

Item: 8

Policy and Resources Committee: 30 November 2023.

Orkney Responsible Tourism Management.

Report by Corporate Director for Enterprise and Sustainable Regeneration.

1. Purpose of Report

To consider resource provision to enhance responsible tourism management in Orkney.

2. Recommendations

The Committee is invited to note:

2.1.

That sustainable tourism is a key growth sector for Scotland and one of the most important drivers of the Orkney economy, with an estimated 320,300 visitors to the islands in 2022, generating more than £87M in expenditure.

2.2.

That, following a pause due to the COVID-19 pandemic, tourism's growth trajectory has resumed, with cruise visitor numbers, in particular, increasing beyond pre-pandemic levels.

2.3.

That, although a vision for Orkney as a world-class sustainable destination is set out in the Orkney Tourism Strategy was launched in 2020 by the Destination Orkney Strategic Partnership, the pandemic and other emerging influences prompted the Partnership to review the Strategy in 2022, placing greater emphasis on responsible and sustainable tourism.

2.4.

The Glasgow Declaration, attached as Appendix 3 to this report, which was created to secure strong actions and commitment from the tourism sector prior to COP26, held in Glasgow in November 2021, and beyond, to cut tourism emissions over the next decade and reach Net Zero emissions as soon as possible before 2050.

2.5.

That a range of challenges have been identified in relation to the responsible management and sustainable development of tourism in Orkney, including significant staff and financial resource issues, as detailed in section 4 of this report.

2.6.

That the Council manages and maintains significant infrastructure and services that are essential to the success of the sector, as set out in section 5 of this report.

2.7.

That the growth of tourism in recent years, combined with serious fiscal challenges, has exacerbated the adverse impacts of the issues referenced at paragraph 2.5 above, exerting increasing pressure on Council infrastructure and services.

2.8.

A number of significant stakeholder concerns which would require immediate action to address, most notably toilet provision in the Brodgar area.

2.9.

Opportunities for the Council to generate revenue through tourism to address challenges and stakeholder concerns and relieve pressure on the Council infrastructure and services that support tourism.

It is recommended:

2.10.

That the principle of seeking to derive direct revenue to the Council from tourism to support the responsible management and sustainable development of tourism, particularly through investment in appropriate staff resource, infrastructure and services, be supported.

2.11.

That, when developing tourism strategies and visitor management plans, the Council should pursue the goal of decarbonised sustainable tourism, as outlined in the Glasgow Declaration.

2.12.

That, where practical, the Council should seek to align with the principles of the Glasgow Declaration in all of its work on tourism and in particular pursuit of decarbonisation, regeneration and collaboration.

2.13.

That, in particular, the Council commits to the long term goal of, "uniting all stakeholders in transforming tourism to deliver effective climate action" as stated in the Glasgow Declaration.

2.14.

That the Corporate Director for Enterprise and Sustainable Regeneration should commission an Orkney Islands Council Visitor Management Plan to:

- Identify interventions which will relieve tourism pressures on supporting Council infrastructure and services and, in turn, improve the visitor experience and community wellbeing.
- Consider opportunities for the Council to generate revenue from tourism to support its responsible management and sustainable development, as set out in Section 10.
- Align with the vision and objectives of the Orkney Tourism Strategy 2020-2030 and complement the Council's Strategic Tourism Infrastructure Development Plan (currently draft).

2.15.

That a provision of up to £185,000 be made from the Council's Crown Estate Fund in respect of the following:

- Recruitment of appropriate additional staff resource.
- Development of the Orkney Islands Council Visitor Management Plan referred to at paragraph 2.14 above.

2.16.

That the Council seeks to install and operate temporary toilets at the Ring of Brodgar car park for a three-year period, to be funded from a further provision of up to £95,000 from the Council's Crown Estate Fund.

The Committee is invited to note:

2.17.

That, should the recommendations at paragraphs 2.15 and 2.16 above be approved, the Corporate Director for Enterprise and Sustainable Regeneration, in consultation with the Head of Finance, will determine the specific source of the allocation of Crown Estate monies, based on the advice set out in section 14 of this report.

3. Background

3.1.

Sustainable tourism is a key growth sector identified in the Scottish Government's Economic Strategy and is one of the most important drivers of the Orkney economy. According to the annual Scottish Tourism Economic Activity Monitor (STEAM) report commissioned by the Council, it is estimated that in 2022 there were over 183,000 leisure and business visitors and more than 136,000 day visitors, including cruise passengers, who generated £87M in expenditure for the local economy. Considering estimated pre-pandemic expenditure of £95M in 2019, the value generated in 2022 indicates that Orkney tourism is on course to recovery. Further analysis provided in Appendix 1.

3.2.

The tourism sector is a diverse industry, with a range of sub-sectors such as hotels, camping sites and other provision of short stay accommodation, restaurants, bars, travel agents, museums and other recreational and cultural activities.

3.3.

It is vital to understand that tourism is complex, dynamic and responsive to a range of factors. In recent years, the tourism sector and local communities have been (and continue to be) significantly affected by the impacts of the following:

- Growth of the cruise sector.
- COVID-19 pandemic.
- Climate emergency.
- Short-term Lets Licensing Scheme.
- Increased energy costs and inflation.
- Increasing popularity of campervan and motorhome holidays.

3.4.

One of the most notable trends of the past decade is the growth of the cruise sector within which Orkney has successfully positioned itself as a premier destination. Following a pause due to the pandemic, cruise's growth trajectory resumed, with passenger arrivals to Orkney increasing beyond pre-pandemic levels. This is evidenced by increases from 132,388 cruise visitors in 2019 to 204,606 in 2023 and circa 250,000 estimated for 2024.

3.5.

Following a recommendation of the Orkney Volume Tourism Management Study commissioned by the Council and Highlands and Islands Enterprise (HIE) in 2017, the Destination Orkney Strategic Partnership was established in 2018, which now comprises:

- Destination Orkney Ltd, representing members of the tourism industry.
- Orkney Islands Council.
- VisitScotland.
- HIE.
- Historic Environment Scotland (HES).

3.6.

In 2020 an Orkney Tourism Strategy was launched under the auspices of the Destination Orkney Strategic Partnership, introducing a vision for Orkney as a world-class sustainable destination. However, the influence of the pandemic and increased concerns about growing visitor numbers and climate change prompted a review in 2022. The revised Orkney Tourism Strategy 2020-2030: A Strategy for Sustainable Tourism, which places greater emphasis on responsible and sustainable tourism,

was published in August 2022. Further detail and broader overview of the Orkney tourism sector is summarised in Appendix 2.

