

Policy and Sustainability Committee

10.00am, Thursday, 11 June 2020

Tourism and Hospitality Sector Recovery Plan

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 It is recommended that Policy and Sustainability Committee:
- 1.1.1 note the emerging information on the impact of COVID 19 on the tourism and hospitality sector and the plans developed by the tourism Strategic Implementation Group (SIG), and the Edinburgh Tourism Action Group (ETAG), to support the recovery of the tourism and hospitality sector in the city;
 - 1.1.2 approve the retention of www.edinburgh.org (and associated web and social media accounts) for marketing and promotion of the city;
 - 1.1.3 subject to the required legal agreements and relevant data protection arrangements, agree that www.edinburgh.org can form the digital core of the tourism recovery campaign as set out in paragraphs 4.10 and 4.11;
 - 1.1.4 as set out in paragraph 4.16, agree to approach Edinburgh International Conference Centre (EICC) to request that they co-ordinate business tourism bids on behalf of the city for a short interim period;
 - 1.1.5 agree a preferred option (from those outlined in paragraphs 4.18 – 4.31); and
 - 1.1.6 delegate responsibility to the Chief Executive to implement the preferred option.

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Tourism and Hospitality Sector Recovery Plan

2. Executive Summary

- 2.1 This report provides an update for Committee on the impact of COVID 19 on the tourism and hospitality sector. It sets out details of a plan for resilience, reboot and recovery which has been developed by the Edinburgh Tourism Action Group (ETAG) working to the tourism Strategic Implementation Group (SIG) and provides details on how the Council could support the delivery of this plan and the wider tourism and hospitality sector.

3. Background

- 3.1 On [21 January 2020](#), the Council endorsed a new tourism strategy for the city. Tourism Strategy 2030 set out a significant shift from driving growth to managing growth and is focused on how tourism can improve the quality of life for residents and contribute to the city's broader economic goals.
- 3.2 The new strategy has five core themes: Our Place; Our People; Our Environment; Our Partnerships; and Our Reputation.
- 3.3 In endorsing the strategy, Committee requested two further updates in June 2020:
- 3.3.1 SMART measures to be developed to track the success of the strategy and to be presented to Committee for scrutiny and approval as part of the three-year Action Plan; and
- 3.3.2 ETAG to set out how residents would to be included in the delivery planning of the strategy.
- 3.4 The Tourism SIG is a partnership between the Council, the sector, and national agencies. Most recently membership of the SIG has been expanded to include representatives from Edinburgh World Heritage and the Old Town Community Council. Full membership details are included in Appendix 1.
- 3.5 The SIG was responsible for overseeing the development of the 2030 Tourism Strategy and it was planned it would continue this role while the implementation of action plans to support delivery of the strategy were being developed. It is currently chaired by the Council Leader, with the Depute Leader and Chief Executive both represented on the group.

- 3.6 The outbreak of COVID 19 has meant that the action planning process has been paused as the sector responds to the impact of the pandemic on the sector.

4. Main report

Impact of COVID 19 on the Tourism and Hospitality Sector

- 4.1 Since the outbreak of COVID 19, it is clear that the economic impact on the tourism and hospitality sector has been profound.
- 4.2 An update to the SIG on 16 April 2020 indicated that these impacts would include:
- 4.2.1 A reduction of between 50% - 70% in international arrival and tourism receipts (the Organisation of Economic Co-ordination and Development (OECD));
 - 4.2.2 Estimates of almost £1bn in visitor expenditure will be lost from the city's economy in 2020 (based on 2018 Performance Monitoring statistics);
 - 4.2.3 This loss equates to around 18,500 FTE; and
 - 4.2.4 Due to the dependence on international visitors, Edinburgh is facing a higher impact and potentially slower recovery than the rest of Scotland.
- 4.3 Evidence from the Fraser of Allander Institute indicates that the job losses in the accommodation and food services sector, which accounts for over 80% of jobs in the Scottish tourism sector, are likely to have a disproportionately high impact on young people, women and low income households. The business impacts will be felt across all aspects of the tourism sector itself, and across the much wider tourism supply chain and other key sectors including retail, culture, creative industries and food and drink.

Tourism Sector Plan for Recovery

- 4.4 In response to the challenges faced by the sector, the SIG recognised that a collective, collaborative approach for Edinburgh will be required and ETAG developed a plan for resilience, reboot and recovery which recognises:
- 4.4.1 The immediate priority is to protect public safety and public health and, as recovery begins, to recognise the impact that the pandemic will have on people's health and wellbeing over a significant period of time; and
 - 4.4.2 The need to move quickly to support the sector at this time but recognising that the plan must be built on strong foundations to support the longer-term ambitions set out in Edinburgh's 2030 Tourism Strategy with a partnership approach which focuses on sustainable, responsible tourism development and prioritises people, place, environment and reputation.
- 4.5 The three stages of the plan are set out below and will be supported by a small number of working groups focused on:
- 4.5.1 local communities and collaboration with supportive, helpful and engaging messages;

