

Item: 12

Development and Infrastructure Committee: 12 September 2017.

Orkney Volume Tourism Management Study.

Report by Executive Director of Development and Infrastructure.

1. Purpose of Report

To present the final report on the Orkney Volume Tourism Management Study consultancy project.

2. Recommendations

The Committee is invited to note:

2.1.

That, on 16 February 2017, the Development and Infrastructure Committee received the interim findings of the consultancy project, commissioned from Tourism and Leisure Solutions, to assess the factors that might impact on the islands' valuable tourism offer as visitor numbers continue to increase.

2.2.

That the study, referred to at paragraph 2.1 above, sought to inform a future tourism destination management framework that will recognise the impacts and sustainable economic opportunities associated with increasing visitor numbers.

2.3.

That Tourism and Leisure Solutions presented their final findings to elected members and representatives of the Orkney Tourism Group on 13 June 2017, providing the opportunity to inform on key issues that had been taken into consideration towards future destination management.

2.4.

The final Orkney Volume Tourism Management Study report, produced by Ekosgen and Reference Economic Consultants, using the research undertaken by Tourism and Leisure Solutions, attached as Appendix 1 to this report.

2.5.

That the Council, in partnership with Highlands and Islands Enterprise, and with a funding commitment from Historic Environment Scotland, commissioned Progressive Partnership to conduct a supplementary day-visitor survey running over the 2017 summer season to seek better data on day-visitor numbers and value.

2.6.

That, in partnership with the Shetland Islands Council and Western Isles Council, Progressive Partnership has been commissioned to conduct a 2017 Orkney Visitor Survey, which is currently running until October 2017.

2.7.

That, in December 2016, the Council agreed to lease the former West Mainland Day Centre to Historic Environment Scotland, subject to Historic Environment Scotland committing to a process of positive engagement with the Council to pursue a progressive programme of activity to establish a strategic master plan which addressed infrastructure provision and visitor management, including the potential for a World Heritage Site Gateway Centre.

2.8.

That, as part of the strategic master planning, referred to at paragraph 2.7 above, visitor volumes at key sites are currently being measured.

2.9.

That the findings of the various studies and activities, referred to above, will be shared with industry stakeholders to inform an Orkney tourism strategy and action plan and destination management planning.

3. Policy Aspects

This report relates directly to Action b) of Target 5.2, Infrastructure to support business growth, of the Council Delivery Plan 2015 to 2018, which states “we will work with partners and other stakeholders to establish an appropriate level of resource, infrastructure and coordination to manage and maximise the opportunities arising from high volume tourism such as that presented from the Cruise sector, whilst ensuring developments are managed sustainably to protect Orkney’s assets”.

4. Introduction

4.1.

At its meeting held on 16 February 2017, the Development and Infrastructure Committee received the interim findings of the consultancy project, commissioned from Tourism and Leisure Solutions, to assess the factors that might impact on the islands’ valuable tourism offer as visitor numbers continue to increase.

4.2.

The Committee recommended:

4.2.1.

That powers be delegated to the Executive Director of Development and Infrastructure, in consultation with the Head of Finance and the Solicitor to the Council, to extend the scope of the current project to commission a specific cruise and coach visitor survey during the 2017.

4.2.2.

That the Executive Director of Development and Infrastructure Committee should submit a report, to the meeting of the Development and Infrastructure Committee to be held on 6 June 2017, presenting the final management report.

5. Background

5.1.

Over the past three years, Orkney has seen a major increase in coach-based 'volume tourism'. This is partly as a result of the increasing number of cruise liner passengers choosing to depart vessels and tour Orkney's sites and attractions during vessel port calls to Orkney. From fewer than 75 port calls carrying 41,563 passengers in 2012, Orkney welcomed over 86 cruise liners carrying in excess of 80,000 passengers in 2015 rising to in excess of 100 ships and 95,000 passengers in 2016. Further growth is expected in 2017 with scheduled vessel calls suggesting up to 125,900 cruise passengers visiting Orkney. Whilst not all passengers will choose to leave the ship when it is in port, it is generally accepted that the vast majority (95%) will, providing a major opportunity for local tourism and other businesses to capture this trade.

5.2.

This growth in cruise traffic is not unique to Orkney and in percentage terms, all island and coastal communities across the UK have sought, and have achieved, levels of growth consistent with global growth in cruising as a vacation of choice. This is a highly competitive market and Orkney is notably out-competing other ports at the present time for this trade.

5.3.

Orkney is also a popular destination for non-cruise related coach tour day trips, contributing to the overall picture of 'volume tourism.' An estimate of Coach / Tour Day trips was calculated using information from the Orkney Visitor Survey plus confidential data supplied by operators of ferry services to Orkney. This resulted in the following estimates of day visitors to Orkney in 2016:

- Ferry-volume day visitors: 16,500.
- Ferry-independent day visitors: 12,200.
- Air-day visitors: 2,100.

5.4.

Based on further analysis of the 2013 Orkney Visitor Survey it is estimated that the overnight independent market has grown by 7% since 2013. That implies a total of 129,500 non-volume visitors in 2016 (excluding yachts).

5.5.

Orkney's tourism trade is vital to the economic viability of the islands and therefore the boost provided by coach tours and cruise liner visits are welcome. However, it is essential that Orkney can rise to the challenge that additional volume creates to maximise the potential of this extra tourism business in a way that does not detract from the quality of its overall tourism product for all its visitors and their expectations.

5.6.

It is also important to ensure that the impact of tourism related activity on "day to day life" in Orkney is understood and that measures are identified to ensure that development is sustainable for visitors and the community.

5.7.

