

Item: 14

Development and Infrastructure Committee: 12 November 2019.

Draft Orkney Tourism Strategy.

Report by Executive Director of Development and Infrastructure.

1. Purpose of Report

To consider endorsement of a consultation draft Orkney Tourism Strategy.

2. Recommendations

The Committee is invited to note:

2.1.

That, during 2017, Destination Orkney (Limited) secured funding towards the costs of employing a Chief Executive Officer to lead and co-ordinate a revised Orkney Tourism Strategy and progress a Destination Management Plan for the tourism sector and its stakeholders.

2.2.

That, in May 2018, the Destination Orkney Strategic Partnership was formed, comprising representatives from various organisations including the Council, as an unconstituted body to provide direction on tourism strategy and destination management in Orkney.

2.3.

That the Orkney Tourism Strategy, attached as Appendix 1 to this report, has been formulated with input from partner organisations to inform and provide structure to a Destination Management Plan and to inform Destination Marketing planning

2.4.

That the draft Orkney Tourism Strategy will be launched at the 2019 Tourism Summit for a period of consultation that will welcome comment on the strategic objectives from Industry members and stakeholders, including the Orkney Community.

It is recommended:

2.5.

That the draft Orkney Tourism Strategy, referred to at paragraph 2.3 above, be endorsed for the purposes of consultation with the Tourism Industry, other stakeholders and the public.

2.6.

That the Executive Director of Development and Infrastructure should submit a report, to the meeting of the Committee to be held on 4 February 2020, detailing the outcome of the consultation exercise, referred to at paragraph 2.5 above, and presenting a final version of the Orkney Tourism Strategy for adoption in so far as it relates to the remit of the Council.

3. Background

3.1.

In September 2017, the final findings of the Orkney Volume Tourism Management Study were presented to the Development and Infrastructure Committee, a key recommendation of which was to establish a forum to develop a strategic overview for the industry and stakeholders, and to develop and implement an Orkney Destination Management Plan.

3.2.

Destination Orkney (Limited) is the Destination Management Organisation (DMO) for Orkney and offers membership and wider services to the industry including promotional opportunities, support for Orkney tourism initiatives in collaboration with partners, and representation of the tourism industry on a number of forums including transport, the environment, culture and heritage/archaeology.

3.3.

At the meeting in September 2017, the Committee approved funding that, along with Highlands and Islands Enterprise, supported a successful application made by Destination Orkney (Limited) to the LEADER Programme: 2014 to 2020, to employ a Chief Executive Officer, charged, among other duties, to lead and deliver a revised Orkney Tourism Strategy and progress a Destination Management Plan for the tourism sector and its stakeholders.

3.4.

In May 2018, the Destination Orkney Strategic Partnership was formed as an unconstituted body as a response to the increased success of Orkney as a tourism destination, requiring a new collaborative approach to managing the opportunities and the challenges of this success. The Destination Orkney Strategic Partnership has the remit to provide direction on tourism strategy and destination management in Orkney with a remit to steer a Tourism Strategy review and Destination Management activities.

3.5.

The Destination Orkney Strategic Partnership has senior representatives from the following organisations:

- Destination Orkney (Limited).
- Highlands and Islands Enterprise.
- Historic Environment Scotland.
- Orkney Islands Council.
- Scottish Natural Heritage.
- VisitScotland.

4. Orkney Tourism Strategy

4.1.

During 2018 and early 2019, Destination Orkney (Limited) facilitated a series of workshops and events designed to inform the priorities for the Tourism industry and its strategy. This included events for the DMO members and attendees at the annual Tourism summit held in November 2018, along with subsequent workshop sessions with partner organisations.

4.2.

Progress has been reported by Destination Orkney (Limited) to the quarterly DOSP meetings, resulting in the Tourism Strategy, attached as Appendix 1 to this report. This has been formulated as a draft that will be launched at the 2019 Tourism Summit, organised by Destination Orkney (Limited).

4.3.

