

ANGUS COUNCIL

INFRASTRUCTURE SERVICES COMMITTEE 13 OCTOBER 2009

ANGUS TOURISM ACCOMMODATION AUDIT

REPORT BY DIRECTOR OF INFRASTRUCTURE SERVICES

ABSTRACT: The Angus Tourism Accommodation audit has been commissioned in order to better understand the scale and quality of accommodation available in Angus. The recommendations made in this report are aimed at improving business competitiveness for those in the sector and at stimulating additional investment in Angus.

1. RECOMMENDATION(S)

It is recommended that the Committee

- (i) note the findings of the Angus Tourism Accommodation Audit;
- (ii) agree to the preparation of a supplementary 'inward investment' package of information aimed at promoting additional investment in new hotel accommodation in Angus as outlined in this report;
- (iii) authorise the Head of Economic Development and Environmental & Consumer Protection to establish and support a networking group of accommodation businesses specifically aimed at improving business competitiveness and collaboration as outlined in the report;
- (iv) agree to the introduction of an incentivised accommodation marketing and quality scheme to owners of accommodation businesses based upon grant support specifically to assist beneficiaries to gain accreditation under an approved quality assurance scheme as proposed in this report; and
- (v) agree to delegate responsibility for approving grants of up to £600 (under the Angus Marketing and Quality Scheme) to the Head of Economic Development and Environmental & Consumer Protection subject to progress reports being made to committee twice yearly summarising the key outcomes and giving listings of the beneficiaries.

2. BACKGROUND

2.1 The Committee is referred to Article 16 of the minute of the Infrastructure Services Committee of 26 August 2008 which records that the Committee agreed to:

- (i) authorise the Head of Economic Development and Environmental & Consumer Protection to proceed with the Angus Tourism Accommodation Audit
- (ii) authorise the Head of Economic Development and Environmental & Consumer Protection to seek tenders for and award a contract to the consultant providing the most economically advantageous tender, provided that the total cost was contained within the budget and
- (iii) note that an interim and final report will be brought forward to future meetings of this Committee.

- 2.2 The Committee is also referred to one off 2009/10 budget of £40,000 for Tourism Initiatives which was agreed through the budget setting process. Of this, £20,000 was used to finance a TV advertising campaign. It was agreed that the balance of £20,000 should be utilised to finance a grant scheme to encourage tourism establishments achieve an accredited quality assurance standard. However, it was agreed to await the findings of the tourism accommodation audit before bringing forward detailed proposals for the use of the £20,000 budget.
- 2.3 A separate report is being considered on the final Angus Tourism Strategy and associated Action Plan for 2009-2012. This has identified key tourism developments necessary in order for Angus to reach the target growth potential of 50% by 2015 as set out in the Scottish Government's Tourism Framework for Change strategy. The Tourism Strategy is also aligned with a number of other key strategies including the Angus Economic Development Partnership Strategy "Towards Sustainable Prosperity" and the Angus and Dundee Tourism Partnership Strategy. The tourism accommodation audit will inform decisions being made in the implementation of this strategy and the proposals made in this report will assist by stimulating new inward investment and supporting existing businesses to market themselves more effectively and improve the quality of their offering.