3.7.

The growth of tourism in recent years, combined with serious fiscal challenges, has exacerbated the adverse impacts of the resultant issues (as further detailed in section 4), exerting increasing pressure on Council infrastructure and services. This has, in turn, compromised the quality of the visitor experience and community wellbeing. It is, therefore, essential that additional staff and financial resource be sought to enable reinvestment into existing infrastructure and supporting services and also to support the development of new infrastructure, products and services. However, given the complexity of tourism, due consideration will be required to appropriately prioritise and manage investment.

4. Main issues

The following key issues, many of which are long-standing, are outlined to illustrate the scale of the challenge facing the tourism sector in Orkney.

4.1. Climate change

As one of the most significant and fastest growing threats to Orkney's communities and natural and cultural heritage, mitigating and adapting to climate change is a priority as recognised in the Orkney Tourism Strategy.

4.2. Inadequate investment in tourism human resource

The absence of effective strategic tourism leadership and supporting human resource is a long-standing issue that has impeded effective and collaborative tourism development and management.

4.3. Limited tourism data

Despite periodic visitor surveys and annual STEAM data, the absence of impact monitoring data relating to sustainability issues and challenges in the coordination of tourism data collection, analysis and reporting among stakeholders has hindered evidence-based policy planning and decision-making.

4.4. Fragmented approach to responsible tourism and sustainability

A continuing focus on economic contributions and failure to optimally balance economic, social and environmental impacts, combined with a lack of inclusion in tourism planning and decision-making, has limited stakeholder understanding of sustainability and capacity to effectively respond to issues.

4.5. Lack of a holistic approach to destination management

This has seen the cruise sector largely self-managed within its own sphere but not coordinated with the rest of tourism.

4.6. Limited investment in new and improved tourism infrastructure and facilities

Increasing tourism pressures exacerbated by seasonality have accelerated the deterioration of Orkney's aging tourism infrastructure and with it, the visitor experience and community wellbeing.

4.7. Overcrowding at key sites and in towns

Strong seasonality and significant tourism growth have delivered concentrated visitation to Orkney during the summer months. Consequently, pressure on the Islands' most popular natural and cultural heritage attractions has grown and visitor footfall has interacted with changing weather patterns to cause significant erosion at certain sites.

4.8. Limited internal transport infrastructure

Timetabling and capacity constraints particularly in the summer months, limit the dispersal of tourism benefits across Orkney.

4.9. Limited external transport infrastructure

The combination of long distance, high cost and unconnected transport timetables impairs Orkney's ability to confront seasonality, attract new markets and effectively shift travel patterns to more sustainable modes.

4.10. Limited digital competencies

There remains a relatively high proportion of tourism businesses that have not embraced the benefits of digital marketing, e-commerce, and data analytics. This has impeded recognition of opportunities to access new markets, develop new products and services, and adopt new business models and processes.

4.11. Strong seasonality

Extreme winter weather patterns intensified by climate change are the primary reason for concentrated visitation to Orkney in the summer months, heavily burdening the islands' physical and social resources. Limited co-ordination of out of season product offering along with concerns about travel disruption results in a challenge for the marketing to visitors.

4.12. Inconsistent digital connectivity

Orkney's broadband connectivity is among the worst in the UK, with patchy service disadvantaging households and businesses, particularly in the smaller isles, and hindering development to improve destination management.

5. Council tourism related activity

5.1

The Council manages and maintains significant infrastructure and services that are essential to the success of tourism, including (but not limited to):

- Car parks at honeypot sites (e.g., Ring of Brodgar, Stones of Stenness, Point of Buckquoy/Brough of Birsay).
- Orkney's piers and harbours.
- St Magnus Cathedral.
- Museums.
- Campsites and hostels.
- Public toilets.
- Public transport.
- Waste and recycling.
- Roads and parking.
 - Business development support.

5.2.

The following more specific tourism related activities are delivered by Council officers:

5.2.1. Staff resource

The Council employs only two officers with a tourism focus, one in Marine Services and one in Enterprise and Economic Growth, with other officers providing part time support. A considerable range of tourism related activities are currently delivered but there is constraint in matching the increasing demands.

5.2.2. Business support

A range of Economic Development grant schemes are administered; Financial assistance is currently in place along with HIE as a funding partner to support Destination Orkney Ltd for a 3-year period. Sector managers for Orkney Food and Drink and Creative Orkney are also currently funded jointly by the Council and HIE.

5.2.3. Strategic Tourism Infrastructure Development Plan (STIDP)

The draft STIDP, whilst valuable in defining and thereby supporting key infrastructure development initiatives such as the place based Dounby Visitor Infrastructure Hub project, requires a Strategic Environmental Assessment prior to public consultation. Progress has been constrained by staff capacity.

5.2.4. Tourism capital infrastructure investment

Linked to STIDP, the ongoing opportunity of accessing funds and delivering capital projects is constrained by limited staff resource.

5.2.5. Orkney Marketing Programme

Since 1995, the Orkney Marketing Programme has operated as a jointly funded partnership between the Council and HIE. This has an industry-led Orkney Marketing Advisory Group that prioritises its activities and comprises representatives from the industry membership groups including Tourism, Energy, Creative, and Food and Drink sectors. It manages a wide range of marketing initiatives including seasonal

campaigns, Trade show stand management and Orkney.com with content creation (digital, TV, social media, video and press and PR).

5.2.6. Community Led Development

In support of Community-led development projects with local Trusts and groups, several funding routes are administered such as the Council's Community Development Fund (CDF), Crown Estate Community Led Development Fund (CECLD) and the Community Led Local Development Fund (CLLD) from Scottish Government that replaced LEADER funding at a much lower level.

5.2.7. 2024 Visitor survey

Council Strategies, Studies and Project Initiation funding has been approved to deliver a qualitative, volume and value survey in 2024. This will be commissioned in partnership with Shetland Islands Council and VisitScotland and follows on from previous surveys commission in 2013, 2017 and 2019.

5.2.8. Scottish Tourism Economic Activity Monitor (STEAM)

This is a tourism economic impact modelling process which approaches the measurement of tourism from the bottom up, through its use of local supply side data and tourism performance and visitor survey data collection and is commissioned by the Council on an annual basis.

5.2.9. Climate change

The Council has established a Climate Change Officer Group to aid in development of a Climate Change Strategy which will progress an embedded approach with all service areas contributing to address the Climate Emergency and net zero target. The Council is also a key participant in the Sustainable Development Delivery Group working within the Orkney Partnership. Both of these approaches include consideration of tourism and are cognisant of the principles of the Glasgow Declaration on climate action in tourism.

