

Item: 13

Development and Infrastructure Committee: 4 June 2019.

Orkney Marketing – Proposed Programme of Activities and Budget.

Report by Executive Director of Development and Infrastructure.

1. Purpose of Report

To consider a funding contribution towards the Orkney Marketing Programme.

2. Recommendations

The Committee is invited to note:

2.1.

That, since 1995, the Orkney Marketing Programme has operated as a jointly funded partnership between the Council and Highlands and Islands Enterprise.

2.2.

That the Marketing Programme is industry-led and its activities are prioritised through the Orkney Marketing Advisory Group, comprising representatives from the industry membership groups of the Energy, Creative, Tourism and Food and Drink sectors.

2.3.

That approved Orkney Marketing Programme activities are procured, contracted and delivered by Highlands and Islands Enterprise programme management staff, acting on behalf of the partnership.

2.4.

That several additional sector support projects, which co-ordinate with and are mutually supportive of the Orkney Marketing Programme, have secured LEADER Programme funding that will run until 30 September 2020.

2.5.

That, as yet, there is no clarity on future external post-Brexit funding options beyond September 2020.

2.6.

That, recognising current circumstances, uncertain external funding options and the priority of providing continuity of marketing support delivered through contract procurement, Orkney Marketing Advisory Group has endorsed a programme of activities covering the period of current LEADER funding, ie April 2019 to September 2020, amounting to a total budget of £189,500.

2.7.

That the proposed Orkney Marketing Programme up to September 2020 will enable preparations to be made to plan for and approach new external funding sources as and when these get confirmed by UK and Scottish Governments.

2.8.

The proposal that the programme budget, referred to at paragraph 2.6 above, be jointly funded by the Council and Highlands and Islands Enterprise as follows:

- Council contribution – 60% of total costs up to a maximum sum of £77,700 for 2019 to 2020 and £36,000 for April to September 2020.
- Highlands and Islands Enterprise contribution – 40% of total costs up to a maximum sum of £51,800 for 2019 to 2020 and £24,000 for April to September 2020.

It is recommended:

2.9.

That, subject to approval of the contribution from Highlands and Islands Enterprise referred to at paragraph 2.8 above, the following budget allocations be awarded towards the activities of Orkney Marketing:

- A budget allocation up to a maximum sum of £77,700 for financial year 2019 to 2020.
- A provisional budget allocation up to a maximum sum of £36,000 for April to September 2020, subject to confirmation of a Marketing revenue budget for 2020 to 2021.

3. Background

3.1.

Since 1995, the Orkney Marketing Programme has operated as a jointly funded partnership between the Council and Highlands and Islands Enterprise (HIE). The Programme has helped Orkney to gain a reputation for quality across the sectors and engages with industry bodies to further the overall aim of raising awareness of Orkney as an excellent producer of goods and services as well as an attractive place to live, work, visit and do business.

3.2.

The Marketing Programme is industry-led and its activities are prioritised through the Orkney Marketing Advisory Group comprising representatives from the industry membership groups of the Energy, Creative, Tourism and Food and Drink sectors. The endorsed and approved Orkney Marketing Programme activities are procured, contracted and delivered by HIE acting on behalf of the partnership.

3.3.

In May 2019, a successful application, made by the Council in partnership with HIE, accessed additional European funding of £135,000 through the current LEADER programme. This funding will enable the extension and development of the Digital Media Orkney project to September 2020. This provides considerable resource and support to the current Orkney Marketing Programme. However, as before, certain ongoing, but valued, marketing activities were ineligible for LEADER funding and thus cannot be included in that project and so these activities continue to inform the currently proposed programme.

3.4.

Close working with industry partners via the Orkney Marketing Advisory Group has already delivered significant integration of marketing activities. This continues to recognise the establishment and ongoing development of Destination Orkney as a stakeholder partnership approach to Tourism that will directly influence destination marketing planning.

3.5.

During this important transition phase towards a more holistic approach to Orkney's Marketing, the currently proposed programme seeks to sustain momentum, enable contract continuity and build on existing marketing activities during a period of extended uncertainty. Strategic input from stakeholders will be required during the coming year to determine an optimal model of future funding, resourcing and delivery.

3.6.

The private sector contributes to the cost of events and trade shows and, as evaluated by sector leaders in the Orkney Marketing Advisory Group, continues to recognise the significant benefits and value of the public assistance provided for Orkney.com, exhibitions and the ongoing value of the overarching Orkney brand.

4. Industry Update

4.1.

A report on the marketing programme activities undertaken during the period 2018 to 2019 is attached as Appendix 1 to this report.

4.2.