The draft Strategy offers the vision statement that, by 2025, Orkney will be a world-class sustainable destination enriching the lives of its people and visitors.

4.4.

The Tourism Strategy sets the direction and provides a framework for Partner organisations to work together to achieve shared ambitions for tourism in Orkney in a responsible way, with the following strategic objectives:

- Increase economic prosperity of the islands, improve existing and create quality jobs.
- Extend the visitor season and increase visitor spend.
- Sustainably manage visitor numbers to protect the quality of experience, the key sites and routes to the sites, for visitors and local residents.
- Disperse the benefits of tourism throughout the whole of Orkney.
- Conserve the islands' natural and cultural heritage.

4.5.

The strategy thus sets the scene for Destination Management and Destination Marketing plans that will help to channel resource and effort as partners work together to support Orkney to develop into a world-class sustainable destination. Destination Management is a process of leading, influencing and coordinating the

management of all the aspects of a destination that contribute to a visitor's experience, taking account of the needs of visitors, local residents, businesses and the environment.

5. Consultation

5.1.

It is proposed that the draft Orkney Tourism Strategy is launched and promoted by Destination Orkney (Limited) at its annual Tourism Summit being held on 21 November 2019. Destination Orkney (Limited) have suggested a two week period of public consultation that will welcome comment on the strategic objectives from Industry members and stakeholders including the Orkney Community to inform a final version which will be launched early in 2020.

5.2.

Following consultation, a final version of the Orkney Tourism Strategy will be presented to the Council for adoption in so far as it relates to the remit of the Council. The Destination Orkney Strategic Partnership will keep the final Strategy under review and will direct activities and actions outlined in an aligned Destination Management Plan. Progress towards delivering the strategic priorities will therefore be reported to and monitored by the Partnership at its quarterly meetings.

6. Strategic Environmental Assessment

6.1.

At its meeting held in May 2019, consideration was given by the Destination Orkney Strategic Partnership as to whether the Strategy should be submitted for a Strategic Environmental Assessment (SEA). Advice from the Council's Environment Policy Officer and Legal Services confirmed that since it is not explicitly a Council Strategy then an SEA would not be expressly required.

6.2.

However, although considered to be outwith a legal requirement for the Council, the strategy has a strong consideration for the environment and sustainable development. As a result, the Destination Orkney Strategic Partnership requested that Council Officers submit a pre-screening notification on behalf of the partnership to the SEA consultation authorities. As a result of this submission the recommendation was upheld that further environmental assessment would be more feasible and proportionate when considered at a lower-level action or project level in due course.

7. Links to Council Plan

7.1.

The proposals in this report support and contribute to improved outcomes for communities as outlined in the Council Plan strategic priority of Enterprising Communities.

7.2.

The proposals in this report relate directly to the Priority – Work with partners to develop and manage high volume tourism and associated infrastructure.

8. Links to Local Outcomes Improvement Plan

The proposals in this report support and contribute to improved outcomes for communities as outlined in the Local Outcomes Improvement Plan priorities of Strong Communities and A Vibrant Economy.

9. Financial Implications

There are no direct financial implications associated with the recommendations to this report.

10. Legal Aspects

There are no legal implications arising from the recommendations of this report.

11. Contact Officers

Gavin Barr, Executive Director of Development and Infrastructure, extension 2301, Email gavin.barr@orkney.gov.uk

Roddy MacKay, Head of Planning, Development and Regulatory Services, extension 2530, Email roddy.mackay@orkney.gov.uk

Jackie Thomson, Development and Regeneration Manager, extension 2507, Email: jackie.thomson@orkney.gov.uk

Stuart Allison, Economic Development Manager, extension 2514, Email: stuart.allison@orkney.gov.uk

12. Appendix

Appendix 1: Draft Orkney Tourism Strategy.