5.2.10. Cruise management

Marine Services manage the booking of cruise ship visits as well as harbour related visitor management activities including the 'Welcome Ashore' and shuttle bus services. On 22 August 2023, the Harbour Authority Sub-committee recommended that the Corporate Director for Enterprise and Sustainable Regeneration should submit a report, to the Development and Infrastructure Committee, covering the wider challenges in managing cruise, provision of services and infrastructure to support the cruise industry and funding through a potential passenger levy.

6. Immediate priority areas

6.1.

Recognising the challenges set out in section 4, and current activity set out in section 5 above, the following immediate priority actions have been identified for consideration:

- Investment in additional dedicated tourism staff resource.
- Development of an Orkney Islands Council Visitor Management Plan.
- Action to address road safety concerns in the Brodgar area.
- Provision of temporary toilets in the Brodgar area.

6.2.

The additional staff resource would enable:

- Progression of strategic tourism plans, for example, completion of the STIDP and development of the proposed Visitor Management Plan.
- Exploration of potential sources of tourism revenue for the Council and appropriate use of proposed investment funds.
- Preparation of external funding applications to support the responsible management of tourism and sustainable development of tourism, for example, VisitScotland's Rural Tourism Infrastructure Fund.
- Delivery of key infrastructure projects to relieve tourism pressures and improve the visitor experience and community wellbeing, for example, introduction of management measures at honeypot sites such as the Ring of Brodgar car park.
- Due attention to and appropriate stakeholder consultation on emerging developments and concerns, for example, potential introduction of a visitor levy in Orkney as proposed by the Visitor Levy (Scotland) Bill.
- Closer collaboration with Council colleagues to maximise resource, share knowledge and support service delivery, for example, cross-departmental collaboration on development and design of Council infrastructure projects that serve the needs of both the community and visitors.
- Improved engagement with tourism partners, communities and other local stakeholders to ensure a better informed and more co-ordinated approach to tourism management and facilitate community-led place-based development.
- Effective collection and analysis of data, trends and evidence to support investment and inform decision-making, for example, community and/or visitor satisfaction surveys.

6.3.

The Orkney Islands Council Visitor Management Plan would:

- Align with the vision and objectives of the Orkney Tourism Strategy 2020-2030 and complement the Council's Strategic Tourism Infrastructure Development Plan (currently draft).
- Identify Council infrastructure and services that support tourism and the manner and extent to which tourism impacts upon them.
- Propose interventions to relieve tourism pressures and, in turn, improve the visitor experience and community wellbeing.
- Identify how the proposed interventions will be resourced.

- Include consideration of revenue generation opportunities, as set out in section 10 of this report.
- Provide a decision-making framework based on responsible and sustainable tourism principles.
- Be reviewed and updated annually.

6.4.

Action to address road safety concerns as well as appropriate provision of temporary toilet facilities at Brodgar would address a key stakeholder concern until a longer-term solution for the area can be established as part of the Islands Growth Deal World Heritage Gateway project.

7. Brodgar road safety concerns

7.1.

The 2023 tourist season saw high numbers of tourists visit the World Heritage Site, with substantial anecdotal evidence of road safety concerns related to the number of pedestrians walking on and waiting beside the Brodgar Road and at the junction of the Brodgar Road with the main A965.

7.2.

An apparent increase in use of the X1 bus service by tourists, including cruise ship passengers, has contributed to this issue, with passengers disembarking at the junction and walking to the sites.

7.3.

The Council is planning to install additional signage in the area with regards to road safety.

7.4.

Very positive engagement has been held with Stagecoach with regard to this issue and how it can be addressed next year with a number of options currently under discussion. This includes refusing to stop on the south side of the road at the Brodgar junction, considerably increasing the operation of the 8S route (Kirkwall, Stromness, Skara Brae, Dounby, Brodgar Road, Kirkwall), and considering an additional stop at the Ring of Brodgar for a proportion of the X1 service. Engagement has also taken place with Historic Environment Scotland.

7.5.

Officers will continue to engage in dialogue on this issue and are hopeful that appropriate solutions can be delivered for the 2024 season.

8. Brodgar toilet provision

8.1.

The increasing volume of visitors to the Ring of Brodgar and lack of toilet provision has led to undesirable toileting behaviour near the car park, which has been highlighted as a key concern by local stakeholders.

8.2.

This issue may be addressed as part of the Islands Growth Deal World Heritage Gateway project, but it is expected to take a number of years to fully work up and implement proposals as part of that project. It is therefore proposed that, as an interim measure, it would be beneficial to site seasonal temporary toilets at the Ring of Brodgar car park which is owned by the Council.

8.3.

To do so for any longer than 28 days would require planning permission and building warrant approval. Planning permission could be applied for to allow temporary seasonal installation over a maximum three-year period.

8.4.

Achieving planning permission is unlikely to be straightforward, as follows:

- Siting temporary toilets on parking spaces would be expected to lead to an objection from Roads Services on the grounds that it would reduce parking spaces in the very busy car park. Consequently, this could increase the risk of dangerous parking at the side of the road, and demand for parking by creating a toilet 'destination' for tourists.
- Siting temporary toilets on land adjacent to parking spaces is likely to require substantive additional information and survey effort such as otter survey, biodiversity enhancement measures, breeding bird protection plan etc., adding time and risk to the development.
- The issue would be expected to be contentious, receive objections, and therefore, in terms of the Scheme of Delegation, require consideration by the Planning Committee.

8.5.

It is therefore considered possible, but highly challenging, to achieve a decision on planning in time to enable provision for the 2024 tourist season.

8.6.

There are known to be local providers able to supply temporary toilet blocks. The lack of power, water and sewage connections at the Brodgar car park would necessitate regular visits to resupply and change cassettes. Additionally, it is expected that regular cleaning and potentially management of the facilities may be required.

8.7.

Positive discussions are ongoing with HES as to whether they would work together with the Council to deliver the temporary toilets. HES has indicated that they are willing to partner on costs, although available budget could only be determined on an annual basis. HES are unlikely to be able to commit to assisting with permitting, operation or maintenance of the facility.

8.8.

Costs for putting in place, maintaining and cleaning temporary toilets for the main tourist season are substantial and estimated at up to £95,000 over a three-year period.

9. The Glasgow Declaration

9.1.