The proposed events programme, outlined at section 5 below, reflects the exhibitions prioritised in the short to medium term, attendance at which remains highly valued by the sectors represented on the Orkney Marketing Advisory Group. Support for these events maintains continuity, keeps 'Orkney' brand awareness to the fore, and enables individual businesses to realise valuable new sales and explore new markets.

4.3.

The Orkney Marketing Advisory Group has prioritised the need to build on cross-sectoral, joint marketing opportunities and has confirmed overwhelming support for the social and digital media opportunities that have been promoted using the programme's LEADER funded Digital Media Orkney resource. This collective industry aspiration aims to further build on the foundation of the integrated Orkney.com (the Council and HIE jointly funded Orkney portal website). This digital marketing approach has been strongly supported by each sector and it is recognised by the Orkney Marketing Advisory Group that a holistic approach to brand development and its supporting digital and social media activities should be a core to the programme in future years.

5. Programme and Budget

5.1.

Following consideration by the Orkney Marketing Advisory Group on 8 February 2019, the draft programme detailed below is submitted to the funding partners for consideration:

| Proposed Projects. | 2019 to 2020. | April to September 2020. |
|---|---------------|--------------------------|
| Digital Assets. | | |
| Ongoing hosting and maintenance of Orkney.com: Further user interface developments to www.orkney.com Further integration with key sector sites Analytics and evaluation. | £9,500. | |
| Sectoral Events. | | |
| Craft Sector: Likely to be - Country Living, Glasgow, November each year. Scotland's International Trade Fair, Glasgow, January each year. | £20,000. | £20,000. |
| Food and Drink Sector: Likely to be - Country Living, Glasgow (jointly with Orkney Crafts Association). Speciality Food Show in SECC Glasgow, January. International Food Exhibition, London, March. | £20,000. | £20,000. |

| | | |
|---|---|--|
| Energy Sector: to Sept 2020: Marine Renewables – All Energy, Glasgow: May 2020. Supply Chain directory and flexible marketing and event materials. Additional events responding to industry demand and priorities. | £20,000. | (All Energy 2021 outwith current proposal period). |
| Supporting developments. | | |
| Social media boosting activity: Provision of responsive media content to support integrated digital campaign work. Run product and recruitment focussed digital campaigns. | £10,000. (Current contract requires renewal in 2019). | £20,000 |
| Exhibition stand management: Design and creation of Orkney Branded stand in support of key sector events | £50,000. (Current contract requires renewal late in 2019.) | |
| Total. | 129,500. | 60,000. |

5.2.

The proposed programme recognises that two key supporting contracts need to be procured by HIE during the current financial year in order to maintain continuity for social media boosting and exhibition stand management contracting. The reasons for the extended timeframe requested are outlined above but the proposed programme reflects the traditional marketing activities prioritised by Orkney Marketing Advisory Group requiring continuity to enable planning and support to be in place well in advance of the events programme.

5.3.

Specific to the sectoral events proposed, each industry group represented on the Orkney Marketing Advisory Group recommends a schedule of events that best meets the needs of its members. Feedback and evaluation from each event is captured which seeks to influence future decisions and determine priorities for industry attendance and encourage cross-selling at each.

5.4.

Resulting from the recent successful award of LEADER funding and industry feedback, two new elements of marketing activity are proposed that will integrate with and enhance the proposed programme:

- The promotion Orkney products and services during Brexit uncertainty and transition to post-Brexit markets supported by various planned digital campaigns by boosting and creating responsive media.
- Support the currently reported recruitment challenges by engaging in talent attraction and talent retention activities.

5.5.

The direct commercial value to each business benefiting from collective Orkney marketing remains hard to evaluate but there remains very strong and positive industry demand to support the 'Orkney presence' at shows. Feedback for 2018 to 2019 is still to be fully collated but attendees during 2017 to 2018 indicated that the shows generated in excess of £500,000 in actual or potential sales. This estimate is considered a minimum as, more often than not, the lead time to orders can be two or more years after an event. It should also be stressed that attendance at the specific consumer events is more about raising awareness, market research and influencing trade buyers than sales figures per se.

5.6.

The stand branding and management contract has previously gained extremely positive industry feedback confirming a great enhancement of overall quality, functionality and presence for Orkney businesses at events. Without the high-quality brand and unified presence at the events listed, awareness in the market of Orkney's businesses and their products would be compromised with negative impacts on businesses, employment and the Orkney economy.

6. State Aid

Branding and non-commercial digital media developments on behalf of Orkney are not considered to constitute state aid. Although there are state aid implications from any financial support made available for individual businesses to attend trade shows, this is covered under the appropriate exemption scheme under the management of the programme by Highlands and Islands Enterprise.

7. Funding and Administration

7.1.