- 4.5.2 inspiring people using existing memories and creating new ones; and
- 4.5.3 presenting the city as open, ready and welcoming at the appropriate time.
- 4.6 The collaborative approach to delivery builds on previous successful activities, where it has been recognised that a co-ordinated approach, utilising the resources, skills and expertise of a wide a range of partners, can create a strong and unified approach which will promote the city at the right time and in the right way.
- 4.7 It is estimated that delivery of this plan will cost in the region of £150,000 to:
 - 4.7.1 Develop a creative image/brand, new digital assets and deliver a co-ordinated and targeted campaign over a 10 to 12 month period (circa 40% of the total cost);
 - 4.7.2 Develop guidance and toolkits, which includes providing support and training and engaging people to develop, update and maintain the digital assets (circa 48% of the total cost);
 - 4.7.3 Analyse existing data to support the delivery of the targeted campaign with the right messages, to the right market, at the right time (circa 6% of the total cost); and
 - 4.7.4 Manage business tourism enquiries for the city (circa 6% of the total cost).
- 4.8 This collaborative approach is designed to ensure that the whole city will support the plan. It proposes to utilise existing resources, particularly digital communication channels, of partners and businesses to provide a strong campaign platform, with significant reach.

The role of the Council and Marketing Edinburgh

- 4.9 The Council and Marketing Edinburgh Limited (Marketing Edinburgh) own a number of web domains, web sites and social media accounts which are used for marketing and promoting the city. The main domain, www.edinburgh.org is owned by the Council and managed by Marketing Edinburgh and is the home page for the This is Edinburgh website. The site also hosts a number of pages including the Edinburgh City Vision 2050 and links directly to partner sites across the city. Irrespective of the preferred option below, it is recommended that this site (and the associated web and social media pages which are linked to this) be retained and maintained. The annual cost for retaining, maintaining and updating these channels is estimated to be £35,000. Funding is currently in place to retain the sites until the end of this financial year and to maintain and update the sites until the end of June 2020.
- 4.10 The recovery plan has been developed with www.edinburgh.org at its digital core, with plans to utilise the existing social media and other digital channels of all partners to target specific elements of the plan at the appropriate times and to ensure that the messages reach the widest possible audience.
- 4.11 Committee is asked to decide whether to allow the www.edinburgh.org website and other digital channels to be used to support this campaign. Subject to consideration of the options set out below, it is envisaged that the current ownership and maintenance arrangement would be retained, supported by appropriate legal

agreements and subject to relevant data protection arrangements being implemented to make clear the roles and responsibilities of Marketing Edinburgh, the Council and ETAG. Should the Council decide not to provide access to these digital channels, the recovery plan does not make provision to create a new digital core for the campaign.

- 4.12 In addition to providing access to existing digital channels, the Council has been asked to contribute £75,000 to the cost of the recovery plan. This contribution is expected to lever equal funding from other public and private sector partners to deliver the plan in full. It is also envisaged that it will attract significant in-kind support, with associated complimentary activities delivered by other partners. ETAG have confirmed that the approach has been designed to secure best value and requires to be delivered in full to be successful.
- 4.13 On 31 March 2020 the Council's Leadership Advisory Panel considered a report on Marketing Edinburgh under a B agenda. In deciding to 'hibernate' the company, the Panel recognised that marketing the city as a destination could form part of the city's plans for economic recovery but at that point, the actual approach was not known.
- 4.14 This phased approach resulted in a number of people being made redundant in April 2020 from activities such as business tourism, marketing and memberships. The resources retained are dedicated to managing the remaining marketing and creative activities, supporting business tourism and the ambassador programme, supporting Marketing Edinburgh members and maintaining the digital channels owned and/or managed by the company.
- 4.15 The Council has faced a number of difficult choices in this sector over the recent past. The decision to remove all but a residual amount of funding for Marketing Edinburgh was taken at a time when the tourism industry was flourishing, possibly even 'over heating'. So, in common with other European cities, a new approach was adopted. The current circumstances are clearly now very different and could not have been predicted at the time.

Request for support from Edinburgh International Conference Centre

- 4.16 In relation to business tourism the Council could request that Edinburgh International Conference Centre (EICC) take an interim role in the short term to lead and co-ordinate city wide bids for business tourism events. EICC have an existing team which develop bids on behalf of EICC and they already work closely with others within the sector. There is a risk that this approach could present a conflict of interest within EICC however this is considered to be manageable in the short term.
- 4.17 The request to EICC would be that any costs associated with this function would be absorbed within their existing resources. This would reduce the cost of the tourism sector recovery plan by a further £10,000.

Future operating models

- 4.18 As set out above, ETAG has requested access to the Council and Marketing Edinburgh's digital channels to support the delivery of their recovery plan, with a financial contribution of £75,000 towards the total cost of the plan.
- 4.19 There are four broad forward options available to the Council which are explained below with the financial implications detailed in section 6.