The UN Climate Change Conference COP 26 was held in Glasgow in November 2021 with the aim to strengthen climate ambition and action for the coming decade. The Glasgow Declaration (attached as Appendix 3) was created to secure strong actions and commitment from the tourism sector prior to the COP and beyond, to cut tourism emissions over the next decade and reach Net Zero emissions as soon as possible before 2050.

9.2.

The tourism sector is highly vulnerable to climate change and at the same time contributes to the emission of greenhouse gases, one of the causes of global warming. The Glasgow Declaration aims to act as a catalyst for increased urgency across travel and tourism about the need to accelerate climate action and aligns well with the Council's ambitions to achieve carbon reduction and net zero. While signing the declaration would place unsustainable demands on the Council in terms of measurement and finance it is recommended that the Council seek to support the principles of carbon reduction set out in the Declaration:

9.3.

When developing tourism strategies and visitor management plans the Council will pursue the goal of decarbonised sustainable tourism as outlined in the Glasgow Declaration.

9.4.

Where practical the Council will seek to align with the principles of the Glasgow Declaration in all of its work on tourism – and in particular pursuit of decarbonisation, regeneration and collaboration.

9.5.

In particular the Council commits to the long term goal of, "uniting all stakeholders in transforming tourism to deliver effective climate action" [From the Declaration].

10. Funding Options

10.1.

There are a range of potential revenue generation options that the Council may wish to consider but each will require careful research, planning and appropriate engagement and consultation. Potential revenue generation opportunities to be explored and considered as part of an Orkney Islands Council Visitor Management Plan will include (but are not limited to):

- Voluntary donation stations and/or charges at visitor honeypot sites and parking locations, noting that any charging regime would need due care, planning and consultation, particularly at sensitive sites.
- A levy on cruise passengers, should it be possible to implement one in compliance with relevant regulations.
- A Visitor Levy, should the Visitor Levy (Scotland) Bill be passed by the Scottish Parliament and the Council subsequently undertakes consultation and thereafter decides it appropriate to implement in Orkney.

10.2.

It will take time to implement any of the measures identified above and it is recommended that, in order to progress with the identified priorities and support the necessary staff resource outlined, provision of £280,000 be assigned from the Council's Crown Estate revenue funding, comprising the following:

- Up to £150,000 to support three years full time additional tourism resource, by which point it is intended that post costs can be covered by income generation.
- Up to £35,000 to allow for commissioning and production of an Orkney Islands Council Visitor Management Plan.
- Up to £95,000 towards provision of temporary toilets at Brodgar car park.

10.3.

The proposal is specifically in line with the following agreed principles for the Crown Estate Fund, which were approved by Council in December 2019:

- Support the sustainable development and management of coastal and marine resources.
- Support growth and job creation in the coastal and marine economy.
- Support investment in the infrastructure required for coastal communities across all of Orkney to thrive.
- Support and empower coastal communities across all of Orkney to deliver projects to realise sustainable social, economic and environmental benefits.
- Support improvements in the long-term productivity of the coastal and marine economy by promoting investment in innovation, education and skills.
- Support research, knowledge and data to unlock sustainable development and resource management benefits.

- Support the cultural and social wellbeing of local communities including the maintenance and enhancement of quality of life.

11. Human Resource Implications

11.1.

The proposed investment in the tourism sector requires additional staff resource to deliver a range of new projects and investments in key infrastructure developments.

11.2.

Should the Council agree to the recommendations to include the establishment of dedicated staff resource the budget for an initial three-year period, would be drawn from the Crown Estate Fund, and it is intended that future tourism related revenues identified in the report will sustain the new post created longer term.

11.3.

Should the funding proposal be supported then a 3 year temporary post can be approved under the Chief Executive's delegated authority and would be subject to the Council's usual policies in respect of Job Evaluation to determine grading, and Recruitment and Selection in order to fill the post.

12. Links to Council Plan

12.1.

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

12.2.

The proposals in this report relate directly to Priority E2 Support for local business of the Council Delivery Plan.

13. 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 local equality and sustainable development.

14. Financial Implications

14.1.

The use of funding from the Council's Crown Estate Fund would meet the Government's desired outcome from this funding of providing coastal community benefit.

14.2.

The report recommendation is that an allocation of up to £280,000, should be committed from the Crown Estate Fund.

14.3.

The recommendation would represent a commitment against the Council's Crown Estate Fund that currently has a remaining sum of around **minus** £130,000. This does not however exclude the expected 2023/24 allocation. Whilst this allocation is not yet confirmed, an estimate for this year, taking into account that 50% is already committed through existing Council decisions, is likely to contribute around £400,000 towards an estimated total £270,000 available fund.

14.4.

The Council's new Crown Estate Economic Development (CEED) Fund may be considered an alternative or supplemental source of funding however the principles of the Council's allocated Crown Estate Fund offer a closer match in terms of eligibility. The CEED however is currently relatively uncommitted, and it would be recommended that the decision to consider the specific source for an allocation of Crown Estate monies be delegated to the Corporate Director for Enterprise and Sustainable Regeneration in consultation with the Head of Finance.

15. Legal Aspects

15.1.

In implementing the recommendations, the Council will require to adhere to all relevant legislation relating to income generation by local authorities, and, in particular, the Local Authorities (Goods and Services) Act 1970. Section 1(1A) of this Act prohibits local authorities from entering into agreements in relation to any trading operation carried on by them if the likely result of doing so would be that the commercial services income accruing to the authority in any financial year from the trading operation in question would exceed the statutory limit fixed by the Scottish Ministers. In terms of Section 1(1P), "relevant trading operation" means a trading operation carried on for the purposes of enabling a local authority to raise money.

15.2.

Local authorities may be permitted to exceed the limit if they have the prior consent of the Scottish Ministers to do so. There is no prescribed way of obtaining such consent and no guarantee that it will be obtained, although the proposed Visitor Levy (Scotland) Bill may potentially assist the Council in determining an alternative legal basis for such income generation.

15.3.

Care will need to be taken to ensure that the provision of any financial assistance to other undertakings does not breach rules on subsidy control as set out in the Subsidy Control Act 2022.

16. Contact Officers

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17. Appendices

Appendix 1: The Visitor Economy data overview.