It is proposed that programme costs of £189,500 be jointly funded by Highlands and Islands Enterprise at £75,800 (40%) and the Council at £113,700 (60%) over the two financial years. This reflects the ongoing arrangement whereby programme activity is procured, commissioned and project managed by Highlands and Islands Enterprise. Highlands and Islands Enterprise Orkney expects the programme to be formally approved on an ongoing project by project basis throughout period of the proposed programme.

7.2.

The proposed programme profiled to September 2020 remains at a lower annual cost than earlier years. This is due to the benefit of securing temporary external

funding and an increased level of integrated and locally driven marketing activity. The outputs and outcomes, however, remain as for previous years, which are focussed on accessing new market opportunities for Orkney's producers, enhancing the quality of the collective offer and ultimately driving increased sales that will support the growth of local businesses.

7.3.

Seeking approval to cover the period up to September 2020 will enable essential continuity of contracts. Careful consideration will have to be made during the current year as to how evaluation and longer-term planning might impact on the ongoing demands on the Orkney Marketing programme and for this budget going forward within new external post-Brexit funding regimes.

8. Links to Council Plan

8.1.

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

8.2.

The proposals in this report relate directly to Priority 4.3 Reprioritise economic development activity and funding to focus on inward investment and facilitating projects and support programmes which will have the highest/transformational impact in relation to job creation, inward migration/retention of working age population and community enablement.

9. 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 priority of A Vibrant Community.

10. Financial Implications

10.1.

The provision of financial support to businesses under delegated schemes of assistance, and other forms of financial assistance provided to economic and community development projects requires to be met from the Committee's annual revenue budget.

10.2.

In this case, any award would come from the annual revenue marketing budget, ringfenced within the Economic Development annual budget allocation. This has been set at £93,500 for financial year 2019 to 2020, with the option to vire residual budget back to the annual Economic Development Grant allocation, subject to approval. On the basis that the Council's revenue budget setting process operates

on an annual cycle, any award for financial year 2020 to 2021 would still be subject an appropriate budget being established for this purpose.

11. Legal Aspects

If grant assistance is to be provided by the Council, a legally-binding agreement will require to be entered into between the Council and the recipient setting out the terms on which the funding is being provided.

12. 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.

Morag Robertson, Economic Development Officer, extension 2852, Email morag.robertson@orkney.gov.uk.

13. Appendix

Appendix 1: Orkney Marketing Programme update 2018 to 2019.

ORKNEY MARKETING PROGRAMME

UPDATE ON ACTIVITY 2018-19

INTRODUCTION

Highlights in the year April 2018-March 2019 include:

- The Orkney showcase event
- The relaunch of orkney.com
- The procurement of a possible three year stand management contract, and a successful first year of activity
- A joint stand at Country Living in Glasgow for creative and food and drink businesses
- The growth and development of Digital Media Orkney

THE ORKNEY SHOWCASE

Orkney Marketing staff worked closely with OFD and OFA to develop an itinerary for targeted buyers, writers, journalists and bloggers to visit and experience what Orkney has to offer across its sectors. Over two full days in September, 23 invited guests enjoyed a guided tour of Orkney, selected visits to producers of either food and drink or crafts, the opportunity to meet food and crafts producers at dedicated exhibitions, and the best of Orkney food and drink produce over two lunches and an evening meal which was held at the Foveran Hotel and hosted by Harvey Johnston.

While there were a number of minor learning points, feedback from the visitors and the businesses participating was overwhelmingly positive and a number of good contacts and orders have resulted for many participating businesses. Two potential collaborations arose from the visit and efforts to ensure these happen in line with the aspirations of our businesses are ongoing.

Such was the success of the project, that OFD initially expressed a desire for the event to run annually. After consideration of the resources involved in its organisation however, it has been agreed that this should perhaps happen every two years.

ORKNEY.COM

Orkney.com was relaunched in November 2018, following 18 months of work to integrate the previous orkney.com and visitorkney.com into one site.

The website is now a comprehensive one with a strong tourism focus, but which is also designed to serve the public sector requirement to attract people to live, work and study in Orkney. The earliest priority was for the tourism side of the website to work effectively for Orkney, so while the talent attraction elements require some additional work, the next project being a 'jobs' board to help promote opportunities across the sectors, the tourism elements of the site are working well. A 'today' in Orkney page has been added since the relaunch to provide information for visitors relevant to the day(s) they are here, and work is ongoing to improve the available information on planning a trip to Orkney from any starting point in the UK and even beyond.

The DMO team will be working to expand the content of the live, work, study elements of the site over the next year, as well as to incorporate the food, creative and energy sectoral websites to keep improving the customer journey.

DIGITAL MEDIA ORKNEY

The Digital Media project has been running for just over two years now with recent approval of LEADER programme funding the project will extend and develop up until September 2020.

