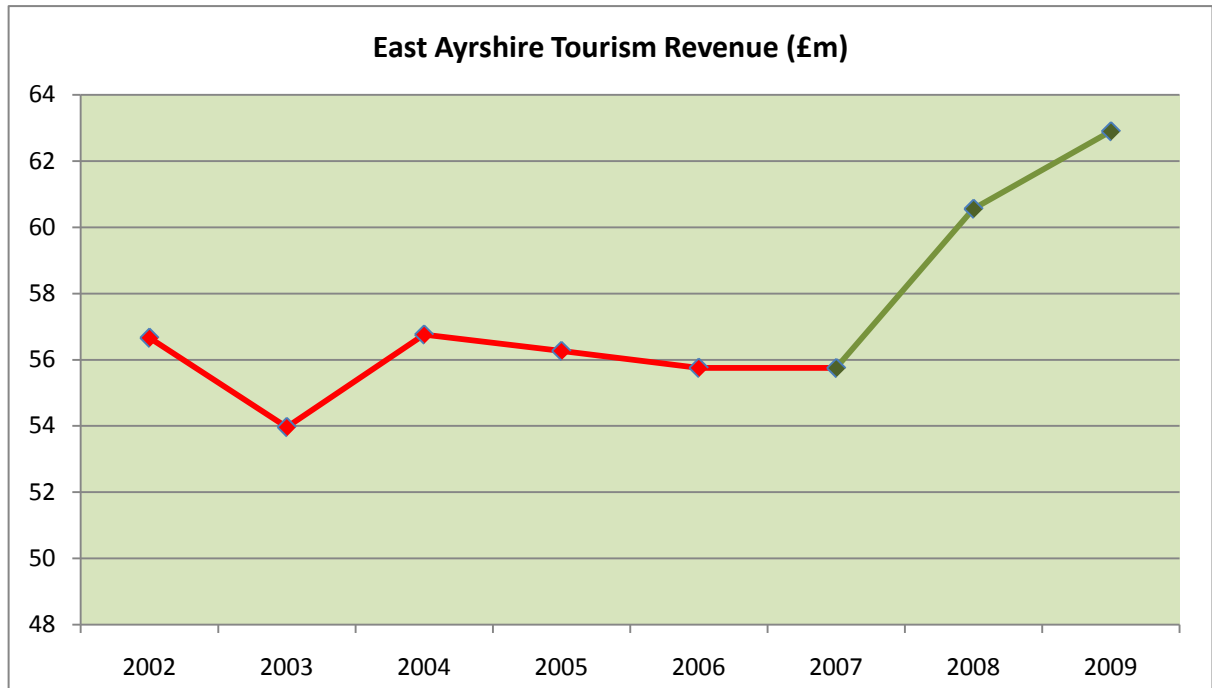
- Marketing and website development for Fenwick Hotel
- Marketing and website development for Lochside House and Royal Hotels (Rad Ltd)
- Market Feasibility Study for development of a Food Academy at Dumfries House

5 PERFORMANCE MEASUREMENT & MONITORING


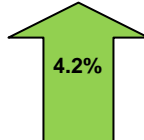
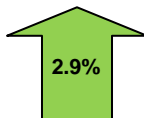
5.1 At a strategic level, performance is measured directly against the ambition of 10% growth, in real terms, in tourism revenue within East Ayrshire by 2015. This is based on data provided by the Ayrshire and Arran STEAM Report, Independently undertaken on an annual basis.


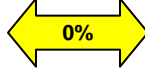



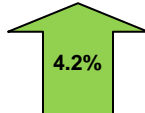

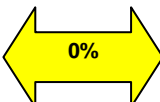
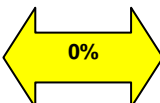
5.2 Growth "in real terms" refers to the real economic growth rate which takes into account the effect of inflation, ensuring that growth has a real benefit for the local economy as it measures additional tourism revenue as opposed to higher or lower tourism expenditure which can be distorted by the fluctuation in the price of goods and services within the current financial climate.