Orkney Tourism Strategy

2020-2025

A strategy for sustainable tourism

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1. Executive summary

Orkney's Tourism Strategy has been prepared under the auspices of the Destination Orkney Partnership which comprises:

- Destination Orkney Ltd, representing members of the tourism industry
- Orkney Islands Council
- VisitScotland
- Highlands and Islands Enterprise
- Historic Environment Scotland
- Scottish Natural Heritage

Tourism is a key component of Orkney's economy and one which continues to grow in importance in terms of the creation of income and jobs in the islands. Whilst creating further opportunities, the rapid growth in visitor numbers also poses significant management challenges. The strategy recognises that it is vital that we protect and conserve the integrity of the Orkney environment and our local culture.

The Tourism Strategy provides a framework for how we will work together to achieve our shared ambitions for tourism in Orkney in a responsible way. It sets the scene for Destination Management and Destination Marketing plans and will help to channel resource and effort as we work to support Orkney to develop into a world-class sustainable destination.

The Vision is:

By 2025, Orkney will be a world-class sustainable destination enriching the lives of its people and visitors.

The objectives of the strategy are to:

- Increase economic prosperity of the islands, improve existing and create quality jobs.
- Extend the visitor season and increase visitor spend.
- Sustainably manage visitor numbers to protect the quality of experience, the key sites and routes to the sites, for visitors and local residents.
- Disperse the benefits of tourism throughout the whole of Orkney.
- Conserve the islands' natural and cultural heritage.

2. Introduction

Why do we need a strategy for sustainable tourism?

Orkney's tourism industry has been growing steadily and successfully over the past two decades. While growth generates income, creates jobs and encourages developments that can benefit the whole community, it also creates challenges in terms of capacity, facilities, maintaining a quality product and protecting the environment. Therefore, a responsible and co-ordinated management response is required.

Emeritus Professor Harold Goodwin, who, as one of the leaders of a global movement towards responsible tourism, was the guest speaker at the 2017 Orkney Tourism Summit, writes in his influential book *Responsible Tourism*: *"Tourism can help create better places for people to live in and for people to visit. However, this outcome can only be achieved if tourism is managed for that purpose."*

At the 2017 Orkney Tourism Summit Professor Goodwin summarised this even more succinctly – **we either use tourism or we are used by it.**

The Orkney Tourism Strategy is therefore about sustainably and responsibly developing the sector: through aspiration and action, balancing the needs of visitors, our community and the tourism industry and by adopting the principle of 'shared value' - where the competitiveness of tourism and the health of the communities around it are mutually dependent

The strategy has drawn on a range of previous documents, partner strategies, and formal and informal consultations and discussions. Importantly it draws on a significant contribution from industry operators. The strategy will inform and influence other key policy documents, plans and strategies.

3. Tourism in context

Tourism is vital to the prosperity of Orkney's communities, businesses and economy. It creates and sustains businesses and jobs and generated more than £50 million of visitor spend in 2017 (Orkney Islands Visitor Survey 2017).

Visitors buy local products and services and many of them retain that loyalty long after their visit, seeking out Orkney produce such as food, drinks and crafts for purchase elsewhere or online. Some visitors return to Orkney several times, seeking new experiences; some even make a more permanent move to live here.

Tourism provides opportunities for young people. Experience in hospitality provides skills that are relevant whichever career path young people decide to follow.

Tourism helps sustain the events and festivals which we all enjoy throughout the year, and many of the places we like to visit. It enriches our cultural and social lives.

Tourism helps sustain our transport infrastructure, ensuring a wider variety of routes, more frequent services and lower fares.

Tourism's success and positive media profile helps convey affirmative messages regarding Orkney being a good place to buy from, invest in, study in and live, as well as visit.

Our sense of community pride ensures that visitors enjoy their experience of Orkney.

Tourism helps support a compelling brand for the islands which creates opportunities for other sectors, notably crafts and food and drink but it is also critical in attracting investment and attracting talent.

While these are the many benefits of a strong tourism industry, tourism and its stakeholders have a responsibility to enhance the economic and socio-cultural well-being of local communities, and to safeguard the natural, cultural and historic environment.