It is essential for Orkney to be able to manage tourism effectively to offer the best experience for both staying visitors and coach-based day-visitors alike, and to ensure maximum sustainable economic benefit to the islands.

5.8.

In order to help develop a plan for the management of Orkney's tourism industry, in November 2016 the Council, in partnership with Highlands and Islands Enterprise, commissioned Tourism and Leisure Solutions to deliver a consultancy project to assess the factors that might impact on the islands' valuable tourism offer as visitor numbers continue to increase. This will also seek to inform a future volume tourism destination management framework that recognises the impacts and sustainable economic opportunities associated with increasing visitor numbers.

6. Volume Tourism Management Study Consultancy Scope

6.1.

The study was commissioned to:

- Establish indicators of the value of volume tourism to Orkney, while understanding that a full value assessment would not be achievable due to timescales.
- Establish how volume tourism is likely to affect the wider tourism sector and the local economy if present numbers are sustained or growth continues.
- Establish a framework for stakeholders that will help inform and support destination management decisions.

6.2.

The project, as commissioned, did not have within its initial scope a full season cruise and coach visitor survey. This was not included at the time of commissioning as work was still ongoing regarding the scope and methodology of the 2017 Orkney Visitor Survey. This separate piece of Tourism research was approved under separate delegated authority and was commissioned by VisitScotland in partnership with Orkney Islands Council, Shetland Islands Council and Western Isles Council. A specific and supplemental Orkney cruise and coach summer visitor survey was therefore commissioned with Progressive Partnership and is currently underway during the summer season.

6.3.

In addition to match funding from Highlands and Islands Enterprise, a financial contribution was offered by Historic Environment Scotland for the supplemental research work noted in section 6.2 above.

7. Orkney Volume Tourism Management

7.1.

To expedite a final report, Highlands and Islands Enterprise commissioned Ekosgen and Reference Economic Consultants to produce the consultancy report, attached as Appendix 1 to this report, using the research study undertaken by Tourism Leisure Solutions.

7.2.

The following recommendations based on the findings of the study aim to highlight the key areas for consideration by the Council, Highlands and Islands Enterprise and the Orkney tourism industry and its stakeholders going forward:

- Establish a vehicle to develop and implement an Orkney destination management plan including a proposal to establish a visitor management framework.
- Improve communications between tourism businesses, public sector partners and local communities.
- Review and refresh all online and social media sites relating to the promotion of Orkney and building the digital capacity of tourism.
- Target growth from market segments of the greatest value and at all times of the year.
- Target volume growth outwith the third quarter.
- Set limits on peak season growth in visitor volume.
- Enhance the visitor experience of Orkney by offering a wider range of themes, products and itineraries.
- Review revenue generation options and admission and charging policies at key sites.
- Enhance visitor dispersal throughout Orkney.

- Develop the visitor transport infrastructure of Orkney.

7.3.

As described in section 6.2 above a full summer season survey of cruise and coach visitors was required in order to provide more robust day-visitor data to inform more detailed day-visitor value and spend information. A final report of that supplemental study is due in November 2017.

7.4.

The previous 2013 Orkney Visitor Survey report was analysed and used in the study. However a 2017 Orkney Visitor Survey has since been commissioned in partnership with Shetland Islands Council and Western Isles Council. This is due to report its findings in early 2018 and is considered a key tool that measures the quality of visitor experience and satisfaction.

7.5.

In December 2016, the Council agreed to lease the former West Mainland Day Centre to Historic Environment Scotland, subject to Historic Environment Scotland committing to a process of positive engagement with the Council to pursue a progressive programme of activity to establish a strategic master plan. The ongoing master planning activities are considering key issues such as long-term visitor management, infrastructure provision and upgrades, opportunities for creating a World Heritage Gateway Centre and potential future governance arrangements for the World Heritage Site. The plan is due to be reported to the Development and Infrastructure Committee in September 2018.

7.6.

At its Industry summit conference held on 17 March 2017, the Orkney Tourism Group invited Professor Harold Goodwin, Emeritus Professor and Director of the Institute of Place Management at Manchester Metropolitan University and Managing Director of the Responsible Tourism Partnership, to present the keynote speech on the theme of responsible and sustainable tourism. Since the summit, Orkney Tourism Group has been planning its own organisational development to prepare for a more proactive role in destination management and marketing in addition to taking on a lead role in Destination Orkney, previously known as the Area Tourism Partnership. The strategic intentions of Orkney Tourism Group are the subject of a separate report to this Committee.

7.7.

The final Volume Tourism Management Study report will be shared with Destination Orkney along with updated findings of the other visitor related activities being conducted, as outlined in sections 7.3 to 7.6 above. It is therefore expected that the study report will provide key input to inform and consider future options towards a more holistic, collaborative and strategic approach to destination management that recognises the importance of responsible and sustainable tourism for Orkney.

8. Financial Implications

8.1.

The Volume Tourism study was procured by the Council in partnership with Highlands and Islands Enterprise and commissioned from Tourism and Leisure Solutions at a total estimated cost of £25,340.

8.2

A funding package of £30,000 had been established jointly by the Council and Highlands and Islands Enterprise, together with a further additional financial contribution of up to £5,000 offered by Historic Environment Scotland giving a maximum potential funding package of £35,000. The Council's match funding contribution of up to £15,000 for the project was approved under delegated authority from the Strategies, Studies and Project Initiations budget.

8.3

The scope of the Volume Tourism work was extended to accommodate additional cruise and coach survey work, the cost of which was accommodated within the funding package noted at section 8.2 above which had a residual balance of £9,660.

9. Legal Aspects

There are no legal implications arising from this noting report.

10. Contact Officers

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11. Appendix

Appendix 1: Orkney Volume Tourism Management Study: Final report.