Option 1

- 4.20 Mindful of the current financial pressures on the Council, option 1 is that the Council does not support the tourism and hospitality sector recovery plan. However, this would undermine the recovery plan and is likely to mean that other partner contributions would not be secured. This, in turn, does not address the significant challenges faced by the sector and is likely to impact significantly on the ability of the sector to recover in the short to medium term. It would also mean that the Council's role in leading the tourism and hospitality sector would be compromised and may lead to the recovery plan not being aligned with the Council's approach to adaptation and renewal.
- 4.21 There is no cost to the Council if this option is agreed.

Option 2

- 4.22 This option would comprise a contribution of £75,000 from the Council to deliver the recovery plan. ETAG are confident that this would be matched by public and private sector partner contributions as well as with in-kind support and alignment of complementary activities to the plan.
- 4.23 To date, £23,000 of partnership funding has been agreed with further in-kind and complimentary support also committed. In addition, Scottish Government provide funding, through Scottish Enterprise for ETAG and the campaign is aligned with the national tourism recovery programme being developed by VisitScotland.
- 4.24 This contribution could be reduced should Committee decide to contribute funding in part with in-kind support as set out below in options 3 and 4

Option 3

- 4.25 This option would see the sustaining of Marketing Edinburgh which, in turn, would support the tourism and hospitality sector in the city, by providing in-kind support to the recovery plan in the following areas:
- 4.25.1 maintaining and developing the existing digital channels, including www.edinburgh.org (as set out in paragraph 4.9);
- 4.25.2 developing toolkits and guidance to support bids for business tourism activities, including supporting existing ambassadors; and
- 4.25.3 supporting the delivery of a marketing campaign for the city.
- 4.26 The Board of Marketing Edinburgh has applied for external funding to support the continued delivery of the above activities until the end of this financial year but the outcome of these bids is not yet known. Should these funding applications be

unsuccessful, the financial implications below show the cost of sustaining Marketing Edinburgh on an on-going basis in a new role of supporting the tourism and hospitality sector.

Option 4

- 4.27 Recognising the importance of the tourism and hospitality sector to the city, the final option is to create a small team within the Council which could provide dedicated resource and on-going support to the sector on a longer-term basis.
- 4.28 This would provide a strong foundation to enable the recovery plan and any future strategy and action plan development to be much more closely aligned to the Council's adaptation and renewal plans, the Economy Strategy and other city priorities.
- 4.29 The exact nature of the services provided before and after would need to be examined however, in this option, it is likely that Transfer of Undertakings (TUPE) legislation could apply to some or all of the existing Marketing Edinburgh employees.
- 4.30 There are some additional costs which would need to be factored in if the decision is to bring this function in-house including costs for International Convention and Conference Association Membership and maintenance of the Customer Relationship Management (CRM) system. These costs have been included in the financial implications. There may be further liabilities of Marketing Edinburgh which would need to be factored into any transfer agreement.
- 4.31 Council officers would work closely with the Board of Marketing Edinburgh to develop a transition plan and undertake the required due diligence to enable this option to be implemented.

Officer Recommendation

- 4.32 The view of senior officers is that option 4, along with the request to EICC to support city wide business tourism activity in the short term, would be the preferred approach and would be welcomed by the tourism and hospitality sector to deliver the initial recovery plans and to support the delivery of Tourism Strategy 2030 in due course.

5. Next Steps

- 5.1 The next steps for each of the options differs depending on what Committee decides. It is requested that the Chief Executive is given authority to implement the preferred option, in line with the details provided in section 4 of this report with the appropriate Committee(s) being kept updated on progress with the implementation of these plans.
- 5.2 In the medium to longer term, the development of plans to support the sector on an on-going basis and to deliver the actions which underpin the Tourism Strategy 2030

will be developed. This will be progressed with full engagement of residents and Edinburgh World Heritage.

6. Financial impact

6.1 The cost of the options presented above are:

Option	Tourism Recovery Plan 2020/21	2020/21	2021/22 onwards
1	None	N/A	N/A
2	£75,000	N/A	N/A
3	£45,000 *	£65,000	£282,000 **
4	£45,000 *	£50,000	£186,000 ***
Website	N/A	£25,000	£35,000

* This assumes that EICC will take on responsibility for business tourism in the short term.

** This assumes no membership income is generated and includes subvention commitments for 2021/22.

*** This includes Marketing Edinburgh's subvention and other on-going liabilities.

6.2 These costs will be met from existing Council's revenue budgets.

7. Stakeholder/Community Impact

7.1 The membership of the SIG is listed in Appendix 1. These groups are fully engaged in the development of the tourism sector recovery plan.

7.2 Following the development of the 2030 Tourism Strategy, the SIG will extend membership representation to include resident engagement and Edinburgh World Heritage.

7.3 An interim integrated impact assessment will be prepared for the tourism sector recovery plan.

8. Background reading/external references

8.1 [Fraser and Allander Institute Report.](#)

9. Appendices

9.1 [SIG Membership List](#)