5.3 The following graph illustrates that, since the Council placed greater emphasis on the sector in 2007 with the creation of a specific post within Planning and Economic Development and the subsequent development of the Tourism Strategy, the value of the industry to the local economy has steadily grown from the 2006 baseline position to its **highest ever level at £62.9 million** including year-on-year **growth of £2.27 million** from 2008 to 2009.



5.4 A summary of outcome indicators is presented in the table below. These indicators are the high level method of measuring growth and performance of the tourism sector in East Ayrshire, as agreed within the strategy.

Outcome Indicator <small>(How will we measure whether the aim has been met?)</small>	Description	Baseline <small>(including source)</small>	Target <small>(Anticipated change in baseline position by 2015)</small>	Current <small>(Actual current position including source)</small>	Change <small>(Actual % change in baseline to date)</small>
Tourism Revenue	Total expenditure generated by visitors to East Ayrshire	£55.75m <small>(STEAM, 2006)</small>		£62.9 million <small>(STEAM, 2009)</small>	 Actual Expenditure
Tourism Revenue	Total expenditure generated by visitors to East Ayrshire	£55.75m <small>(STEAM, 2006)</small>	10%	£62.9 million <small>(STEAM, 2009)</small>	 In Real Terms
Visitor Numbers	Number of visitors to East Ayrshire	858,800 <small>(STEAM, 2008)</small>	10%	884,070 <small>(STEAM, 2009)</small>	

Occupancy	Occupancy rates for accommodation businesses (bed and unit rates for Ayrshire & Arran - not available for East Ayrshire)	Hotel 40% B&B 30% SC 42% (VisitScotland, 2008)	10%	Hotel 44% B&B 30% SC 39% (VisitScotland, 2009)	  
Seasonality	Visitor expenditure by calendar quarter	Q1 £6.29m Q2 £21.84m Q3 £17.75m Q4 £9.87m (STEAM 2006)	10% growth in Q1 and Q4	Q1 £7.87m Q2 25.32m Q3 18.98m Q4 £10.73m (STEAM 2009)	 
Employment	Total number of employees in tourism sector	1,425 (STEAM, 2008)	10%	1,488 (STEAM, 2009)	
Quality Assurance Membership	<p>No. of accommodation providers in VisitScotland Quality Assurance scheme.</p> <p>No. of eating establishments in EatScotland scheme.</p> <p>No. of businesses achieving Green Tourism Business Scheme (GTBS) accreditation.</p>	<p>24 (VisitScotland, 2008)</p> <p>3 (VisitScotland, 2008)</p> <p>0 (VisitScotland, 2008)</p>	<p>100% increase to 48</p> <p>200% increase to 9</p> <p>increase to 10</p>	<p>20 (VisitScotland, 2010)</p> <p>3 (VisitScotland, 2010)</p> <p>0 (VisitScotland, 2010)</p>	  

6 CONCLUSIONS TO DATE

- 6.1** Since the Council placed greater emphasis on the sector with the creation of a specific post within Planning and Economic Development and the subsequent development of the Tourism Strategy, the industry has experienced significant growth, which was not evident during a period of sustained economic growth at national level between 2002 and 2007.
- 6.2** It is apparent that considerable progress has been made over the past year with a range of tourism development and marketing activities, carried out at

local and regional level and involving public and private sectors, contributing towards growth of the sector.

6.3 It is clear that re-negotiation of the SLA with VisitScotland is now providing considerable return on investment, with activities delivered on a pan-Ayrshire basis delivering measurable economic benefits to the region.

6.4 In conclusion, the co-ordinated approach to tourism promotion and development provided by the East Ayrshire Tourism Strategy has significantly contributed to the growth of the sector. This has been achieved without any additional revenue budget, by re-negotiating the Service Level Agreement with VisitScotland to free up resources in order to implement the strategy.

7 THE WAY FORWARD IN 2010/11

7.1 In view of the achievements to date outlined in this report, work in the forthcoming year will be aimed at maintaining and wherever possible, increasing the growth of this important industry sector and enhancing the contribution which it makes to the local economy.

7.2 The Tourism Strategy for 2009-2015 indicates that the target of 10% growth in real terms in tourism revenues by 2015, would be reviewed at the mid-point of the period.

