

EAST AYRSHIRE COUNCIL

GOVERNANCE & SCRUTINY COMMITTEE - 28th OCTOBER 2011

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 advise Committee 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 Service, in order to provide a strategic framework to realise the considerable potential to grow this key sector.
- 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.

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 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**

- East Ayrshire Tourism Strategy adopted by Cabinet in May 2009, including vision and growth ambition as outlined above.
- Strategy published and work towards growth ambition and vision monitored and reported to Cabinet annually from 2010.

Aim 2**Develop an active, connected tourism community**

- Series of familiarisation visits organised at attractions, during spring 2011, involving approximately 40 tourism businesses from across Ayrshire & Arran, to improve product knowledge and encourage cross-selling.
- Regular engagement with regional industry forums well established.
- Engagement with national tourism forums well established, including EAC's Tourism Promotion Adviser serving as Vice-Chair of the Scottish Local Authorities Economic Development (SLAED) Tourism Group to provide sectoral leadership at national level.

Aim 3**Develop a framework for research and information monitoring**

- Independent research contracted to provide reliable volume and value statistics on an annual basis from 2009.
- Key performance information provided annually by VisitScotland as part of revised Service Level Agreement.
- Comprehensive electronic database of over 200 tourism businesses and operators across the Local Authority area maintained and utilised to disseminate key information.
- Detailed accommodation provider's database maintained and updated to provide information on bed stocks, tariffs, occupancy levels etc.

Aim 4**Enhance and expand the tourism product**

- Opening of Loudoun Hill Visitor Centre in summer 2010, achieving four star attraction status from VisitScotland
- Refurbishment of the Palace Theatre and Grand Hall during 2010
- Eglinton Watercolours acquired and displayed at Dean Castle following £150,000 investment from a range of funders
- Burns Monument Centre awarded 4 star visitor attraction status by VisitScotland
- Events programme delivered at Dean Castle Country Park attracting 8000 visits.
- Extension of Catrine House coffee shop, ice-cream parlour and agricultural visitor centre.
- Development of spa facilities at Lochside House Hotel near New Cumnock, due for completion summer 2011.
- Development of visitor facilities at Dumfries House, including new cafe/restaurant and small conference/meeting space.
- Successful LEADER application for development of Observatory at Craigenkillan Estate to derive benefit from "Dark Sky Park" status.
- Secured £40,000 external funding to commission a study looking into the Irvine Valley Path Network as a tourist attraction.
- Proposed Galloway and Southern Ayrshire Biosphere Reserve received

Aim 5

Improve tourism infrastructure to support the tourism product

- Specialist support provided to support projects including planning consultations, Scottish Rural Development Programme (SRDP) applications, and feasibility studies.
- Audit of all brown tourist road signage undertaken in 2009, identifying significant deficiencies; programmes of remedial works have been undertaken to remove, replace, and augment existing provision on the A76 and A713 between 2009-2011 to address identified issues.
- Growth in bed stock from 1,330 bed spaces in 2008 to 1,505 bed spaces in 2010 attributable mainly to a number of small to medium independent developments.
- Development of new hotel accommodation at Dumfries Arms Hotel in Cumnock and Lochside House Hotel near New Cumnock, both due for completion in summer 2011.
- Continued implementation of CARS/THI schemes improving streetscapes for residents and visitors.

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 Explore Ayrshire Magazine, Mail on Sunday and press coverage in the Scottish Travel Agents News.
- Representation and marketing of the area to travel trade buyers and media at VisitScotland Expo in conjunction with public and private partners.

4.2 The annual SLA with VisitScotland is a focused and collaborative approach, to deliver greater returns-on-investment. The three Ayrshire Councils 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 campaign in summer 2010 to promote itineraries to the day trip and local market, including radio advertising with Total Clyde **reaching 322,000 ABC1 adults**, experiential outreach activity at Race for Life and Merchant City Festival in Glasgow **reaching 28,800 attendees**, and press activity in the Glasgow Evening Times with a **circulation of 399,000**.
- Publication and distribution of **35,308 Where to Stay Guides**, used to fulfil brochure requests
- Publication and distribution of **32,707 What to See & Do Guides**.
- Publication and distribution of **10,686 Golf Guides**.