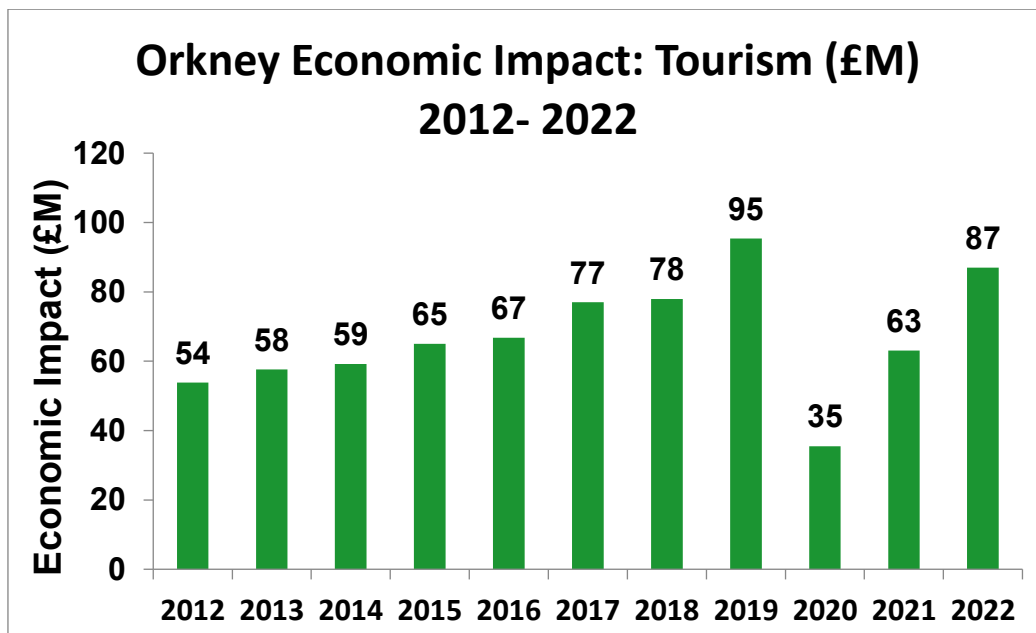
Appendix 2: The Orkney Tourism Sector outline summary.

Appendix 3: The Glasgow Declaration on Climate Action in Tourism

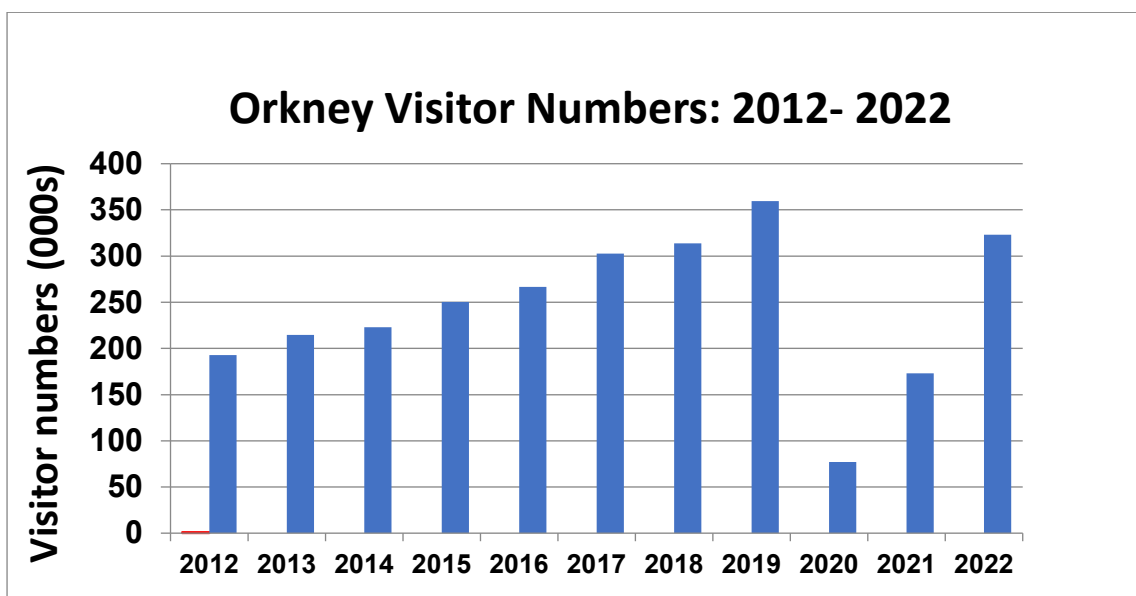
Appendix 1: The Visitor Economy data overview

Summary data below if drawn from the annual STEAM model the Council subscribes to. STEAM methodology quantifies the local economic impact of tourism, from both staying and day visitors (including Cruise), through analysis and use of a variety of inputs including visitor attraction numbers, tourist accommodation bedstock, events attendance, occupancy levels, accommodation tariffs, macroeconomic factors, visitor expenditure levels, transport use levels and tourism-specific economic multipliers.

A total of £87M was generated directly and indirectly within the local economy through visitor and tourism business expenditure, showing a significant recovery to the Pre-COVID peak in 2019.



The visitor numbers show a similar trend with 320,300 estimated in 2022.

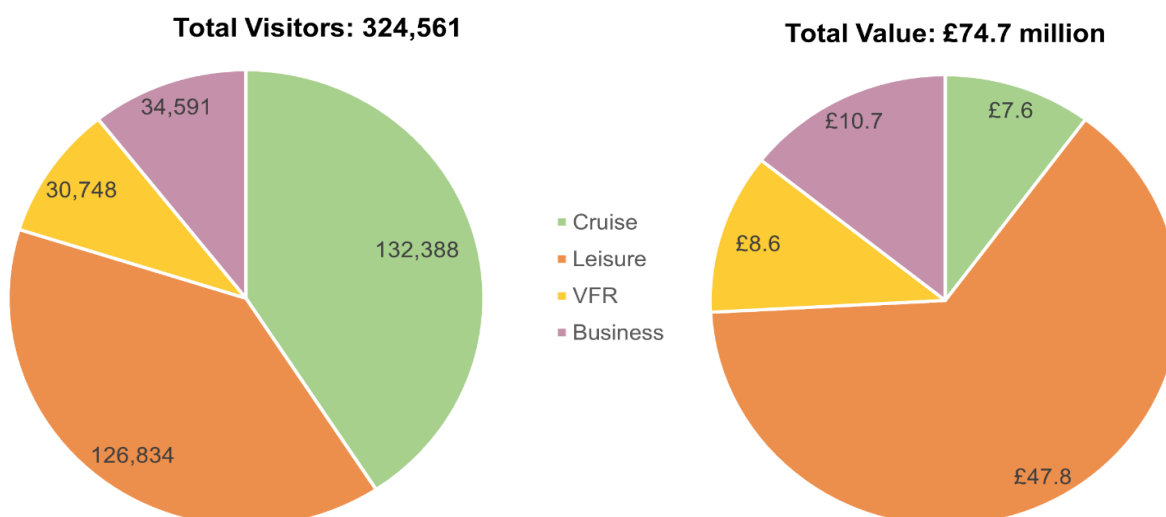


Other headline STEAM statistics are noted below

- 183,650 visits were made by visitors staying within the area as part of a holiday or short break, generating 748,920 nights in local accommodation.
- Visitor activity and spend supports more than 1,559 full time equivalent jobs locally.
- The economic impact of Tourism in Orkney is estimated to be 8.6% lower than the peak in 2019.
- An estimated 136,650 tourism visits were made by Day Visitors in 2022.
- Day Visits to Orkney generated £6.1M for the local economy in 2022.
- In total, staying visitors generate a total economic impact of £81M for local businesses and communities.
- On average, visitors staying in Orkney spend 4.1 nights in the area and spend a total of £18M on local accommodation.