7.3 One year after the implementation of the Tourism Strategy we have achieved an increase in real terms of 4.2%, when measured against the agreed base line figure in 2006. In actual cash terms this represents an increase in revenue of 13%. This projection will be reviewed on an annual basis.

7.4 To achieve this, work in the forthcoming year will focus on :

- Developing and increasing the marketing of East Ayrshire as a tourist and visitor destination, focussing particularly on markets within a 2.5 hour driving time of the area;
- Working with the industry and with partner organisations to develop “integrated packages” for visitors, within East Ayrshire and in the wider context of Ayrshire and Arran
- Working with the tourism industry to increase participation in quality accreditation schemes;
- Working with the industry and partner organisations to develop new products which will enhance the area as a visitor destination (e.g. the Loch Doon and the Galloway Forest Park);
- Development of existing and new tourism businesses, through business development support (such as advice, loan and grant funding); and
- Continuing to maximise value for money in the returns to the area from the Service level agreement with VisitScotland.

8 FINANCIAL IMPLICATIONS

- 8.1 Re-negotiation of the SLA with VisitScotland has allowed the funding allocation to VisitScotland to be reduced from £70,000 in 2007/08, to £33,500 in 2008/09, and to £24,000 in 2009/10.
- 8.2 On 10 March 2010 Cabinet approved funding of up to £25,000 towards a SLA between East Ayrshire Council and VisitScotland for the financial year 2010/11. As noted, this represents a considerable reduction from previous levels of contribution, prior to the development of the Tourism Strategy.
- 8.3 At its meeting on 4 June 2008, Cabinet agreed to authorise the creation of a new dedicated budget for tourism from within existing resources, where possible. A Tourism Budget was subsequently created with a recurring annual budget of £36,500 utilising savings made on the previous annual allocation of £70,000 to VisitScotland.
- 8.4 Subsequent reductions in the level of the SLA from £33,500 to £25,000, as noted above, have led to an overall 12% reduction in the revenue budget for tourism promotion and development from £70,000 in 2007/08 to £61,500 within the current financial year.
- 8.5 The level of funding for VisitScotland will continue to be governed through an SLA, with a separate dedicated budget of £36,500 to aid the delivery of the objectives of the Tourism Strategy and Action Plan.

9 POLICY IMPLICATIONS

- 9.1 The importance and potential of tourism in East Ayrshire is identified in the East Ayrshire Community Plan, and in particular Thematic Aim 4 of the Delivering Community Regeneration Action Plan which is “to grow tourism and increase visits and participation in cultural and leisure activities”.
- 9.2 The specified target is to increase tourism revenue by 5% by 2011 and 10% by 2015. It is clear from the report that East Ayrshire is currently on course to meet the specified targets.
- 9.3 The East Ayrshire Tourism Strategy and Action Plan supports the achievement of the objectives of the East Ayrshire Community Plan, as expressed in the Delivering Regeneration Action Plan.

10 LEGAL AND HUMAN RESOURCES IMPLICATIONS

- 10.1 There are no legal or human resource implications.

11 RECOMMENDATIONS

- 11.1 That the Cabinet:

- (1) Notes the contents of this paper in relation to performance monitoring of the East Ayrshire Tourism Strategy and Action Plan;**
- (2) Requests that the Depute Chief Executive/Executive Director of Neighbourhood Services continues to bring forward performance monitoring reports on an annual basis;**
- (3) Refers this report to the Governance & Scrutiny Committee, for its consideration**

Elizabeth Morton

Depute Chief Executive / Executive Director of Neighbourhood Services

25 August 2010

DS/jrs

BACKGROUND PAPERS:

- 1) East Ayrshire Tourism Strategy: The Way Ahead: 2009 – 2015**
Available on Members Portal
- 2) Tourism – The Way Ahead in East Ayrshire**
Cabinet Report :4 June 2008
- 3) East Ayrshire Tourism Strategy: The Way Ahead: 2009 – 2015**
Cabinet Report : 20 May 2009
- 4) Core Funding Payment to External Partnerships, Subscriptions to External Bodies and Funding for Special Projects in the Financial Year 2010/11**
Cabinet Report : 10 March 2010

For further information please contact Daniel Steel, Tourism Promotion Adviser on (50) 3233.

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