3. KEY FINDINGS AND OBSERVATIONS

- 3.1 In order for Angus to realise its tourism potential, it is imperative that the accommodation sector is of the quality, range and scope required in today's tourism consumer driven and competitive marketplace. The Tourism Audit was commissioned to inform understanding of the quality and structure of the accommodation stock in Angus, and to identify any market gaps and strengths as well as barriers faced by accommodation providers and prospective developers.
- 3.2 The audit was undertaken by Richard Gerald Associates Ltd (RGA). A copy of the report has been placed in the members lounge.
- 3.3 The key findings of the RGA study are highlighted below along with observations by the Head of Economic Development and Environmental & Consumer Protection: (The Committee is referred to the Executive Summary paras 2.2 and 2.3 and to section 3 of the RGA Study).
- Accommodation supply in Angus generally represents the "normal" pattern for rural areas of Scotland. It compares well with destinations such as East Lothian and South Ayrshire in terms of supply grading, and pricing, but is not so well developed as other key tourism hot spots such as the A9 corridor in Perthshire. *Achievement of an accommodation base as fully developed as Perthshire's could be seen as an aspiration for Angus;*
 - The supply is dispersed but the majority of the supply is located along the coast and there is a lack of inland supply. *Despite this there are clear deficiencies even along the coast, for example lack of hotel accommodation in Arbroath and the opportunity to develop a hotel facility on council owned land at Orchardbank, Forfar.*
 - Operations are small in scale and there appears to be a lack of marketing activity and business planning *by accommodation providers.*
 - Demand is seasonally peaked and many operations are therefore economically marginal;
 - There are quality operations in Angus (58 have four or five stars) and representation is in line with Scottish averages, but national and international recognition is lacking;
 - The majority of the operations are small serviced accommodation (40%), e.g. bed and breakfasts, guest houses with less than 6 rooms, whilst the majority of saleable units i.e. the number of bed spaces available, (60%) are caravan and camping pitches.

- There are noticeable voids in supply, such as large branded hotels, sizeable budget hotels and timeshare, seasonal or fractional ownership;
- Visitors regard accommodation classification as an important factor when selecting where to stay but only 64% of the stock in Angus is VisitScotland graded which is below the national average of 72%;
- Occupancy performance has improved across several sectors in Angus and Dundee (unfortunately there is currently no information available on occupancy levels in Angus alone). Occupancy for Angus and Dundee is now broadly in line, or slightly better than national averages (68% for Angus and Dundee against the Scottish average of 66%) (reference Table 3.5.1.1 in the RGA audit report), but overall the supply is seldom operating at full capacity;

4. AUDIT RECOMMENDATIONS

- 4.1 A culture of better alignment with the Angus Tourism Strategy, co-operation and partnership between the accommodation sector, public agencies (including Angus Council, the enterprise network and VisitScotland) and the rest of the tourism sector should be developed in Angus. It is recommended that an industry led group comprising business representatives from the accommodation base should be created to encourage “joined-up” activity and integration. This is essential as a precursor to launching destination marketing activities. The group would ideally focus on collaborative initiatives and sharing of best practice aimed at improving business competitiveness.
- 4.2 The Committee is aware that an industry group has recently been established for Outdoor Angus and discussions are ongoing with a view to establishing a similar industry led groups for food and drink and golf tourism. From this experience an industry group for the accommodation sector would be an effective method of engagement for Angus Council and would provide a vehicle through which the various niche tourism products will be marketed more effectively i.e. by the accommodation sector. This would be achieved by assisting hotels, bed and breakfast establishments, guest houses and caravan parks to develop thematic packages and weekend breaks with support from the Economic Development team.
- 4.3 Based on the findings of this Study, RGA have outlined the following priorities for change as a means to develop the accommodation sector in Angus. Comments by the Head of Economic Development and Environmental & Consumer Protection are given in italics. The challenge ahead is to create a better alignment and development of the accommodation base and to unlock the potential of the Angus Tourism Strategy by improving the quality assurance and marketing of accommodation and by promoting Angus as a destination for new investment.
- Support accommodation operators to improve their service, standards and facilities and increase their visibility to visitors;
An incentivised accommodation marketing and quality scheme to achieve this is proposed.
 - The internal development market is active and support for flagship hotel and other accommodation developments are encouraged;
There has been a heightened interest in potential golf resort developments over the last twelve months. An application was approved for Piperdam Golf and Leisure Resort and a current application has been submitted from Forbes of Kingennie.
 - Fractional and seasonal ownership schemes should be encouraged as a natural extension to the self-catering product.

The opportunity for this in Angus has been embraced as an element of prospective developments under discussion.

- The image and placement of Angus is a concern for the external development players (investors and hotel operators) and tourists and it is recommended that this should be the main, strategic attention for Angus Council.