2019 Visitor Survey Data and recent developments

In 2019 the Council in partnership with VisitScotland commissioned a Visitor Survey that measured qualitative, volume and value data. In the year before COVID struck Orkney welcomed almost 325,000 combined cruise, leisure, visiting friends and relatives (VFR) and business visitors who contributed more than £74M direct spend to the local economy, supporting business activity, employment opportunities, skills training, and cultural heritage preservation. At the time, cruise accounted for 41% of all visitors and supported local businesses and attractions, helping to sustain and boost Orkney’s offer to the wider tourism market. However, the sector contributed only 10% of overall tourism value and the impacts of such rapid and unmanaged growth were degrading Orkney’s natural and cultural heritage and eroding the visitor experience. Consequently, communities were increasingly voicing their dissatisfaction with the growing over tourism effects and were calling for a more responsible approach to tourism development and management.



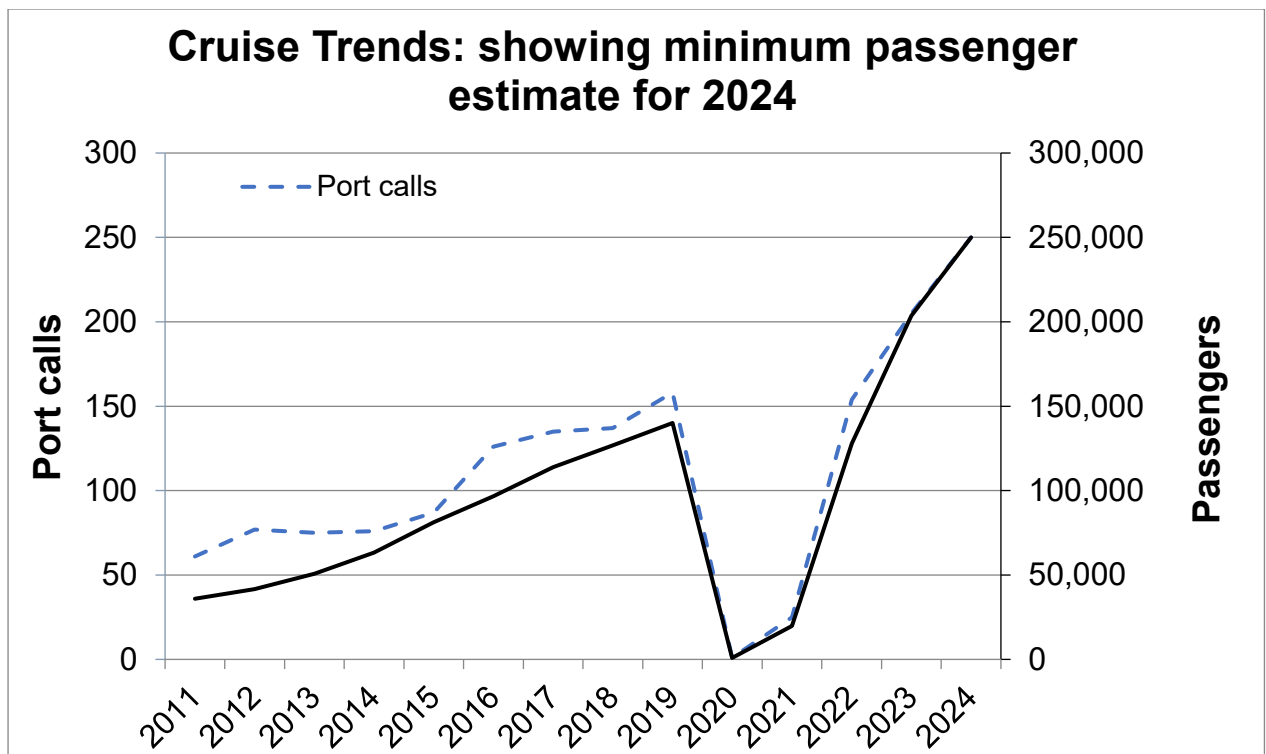
The full 2019 Orkney Visitor Survey is available on the VisitScotland [website](#)

Four years later, as tourism continues its recovery, cruise's growth trajectory is set to resume in earnest as demand for cruise holidays surpasses 2019 levels. This phenomenon is reflected in Orkney's cruise bookings for 2023 which anticipate a 49% increase in port calls from 2019. More alarmingly, passenger arrivals will exceed pre-COVID levels by at least 52% in accordance with a more than six-fold increase in mega-ship (3,000+ passengers) port calls. Moreover, calls to smaller islands are expected to more than double, which could, on one hand, spread the benefits of cruise but, on the other, potentially overwhelm communities.

Cruise

In the decade prior to the COVID-19 pandemic, the Islands saw exponential tourism growth, with visitor numbers almost doubling and their economic contribution rising by 128%. However, the greatest development was realised in the cruise sector which received 391% more passengers and 600% greater spend over the period. By 2019, Orkney had successfully positioned itself as a premier cruise destination, with Kirkwall, its capital and main cruise port, recognised as the Best Cruise Port in the UK in 2010 and 2016, and the Top Cruise Destination in Western Europe and the United Kingdom in 2019, primarily due to consistent delivery of a superior visitor experience.

Annual passenger and Port call figures are shown in the graph below with an estimated figure for 2024 based on Marine Services booking.



Bedstock data

There has been no comprehensive audit of accommodation on Orkney in recent years. Previously membership of VisitScotland and Destination Orkney Ltd provided a reasonable estimate however with the rise of AirBnB more providers have been promoting directly. With the new Short-Term Letting regulations registration is required and so full data should be available

Short-Term Letting regulations.

As of 1 October 2023, all accommodation providers in Scotland must have a licence before offering short-term lets.