- Hosting and maintenance of regional tourism website (www.ayrshire-arran.com), achieving **60,647 unique visits** and **235,719 page views** in 2010/11.
- Creation and delivery of an Ayrshire & Arran **direct mail campaign to 60,000 households** in the UK in spring 2011. Full evaluation of this campaign is not yet complete but a similar campaign in 2010 created **additional revenue of £920,000**.

4.3 VisitScotland continue to deliver national marketing and PR campaigns which have international reach and provide significant benefits to Ayrshire's tourism industry. For example, VisitScotland's 'Winter White' Marketing Campaign was independently considered to have **generated £2.5 million** for mainland Ayrshire in 2009, and to which East Ayrshire Council made no financial contribution. VisitScotland Business Relationship Managers 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 projects and initiatives have been progressed to take advantage of opportunities presented throughout the year.

Examples include:

- East Ayrshire Council led the inception and organisation of a pan-Ayrshire presence at the national tourism trade show, VisitScotland Expo, in 2010 and 2011 bringing together the three Ayrshire Local Authorities and private sector partners to promote Ayrshire & Arran to travel trade, and attracting tens of thousands of pounds worth of new business into the area.
- Delivery of promotional materials to the tourism office in East Ayrshire's Twin Town of Joue le Tours in France to support the Twinning Association and increase international interest in visiting the area.

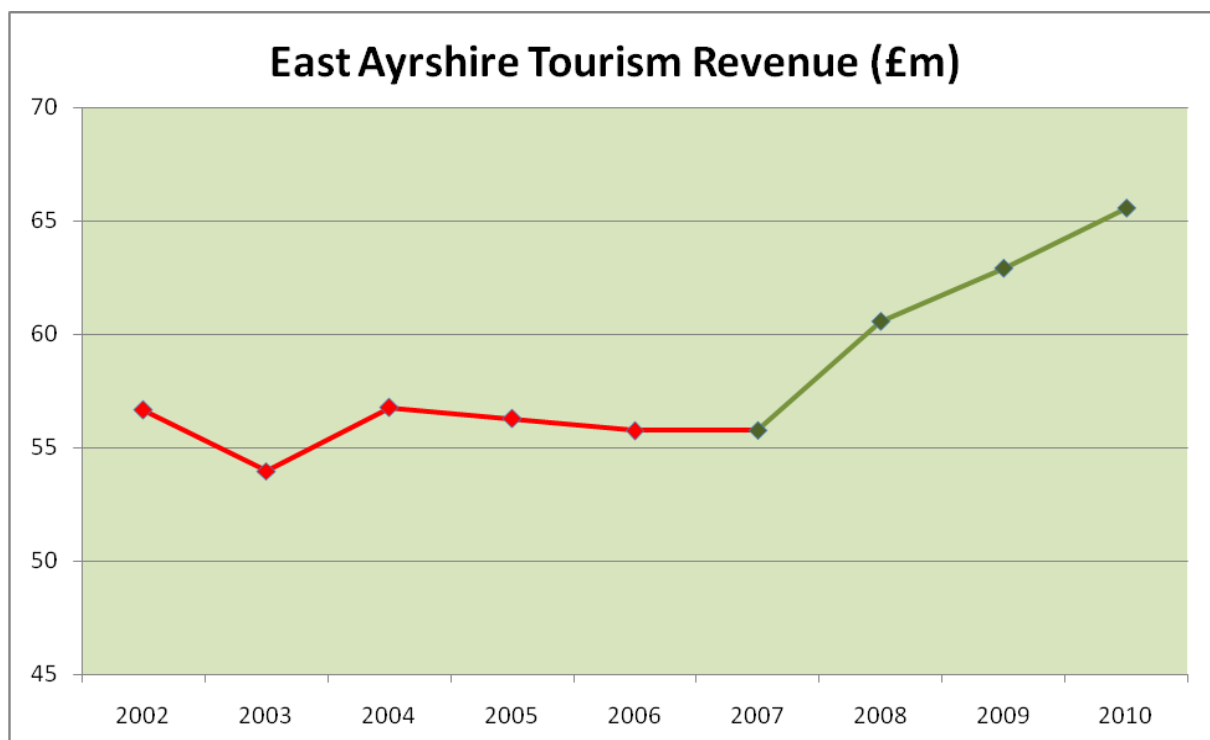
4.5 East Ayrshire Council has sought to support a range of collaborative projects and groups to take forward work which contributes to the achievement of the aims of the Tourism Strategy. These include:

- Ayrshire Food Network development and distribution of promotional print highlighting the area's food and drink product in 2010.
- Auchinleck Indoor Bowling Club supported to attract and stage the World Indoor Bowling Championships in spring 2010.
- Support for staging the Land of Burns Community Youth Golf event at Loudoun Gowf Club in summer 2010.
- Support for the Kyle and Carrick Civic Society to organise and promote Doors Open Days Ayrshire in September 2010, attracting over 6000 visits to built heritage attractions and venues across the area.
- Scottish Dark Sky Observatory Group supported to conduct a feasibility to study for the development of an observatory, leading to leverage of funding from a range of sources, including over £150,000 from Ayrshire LEADER, towards a capital project worth around £500,000.

- 4.6 During 2010/11, the Tourism Promotion Adviser held over 60 meetings with approximately 40 tourism businesses and groups, 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 2010/11 business grants were approved for:
- Website development and creation of Wedding Directory for Scottish Event Management.
 - Market research, business planning and branding for Craufurdland Estate.
 - Website development and marketing for Sunnyside Cottage Garden Nurseries.
 - Business planning for proposed accommodation developments at Fairliecrevoch Farm.
 - Marketing development of Scottish gifts for Many Thanks.
 - Feasibility studies for a Food Academy at Dumfries House.
 - Estate management and sustainable development plan for Auchinleck Estate.




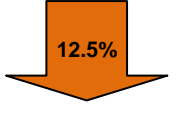
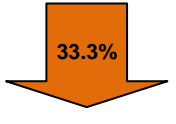
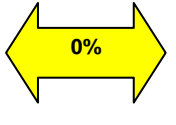
5 PERFORMANCE MEASUREMENT & MONITORING

- 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 £65.55million** including year-on-year **growth of £2.65 million** from 2009 to 2010. This represents 17.6% growth on the baseline and 5.1% growth in real terms, linked to the consumer price index (CPI).



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>		£65.55 million <small>(STEAM, 2010)</small>	 Actual expenditure
Tourism Revenue	Total expenditure generated by visitors to East Ayrshire	£55.75m <small>(STEAM, 2006)</small> £62.38m <small>(at 2010 prices)</small>	10%	£65.55 million <small>(STEAM, 2010)</small>	 in real terms
Visitor Numbers	Number of visitors to East Ayrshire	858,800 <small>(STEAM, 2008)</small>	10%	917,420 <small>(STEAM, 2010)</small>	
Occupancy	Occupancy rates for accommodation businesses <small>(bed and unit rates for Ayrshire & Arran - not available for East Ayrshire)</small>	Hotel 40% B&B 30% SC 42% <small>(VisitScotland, 2008)</small>	10%	Hotel 41% B&B 26% SC 33% <small>(VisitScotland, 2010)</small>	

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 £7.13m Q2 25.88m Q3 20.16m Q4 £12.38m (STEAM 2010)	 
Employment	Total number of employees in tourism sector	1,425 (STEAM, 2008)	10%	1,505 (STEAM, 2010)	
Quality Assurance Membership	No. of accommodation providers in VisitScotland Quality Assurance scheme. No. of eating establishments in EatScotland scheme. No. of businesses achieving Green Tourism Business Scheme (GTBS) accreditation.	24 (VisitScotland, 2008) 3 (VisitScotland, 2008) 0 (VisitScotland, 2008)	100% increase to 48 200% increase to 9 increase to 10	21 (VisitScotland, 2011) 2 (VisitScotland, 2011) 0 (VisitScotland, 2011)	  