4. Where are we now?

Tourism is a key component of Orkney's economy. Data suggests that in 2017, Orkney attracted approximately 304,000 visitors, a figure which includes cruise passengers and crew at around 130,000, as well as approximately 28,000 other day visitors. Taken together, tourism spend is estimated at over £50m per annum.

The majority of our overnight visitors are UK residents (40% Scotland; 30% rest of UK) whilst a smaller percentage are what VisitScotland refers to in its research as 'near neighbours' (i.e. Europe) and 'distant cousins' (which includes North America). These represent high-spending growth markets for much of Scotland while domestic markets are largely static.

In 2017, 61% of our visitors were male and 68% were aged 45 or over, primarily 55-64, which suggests opportunities to develop tourism in a younger age group while continuing to serve this age group well.

Our visitors stayed on average 6.7 nights with the majority planning their trip between 3 and 6 months before travel.

Visitors are largely concentrated in the summer months from May-September, with a peak in July and August, resulting in pressures on visitor sites and facilities.

The top visitor attractions were:

- St Magnus Cathedral
- Skara Brae & Skail House
- Maeshowe Chambered Cairn
- Italian Chapel
- Public museums/heritage centres
- Bishop's and Earl's Palaces

In addition, people visit for: walking and scenery along with archaeological sites and self-guided touring. Reasons our visitors were attracted to Orkney included: the scenery and landscape (64%), history and culture (62%), as well as always wanting to visit (50%). Archaeology is a significant motivator, being mentioned by 40% of 2017 visitor survey respondents.

Annual visitor numbers are steadily increasing. There has also been an increase in accommodation providers (including AirBnB), and in visitor attractions and facilities. Confidence to invest has been high, particularly given the additional opportunities that the growing cruise sector continues to bring.

Although recent rates of annual growth may not necessarily be matched in future years, there is increasing concern that unlimited growth in visitors is likely to be ultimately unsustainable for Orkney. Whilst further growth may still be possible, it is important to ensure that this growth is managed, and that the infrastructure and services necessary to accommodate that growth is achieved. Day visitors in particular create capacity issues at times which the existing infrastructure is not fully able to support. This has the potential to negatively impact not only the visitor experience, particularly of the independent traveller but also at times, the day to day lives of local people. Orkney seeks to welcome all visitor categories and although it recognises a higher economic value from the independent visitor spend, the future of a successfully managed destination needs to be one of an optimal balance to ensure long-term viability, quality and sustainability.

Key sites will require careful monitoring, care and investment if they are to be preserved for future generations to enjoy.

5. Industry trends

There is continuing growth in international markets into Scotland, and improved connectivity into the Highlands. This would suggest a need to maintain relationships with key EU markets and to build capability in the industry to exploit international markets.

Recent years have seen a changing accommodation mix – short lets, AirBnB, limited hotel investment, as well as an increase in camping and caravanning.

There is reportedly a trend towards shorter breaks, with consumers seeking authentic experiences and active holidays with opportunities to learn new things, meet new people and get a real understanding of the host communities they visit.

There is growing interest in 'itinerary travel', such as the North Coast 500 touring route, with visitors seeking the freedom of independent travel but enjoying an experience framework that has been created for them.

There is increasing awareness of climate change, pollution and the environmental impacts of tourism, with visitors seeking to act in consciously responsible ways. In the widest sense, the trend towards 'wellbeing' continues.

There is some evidence that Scotland's traditionally older demographic is changing, with younger people having more leisure time and money to spend. Intergenerational travel, including grandparents/grandchildren travelling to share experiences, is becoming more common.

There is some evidence that business travellers are becoming more open to combining leisure experiences with business activity

Ancestral research and ancestral tourism remain popular in Orkney, attracting visitors from the US, Canada and Australia to explore their ancestry in person as well as online, and quite literally to walk in the footsteps of their ancestors.

Digital technologies have become all-pervasive, with smart phones and tablets carried everywhere. Visitors expect to be able to access information on the move and use social media to share their experiences in real time with friends. Visitors expect to be able to make bookings online, with some making online book-ability a determining factor when making holiday decisions. This is an area where Orkney has historically not performed well.