In Orkney as at 5 October 2023:

- 486 ShortTerm Letting Licenses (STL) applications had been received.
- 132 STL licenses had been issued; and
- 0 applications for an STL license had been refused

Based on information and data available, officers had estimates that between 450 and 600 STL applications may be received. Updated information about the Council's STL processing is available on the STL licensing webpage at <https://www.orkney.gov.uk/Service-Directory/L/short-term-lets.htm>.

Other accommodation providers are estimated to be as shown below.

Accommodation Type	Providers
Hotels, B&B, Guesthouse*	95*
Hostels	16
Camping and Caravans	18

*the estimate for this category is likely to be overstated with up to 20 on record no longer showing online.

Appendix 2: The Orkney Tourism Sector outline summary

1. The Orkney Tourism Strategy

In 2019 an Orkney Tourism Strategy was formulated under the auspices of the Destination Orkney Partnership. However, the influence of the COVID pandemic and increasing concerns about growing visitor numbers and climate change required a review in 2022. The revised [Orkney Tourism Strategy 2020-2030: A strategy for Sustainable Tourism](#) was published in August 2022.

The partnership's vision is stated as:

By 2030, Orkney will be a world-class sustainable destination enriching the lives of its people and visitors.

The objectives of the strategy are:

- Grow the prosperity of the islands through responsible tourism
- Responsibly manage visitor numbers to protect sites and improve the quality of experience for visitors and residents
- Develop the tourism resource and infrastructure that meets current and future demand
- All communities benefit from tourism and visitors enjoy a broader experience
- Mitigate climate change impacts of and on tourism.

Partners agreed three overarching principles that must also guide all tourism-related planning and management decisions:

- a 'cross-islands' approach should be adopted;
- all tourism development is underpinned by sustainability considerations, including climate action, assessment of environmental impacts, social inclusion, and natural and cultural heritage preservation.
- all decisions will be evidence-based and informed by community and stakeholder engagement

2. The Destination Orkney Strategic Partnership (DOSP).

The organisations of the Destination Orkney Partnership are committed to the delivery of the strategy along with providing a joined-up approach to the responsible management and sustainable development of the visitor economy of Orkney.

The DOSP Partners

Destination Orkney Limited (DOL) is the Destination Management Organisation (DMO) in 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. DOL hosts and manages regular industry discussion sessions, and the Destination Orkney Board of Directors meet on a regular basis and review and advise on DOSP matters and act as decision makers for the industry within the partnership, providing an essential leading industry voice to the DOSP.

Highlands and Islands Enterprise (HIE) is the Scottish Government's economic and community development agency for the north of Scotland and has an Orkney area office. HIE has a remit to support businesses, strengthen communities, develop growth sectors and create a competitive region.

Historic Environment Scotland (HES) is the lead public body set up to investigate, care for and promote Scotland's historic environment.

Orkney Islands Council (OIC) is the local authority with a wide range of statutory and discretionary services, many of which relate to tourism, the business base and the community.

VisitScotland (VS) is Scotland's national tourism organisation. Its core purpose is to maximise the economic benefit of tourism to Scotland. The organisation's core objective is to contribute to Scotland's National Tourism ambition to be the world leader in 21st century tourism (Scotland Outlook 2030). This is supported through activity that focusses on marketing, events, quality and sustainability, visitor information and international engagement. The organisation employs 700 people and has offices and VisitScotland Information Centres across Scotland, including Kirkwall.

There have been considerable changes experienced in recent years by each organisation in the partnership, including the withdrawal of Nature Scot from the partnership citing staff resource challenges. This has created challenges for what is an unconstituted group without a lead coordinating partner. This however has not stalled ongoing actions driven and delivered by each partner organisation and has not inhibited partnership working on key activities such as Tourism Marketing and the sharing of sector intelligence and data. Following the current 3-year funding package supported by HIE and OIC, DOL has recently formulated its business strategy and is expected to focus its activity as a Destination Membership Organisation within the partnership going forward.



3. Heart of Neolithic Orkney World Heritage (HONO) Site Management Committee.

The UNESCO World Heritage Convention, ratified by the UK Government, requires that every World Heritage Site has an appropriate management structure in place.

HONO as UNESCO World Heritage Site (WHS) plays a key role in the Orkney’s tourism economy. Finding the right balance between enabling access for tourists and residents while preserving the Outstanding Universal Value of the Site and managing the other values associated with it is a key issue for management. Access to the WHS in the widest sense is a fundamental principle. This means not only physical access but also includes intellectual access through interpretation and research, and remote access to information and digital experiences for those who are unable to visit in person.

Challenges include the increasing numbers of visitors to the WHS. In 2022 269,000 visitors were recorded across the WHS monuments. This was less than the 2019 high of 327,000 but numbers are projected to increase again for 2023 and the trend continues upwards. Most visits to the WHS are concentrated into the summer season and within that to specific periods of the day. As noted above, the combined impact of this footfall with climate change impacts has required increasingly major interventions, including periodic closures of parts of the Ring of Brodgar.

The formal signatories to the HONO WHS Management Plan are HES and OIC, along with NatureScot and the RSPB. The Signatory Partner organisations are those that formally ratify the WHS Management Plan. A new HONO WHS Management Plan is expected to be ready for public consultation late 2023 or early 2024.

4. Key Visitor attraction assets

A significant majority of visitors to Orkney cite Heritage and Archaeology as reasons to visit. Orkney has a rich offer of visitor attractions with selection listed with visitor numbers noted below.

Visitor Attraction (Managed by)	Visitor numbers 2014*	Visitor numbers 2022	Change
St Magnus Cathedral, Kirkwall (OIC)	139,478	187,631	35%
Orkney Museum, Kirkwall (OIC)	34,716	44,934	29%
Scapa Flow Visitor Centre, Lyness (OIC)	11,279	11,421	1.2% *
Stromness Museum, Stromness (OIC)	8,370	9,463	13%

Kirbuster Museum, Birsay (OIC)	5,110	5,828	14%
The Ness Battery, Stromness	741	1225	65%
Skara Brae, Stenness (HES)	81,258	90,234	11%
Bishop's and Earl's Palaces, Kirkwall (HES)	13,571	13,384	-1.4%
Broch of Gurness, Evie (HES)	10,838	10,073	-7%
Maes Howe Stenness (HES)	N/A	11,668	N/A**
Pier Arts Centre, Stromness (Trust)	38,378	TBC	TBC
Westray Heritage Centre, Westray (Trust)	2,598	TBC	TBC
Orkney Wireless Museum, Kirkwall (Trust)	1,857	TBC	TBC
Italian Chapel, Lambholm (Trust)	113,401	TBC	TBC

* The new Scapa Flow Visitor Centre and Museum only opened in July in 2022, missing 4 months of the season. Numbers for 2023 are projected to be over 19,000 resulting in a 68% increase in visitors compared to 2014.