The project has already over-delivered on all targets and goes from strength to strength with all the contractors honing their skills, understanding what works best, and delivering an excellent service for Orkney. The team works well together and has an excellent understanding of the requirements of all the key sectors and the public sector. The private sector showed overwhelming support for the programme when asked for their backing for the LEADER funding application.

The project works ever more closely with the tourism sector following the merging of the two websites into one. The following elements are part of the programme:

- **Digital media management**

Followers on social media now exceed 62,000 (this figure was just over 40,000 this time last year). The level of engagement on these platforms grows steadily and there is an increasing awareness of the type of post that will elicit the most engagement, leading to more relevant and inspiring posts. There is evidence that Orkney's social media presence has inspired people to move here, with one of the site's regular bloggers being one of those people. The digital media manager, Andrew Learmonth, now has a number of bloggers providing content to orkney.com and for social media and the quality of this work is excellent and a great enhancement to Andrew's work.

- **Film and photography**

This contract, operated by Fionn MacArthur, has provided 80,000 photographs and a number of short films that are used across social media and on the orkney.com youtube channel. Film footage has been provided across the sectors with major pieces such as a marine expertise film aimed at investors, other films for ICIT, ORIC and the Reflex project, and smaller pieces which help promote new and expanding businesses, as well as wildlife footage, walks, and other pieces provided to Destination Orkney for use in their two recent tourism campaigns.

- **Press and media management**

Dave Flanagan, our contractor was extremely busy with media visits throughout the year, and the value of having a dedicated resource on the ground in Orkney has clearly encouraged TV visits, which included James Martin and Susan Calman in the past year, both very complementary about Orkney and their experiences. There are now approximately two media visits per month requiring varying levels of input from the contractor – some involve the contractor accompanying the visitors for the duration of their visits, others want to be left to their own devices to some extent, although following an itinerary developed for them.

Dave's work for orkney.com was recognised at the Highlands and Islands Press Awards in January, where he won the award for best use of digital media.

- **The future**

Orkney Marketing team have taken advantage of the last available LEADER funding to develop the project for an additional eight month period which will take it through to September 2020. Evidence of support for the continuation of this type of service was required for the LEADER project and staff were delighted with the response from the key sectors, finally submitting almost 60 statements of support with the formal application.

ORKNEY STAND MANAGEMENT

Addressing concerns in 2017 that Orkney's presence was falling behind other areas at the key events the food, crafts and tourism sectors attend, and a subsequent pilot project, we are now in the second year of a stand management contract which has reversed the position with Orkney now the envy of other areas. The work has reignited interest in exhibiting outwith Orkney for many companies, and is regularly commented on as being the most professional and impactful stand at many exhibitions. It is unlikely that the comprehensive joint presence of the creative and food and drink sectors at Country Living in November would have been considered without it.

ORKNEY FOOD AND DRINK

The group continues to attract new members and remains very active. They attended the Royal Highland Show (6 businesses) and the Country Living Show (7 businesses) in Glasgow in November. This was a first time attendance for the food companies, and resulted from a successful craft presence at the show in 2017. This was deemed a great success and it is likely that the joint attendance will happen this year again. At the end of the financial year, a small number of businesses took a joint stand at the Fine Food Show North in Harrogate but this proved less successful than other events, and the businesses may not consider a second presence.

As mentioned above, the development officer played a role in the success of the showcase project and the value of this role in bringing the sector together for events like this is evident.

The organisation continues to grow with full membership of 32 and associate membership at 59.

CREATIVE ORKNEY (FORMERLY ORKNEY CRAFTS ASSOCIATION)

The sector rebranded itself and its craft trail to become Creative Orkney. A new 'creative trail' was launched in January 2019 with new signage throughout Orkney and a new style brochure. The group continues to attract new members and the creative/craft trail remains the key reason to join the group.

The group attended the January trade fair in Glasgow (9 businesses) and the Country Living consumer show (9 craft businesses) in November with OFD as discussed.

DESTINATION ORKNEY (FORMERLY ORKNEY TOURISM GROUP)

Destination Orkney secured growth funding from Visit Scotland to run a 'see you at the weekend' campaign to encourage short breaks to Orkney. Drawing heavily on the resources of the DMO team, this online campaign got good engagement although the conversion rate into bookings has yet to be established.

The group attended Expo in Glasgow again with Northlink Ferries and other partners. While this activity is not funded by the Orkney Marketing programme, the attendance does benefit from the design and build provided through the stand management contract.

ENERGY SECTOR

Again, Orkney's presence at the All Energy exhibition in Glasgow in May 2018 was the main event for the sector. This is part funded by the Orkney Marketing programme, and funding enables the production of a supply chain brochure which has been widely used by the industry in the past. As mentioned above the DMO project has worked closely with the sector on promotional videos for social media and beyond.

Maureen Shearer, HIE

1 May 2019