On the other hand, there is part of the market which, while appreciating the benefit of digital connectivity, values the opportunity to switch off as well.

Source of trends info: VisitScotland

6. Where do we want to be?

Our vision is that by 2025, Orkney will be a world-class sustainable destination enriching the lives of its people and visitors.

Orkney must reap the benefits of ongoing growth in visitor numbers but this must be done in a responsible, sustainable way which benefits the whole community. Orkney should have the solutions to emerging worldwide 'over-tourism' concerns, leading by example, keeping quality and customer satisfaction levels high across the sector, protecting the environment that draws people here, and never being 'used by tourism'.

Specifically, with the tourism carrying capacity of Orkney very much in mind, active destination management will ensure that resources are protected and visitors get the best possible experience of Orkney both in the main season and in the shoulder months.

We have deliberately adopted a short timescale requiring partners to be ambitious and focused, given the increasing concerns about the impact of tourism, particularly in light of its continuing rate of growth.

Here we imagine the outcomes of Orkney's new tourism development effort.

In 2025.....

Booking a holiday to Orkney will be straightforward and simple, with the right visitor information being provided at the right time and place, and travel within Orkney offering integrated options. In-destination visitor information will be consistent, coherent and inspirational, encouraging visitors to do more and purchase more products and services. Holidaymakers will consider visiting the inner and outer islands an essential part of their Orkney experience and find it easy and affordable to visit the island(s) of their choice.

Destination marketing will be based on a strong, universally-used brand. Orkney's distinctive culture and heritage will be central to marketing activity with a vibrant calendar of events and festivals all year round. Visitors will be motivated to enjoy our natural environment and will understand Orkney's commitment to sustainable tourism in every season. Orkney's food and drink, and the creativity of its people, will continue to be integral parts of the authentic Orkney experience.

Cruise ships and other day visitors will continue to visit Orkney and should be welcomed, served by a world-class infrastructure, attracted by well-managed sites and by a variety of themed itineraries attracting new and repeat visitors. Day visitors will be inspired to return for longer visits and to become online customers of our products. Orkney will have an enviable reputation as an accessible and welcoming tourism destination which caters for every visitor.

Using its world-leading renewable energy credentials, Orkney will increasingly be seen as a 'green' destination, prioritising low carbon initiatives and minimising negative environmental impacts.

Tourism spend will increase through improved, well-managed product offerings. If a widespread consultation exercise were to find support for a tourism levy, there could be additional revenue for reinvestment in the tourism offering.

A career in tourism will be a popular choice with Orkney's young people, and business support will be offered to new and growing businesses to help them succeed.

Digital technologies will be used extensively and creatively in support of tourism. Everyone involved in tourism will strive to continually improve the quality of products and services, and the overall quality of our visitors' experience of Orkney through improved use of digital technologies and data.

Appendix 1

The Orkney community will be involved in shaping the future of tourism and its delivery and will value tourism as a positive force that enhances their quality of life. The Destination Orkney Partnership will be effective, appropriately resourced and have a 'virtual team' approach based around a shared ambition for tourism.

Through the DO partnership, industry will have a vital voice which will provide a barometer through which the partnership will know if the tourism strategy is working for Orkney, and will be able to recognise success as well as gaps or areas for increasing action.

7. How will we get there?

Our sustainable Tourism Strategy is formulated under 5 key strategic objectives:

- Increase economic prosperity of the islands, improve existing and create quality jobs.
- Extend the visitor season and increase visitor spend.
- Sustainably manage visitor numbers to protect the quality of experience, the key sites and routes to the sites, for visitors and local residents.
- Disperse the benefits of tourism throughout the whole of Orkney.
- Conserve the islands' natural and cultural heritage.

A commitment to well-planned, timed action plans will increase the chance that we can meet these objectives and achieve the Orkney's tourism strategy vision.