**The circumstances have changed considerably for Maes Howe, particularly in relation to maximum tour capacity reducing after COVID. Recruitment challenges in 2022 also restricted evening extended opening seen previously.

The table above is not comprehensive and there are a significant number of community attractions such as the Longhope Lifeboat Museum, the Smiddy Museum in St Margaret's Hope, Fossil and Heritage Centre Burray and several heritage and visitor Centres operated by Community Development Trusts.

Orkney has a significant number of other Archaeology and War time Heritage sites across the Isles, many of which are freely open for visitors to explore.

In addition, Orkney has a number of high-profile private sector visitor attractions such as:

Highland Park Distillery, Kirkwall

- Scapa, Distillery, St Ola
- The Orkney Brewery Visitor Centre, Quoyloo
- Tomb of the Eagles, South Ronaldsay (Closed).
- Sheila Fleet Jewellery, Tankerness
- Alison Moore Jewellery, Stromness
- Celina Rupp Jewellery, Holm

Wildlife, culture and adventure sports are also attractions with specialist rock climbing, Sea Kayaking, fishing creating niche interests.

Events and Festivals

The events calendar attracts many visitors throughout the year. A recent study commissioned by the Council estimated that the direct spend associated with 13 key mainland events in 2019 was over £3.1M. Some examples are noted below to illustrate the diversity of offer:

- St Magnus Festival
- Orkney International Science Festival
- Nature Festival
- Vintage Rally
- Orkney Storytelling Festival
- Orkney Folk, Blues and Rock Festivals
- North Ronaldsay sheep Festival
- District and County Agricultural Shows
- Sporting events such as St Magnus Marathon, Kirkwall Parkrun, forthcoming Island Games.

Appendix 3: The Glasgow Declaration

THE GLASGOW DECLARATION: A COMMITMENT TO A DECADE OF TOURISM CLIMATE ACTION

We have long known that our dependence on fossil fuels, unsustainable land use, and wasteful consumption patterns drive climate change, pollution and biodiversity loss. Recently, COVID-19 has deepened our awareness of the connection between these impacts and risks to human health.

Rebalancing our relationship with nature is critical to regenerating both its ecological health and our personal, social and economic well-being. It is also critical for tourism, which relies on and connects us with flourishing ecosystems. Restoring nature - and our relationship with it - will be key to our sector's recovery from the pandemic, as well as its future prosperity and resilience.

We declare our shared commitment to unite all stakeholders in transforming tourism to deliver effective climate action. We support the global commitment to halve emissions by 2030 and reach Net Zero as soon as possible before 2050. We will consistently align our actions with the latest scientific recommendations, so as to ensure our approach remains consistent with a rise of no more than 1.5°C above pre-industrial levels by 2100.

According to the latest UNWTO/ITF research, tourism CO₂ emissions grew at least 60% from 2005 to 2016, with transport-related CO₂ causing 5% of global emissions in 2016. Unless we accelerate decarbonisation, sector CO₂ emissions could rise 25% or more by 2030, compared to 2016.

As outlined in the One Planet Vision for a Responsible Recovery of Tourism from COVID-19, committing to and planning for a green recovery offers us a unique opportunity to transform the sector in line with the objectives of the Paris Agreement. If we can move rapidly away from carbon- and material-intensive ways of delivering visitor experiences, instead prioritising community and ecosystem wellbeing, then tourism can be a leader in transforming to a low-carbon future.

The alternative is worsening vulnerability. Climate change, pollution and biodiversity loss jeopardise most tourism activities. Rising sea-levels, more frequent floods, and other extreme weather events threaten community livelihoods everywhere, from infrastructure and supply chains to food security.

Climate change impacts are most severely felt by under-represented and vulnerable groups such as women, Indigenous communities, people living with disabilities, and small island states. A just and inclusive transformation of tourism must prioritise their voices and needs, as well as those of younger generations who will otherwise pay the full price of our inaction.

A just transition to Net Zero before 2050 will only be possible if tourism's recovery accelerates the adoption of sustainable consumption and production, and redefines our future success to consider not only economic value but rather the regeneration of ecosystems, biodiversity and communities.

A Co-ordinated Plan for Tourism Climate Action

This declaration aims to lead and align climate action across tourism stakeholders, including government and institutional agencies; donors and financial institutions; international organisations; civil society; the private sector; and academia.

As signatories we commit to deliver climate action plans within 12 months of signing and implementing them accordingly.

If we already have plans, we commit to updating or implementing them in the same period to align with this declaration.

We commit to report publicly both progress against interim and long-term targets, as well as the actions being taken, at least annually.

To ensure climate action is aligned across all of tourism, we agree on five shared pathways for our plans to follow:

Measure: Measure and disclose all travel and tourism-related emissions. Ensure our methodologies and tools are aligned to UNFCCC-relevant guidelines on measurement, reporting and verification, and that they are transparent and accessible.

Decarbonise: Set and deliver targets aligned with climate science to accelerate tourism's decarbonisation. This includes transport, infrastructure, accommodation, activities, food & drink, and waste management. While offsetting may have a subsidiary role, it must be complementary to real reductions.

Regenerate: Restore and protect ecosystems, supporting nature's ability to draw down carbon, as well as safeguarding biodiversity, food security, and water supply. As much of tourism is based in regions most immediately vulnerable to the impacts of climate change, ensure the sector can support affected and at-risk communities in resilience building, adaptation and disaster response. Help visitors and host communities experience better balance with nature.

Collaborate: Share evidence of risks and solutions with all stakeholders and our guests, and work together to ensure our plans are as effective and co-ordinated as possible. Strengthen governance and capacity for action at all levels, including national and sub-national authorities, civil society, large companies and SMEs, vulnerable groups, local communities and visitors.

Finance: Ensure organisational resources and capacity are sufficient to meet objectives set out in climate plans, including the financing of training, research and implementation of effective fiscal and policy tools where appropriate to accelerate transition.

We commit to deliver plans aligned with these pathways to cut tourism emissions in half over the next decade and reach Net Zero emissions as soon as possible before 2050.

CITATION

One Planet Sustainable Tourism Programme (2021) – Glasgow Declaration: a Commitment to a Decade of Climate Action