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 **tourism sector has experienced significant growth**, which notably 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 two years with a range of tourism development and marketing activities, carried out at local and regional level and involving public and private sectors, contributing towards overall growth of the sector.
- 6.3** Despite success in growing the sector, drops in accommodation occupancy and high profile closures of Loudoun Castle Theme Park and the Howard Park Hotel during 2010 will have a significant negative impact on the sector, underlining the fragile nature of sectoral growth during the current challenging economic climate and the need for cautious optimism for the future.

- 6.4** The SLA with VisitScotland provides considerable returns on investment, with activities delivered on a pan-Ayrshire basis delivering measurable economic benefits to East Ayrshire and the region as a whole.
- 6.5** In summary, the co-ordinated approach to tourism promotion and development provided by the East Ayrshire Tourism Strategy has continued to contribute to the overall growth of the sector during the period 2009-2011.

7 THE WAY FORWARD IN 2011/12

- 7.1** In view of the achievements to date, outlined in this report, work in the forthcoming year will be aimed at continuing to increase 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. The achievements to date indicate that the ambition of 10% growth in real terms by 2015 remains realistic and achievable, and will be considered again in 2012.
- 7.3** In addition to delivery of the East Ayrshire Tourism Strategy and Action Plan, the Ayrshire Economic Partnership (AEP) has identified tourism as a key sector and members signed a “Statement of Commitment to the Development of Tourism in Ayrshire and Arran” on 14th February 2011.
- 7.4** This commitment, to work with all of the tourism industry within Ayrshire and Arran and across industry sectors, is embraced by each of the 3 local authorities, Scottish Enterprise and the private sector.
- 7.5** The AEP formed a working group in January 2011 to deliver early actions and develop a new and innovative 5 Year Tourism Strategy for Ayrshire and Arran. To date, this working group has:
- developed and delivered a number of familiarisation trips for tourism employees to develop product knowledge;
 - delivered a public and private sector Ayrshire and Arran presence at the national travel trade show, VisitScotland Expo, to showcase the area;
 - organised industry workshops to gain input from a range of stakeholders to the development of a new Ayrshire & Arran Tourism Strategy.
 - agreed a draft strategy, which Cabinet approved for public consultation on 15th June 2011;
 - and undertaken extensive stakeholder consultation throughout July and August to refine the draft strategy document.
- 7.6** Finalisation of the Ayrshire and Arran Tourism Strategy will take place in autumn 2011 and will be considered separately by Cabinet.

7.7 In summary, whilst progress has been made through delivery of the East Ayrshire Tourism Strategy, it may be possible to achieve even greater growth through working in partnership with industry and agencies across Ayrshire and Arran whilst ensuring that the objectives and delivery of a new Ayrshire and Arran Strategy align with the existing East Ayrshire Tourism Strategy 2009-2015.

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 subsequently to £25,000 by 2010/11.

8.2 Funding of £25,000 towards a SLA between East Ayrshire Council and VisitScotland for the financial year 2011/12 is allocated within the Grant to External Bodies Budget. 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. 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. This has been reduced to £32,860 for financial year 2011/12.

8.4 Reductions in the level of the SLA with VisitScotland, as noted above, and the tourism budget have led to an overall 17.4% reduction in the annual revenue budget for tourism promotion and development from £70,000 in 2007/08 to £57,860 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 £32,860 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 Committee:

- (i) Notes the contents of this paper in relation to performance monitoring of the East Ayrshire Tourism Strategy and Action Plan;
- (ii) Requests that the Depute Chief Executive/Executive Director of Neighbourhood Services continues to bring forward performance monitoring reports on an annual basis.

Elizabeth Morton

Depute Chief Executive / Executive Director of Neighbourhood Services

11th October 2011

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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) Draft Ayrshire & Arran Tourism Strategy 2011-2016**
Cabinet Report: 15 June 2011

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