We will work to clear, timed action plans which cover the following:

The Destination Management Plan will address:

- Tourism carrying capacity
- Seasonality
- Visitor dispersal
- Management of sites
- Minimising environmental impacts
- Accessibility and sustainability
- Training and education
- Stakeholder engagement
- Visitor behaviour
- Investment in assets and infrastructure

The Destination Marketing Plan will direct:

- Product development
- Market development
- Digital marketing
- Visitor engagement
- Local understanding of tourism

8. Destination Management Plan: actions and monitoring

This strategy sets the scene for longer-term Destination marketing planning and the Orkney Destination Management Plan (DMP) being developed by partners. The strategic objectives outlined above will therefore continue to direct the development of DMP action themes and the specific actions required to meet the strategy's objectives. The DMP will be used by all the partners as a framework for action with all having recognised areas of responsibility.

The DMP describes the commitment made by the Destination Orkney partner organisation to work together as well as defining roles, responsibilities that are required to deliver the agreed, prioritised and defined actions.

Destination Orkney (Ltd) will take a lead role in measuring progress, encouraging activities to move the strategy forward and help identify any barriers which risk preventing progress.

The Strategic Partnership will meet quarterly to discuss progress and will report annually on updates to the strategy and action plan.

9. Conclusion

The Orkney Tourism Strategy 2020-25 builds on the work done over many years to grow tourism into one of Orkney's most important industries. The industry touches everyone's lives either directly or indirectly, and we are committed to acting responsibly to develop its potential to bring sustainable benefits to visitors and businesses in a way that improves the lives of our community.

10. Appendix

SWOT analysis

Strengths	Weaknesses
<p>Growing visitor numbers Growing business numbers Increase in accommodation Quality and quantity of visitor attractions Number of new visitor attractions Archaeology and UNESCO World Heritage Unique heritage Archipelago Landscapes and seascapes Marine environment Nature and the environment Booking engines/digital Orkney.com AirBnB Strong town centre offerings Get away from it all potential Good air and sea links Warmth of local welcome/ local people Cross sectoral collaboration</p>	<p>Critical lack of hospitality staff Short season Lack of online booking in accommodation sector Viability of businesses that are only busy for a few months Inconsistent information Lack of vehicular capacity on ferries for islands travel Lack of facilities and product on outer islands/or lack of information about these Cost of inter-island travel Concern amongst local people that industry is growing too fast Lack of young people/families visiting Growth in lower spending visitors Few indoor attractions Lack of product geared for younger/family market Public transport Digital connectivity Deficit of appropriately serviced touring sites</p>
Opportunities	Threats
<p>Increasing overnight visitor numbers and return visits Extension of season Extension of day (night time economy) Dispersal of visitors Online booking Touring destination - North Coast 500 RET impact Tourism levy Destination management New markets Niche markets Industry engagement and investment Product development (adventure, active travel, wellbeing, marine tourism) World-leading status of renewables sector Themed years Leveraging online retail opportunity to visitors who have left</p>	<p>Growing visitor numbers Political uncertainty Growing environmental impact of less economically impactful day visitors Competition from other areas Increasing travel costs Degradation of visitor attractions Tourism levy Climate change concerns – people may choose to travel less Lack of investment funding RET impact AirBnB impact Environmental impact of tourism</p>

Summary of SWOT Analysis

The number of strengths and opportunities demonstrate Orkney's enviable position in the tourism market. The tourism product is impressive. There is no shortage of things to see and do; the limitations are the physical size of Orkney, the size of its working population, and the ability of its visitor attractions to manage and local people to welcome increasing visitor numbers. To embrace growth there is a clear necessity to both temporally and geographically disperse visitors to less visited attractions and areas.

There is a balance to be struck between maximising the opportunity of existing assets and infrastructure and the need to protect our natural and cultural heritage as well as Islanders' quality of life. Provided growth is carefully considered and managed, Orkney will continue to provide a quality experience for visitors and offer the warm welcome for which our destination is renowned, while continuing to be a place where people want to live

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