It is proposed to embark upon a targeted marketing campaign aimed at prospective developers to make them aware of specific investment opportunities available in Angus e.g. at Arbroath and Forfar as well as more generally promoting Angus for investment.

- The Tourism Strategy in Angus is activity and thematically led, and a pull strategy should be adopted for accommodation that supports niche market development rather than expecting tourism demand to be accommodation led;

An engagement campaign is proposed to assist the accommodation base to market their facilities better by marketing packages based on local themes e.g. Tartan Day, Golf, Walking, Ancestral Tourism etc This would be assisted by an 'incentivised marketing and quality scheme with grant assistance provided by the Council (see para 5.5 and 5.8 below).

- Develop an Accommodation Industry group to drive initiatives forward and to share best practice;

An industry grouping is a key aspiration given that tourism is one of three key objectives of the Angus Economic Development Strategy.

- Annual monitoring and evaluation of the accommodation stock is required in order to benchmark it and maintain up to date information;

Performance evaluation and monitoring is essential in the context of the Single Outcome Agreement. The intention is to carry out an annual survey of accommodation providers as part of the Business Establishment Register Angus and to engage with selected accommodation providers to establish benchmarks and progress.

- RGA will continue to run the visitor/non-visitor survey and report to Angus Council quarterly for one year (as part of its original brief). This will help develop a user profile and strengthen initial findings presented in this Study;

This will assist in building baseline information for ongoing performance measurement.

- RGA will report to Angus Council the findings from extended survey work into the European accommodation development market when complete (again as part of its original brief).

The contextual information will assist in understanding the relative performance of Angus.

- An inward investment document should be developed and made available to potential companies and individuals in order to help to attract investment.

This will be produced to assist the targeted marketing campaign.

- An Accommodation Grant Scheme should be made available to increase the quality matrix of Angus

This is fully explained in paras 5.5 to 5.8 below.

5 PROPOSALS

5.1 ACCOMMODATION INDUSTRY GROUP

It is essential in the current economic climate and for future recovery that Angus' accommodation sector operators are armed with the tools they need to develop and grow. It is proposed that an industry led accommodation networking group be established. The objectives of the group will be to encourage businesses to work together to communicate key developments and events, to encourage cross selling, to share best practice and to encourage more effective monitoring and evaluation processes. The aim will be to maximise the capacity of the accommodation base in the promotion of niche products and to make available the Council's electronic marketing facilities and branding in alignment with the Tourism Strategy for Angus.

- 5.2 The industry group will also be used as a sounding board for the ongoing development of initiatives and to assist in future monitoring of business growth.

BUSINESS SUPPORT

- 5.3 An important outcome of this audit is the need to ensure a joined up approach is taken within the Accommodation sector in Angus. This includes the use of Angus Council Business Advisers to support businesses on a one to one basis. This help will be in the form of business/marketing plan development, understanding key market niches and signposting to relevant funding.

INWARD INVESTMENT PROMOTIONAL DOCUMENT

- 5.4 One of the issues raised in the audit is that "Participants in the development cycle display low awareness of Angus (where it is and what it represents)". In addition Angus' characteristics do not always meet the "Return on Investment" criteria of investors, for example with regard to population and scale factors. Despite this, it is felt that commercial opportunities exist for new investment in hotel developments and these should be promoted to appropriate parties. For this reason it is proposed to instruct Richard Gerald Associates to prepare a package of information, suitable for use in a range of formats, which will be used in the promotion of places in Angus for new investment. The Head of Economic Development and Environmental & Consumer Protection now proposes to commission RGA Consultants to undertake this exercise and to bring forward a structured campaign strategy aimed at targeting the major prospective developers, hotel chains, operators and brand holders with a view to promoting the opportunities and benefits of locating their new investments in Angus. The cost of up to £5,000 can be met from the existing 2009/10 revenue budget.

ANGUS ACCOMMODATION MARKETING AND QUALITY GRANT SCHEME

- 5.5 The key to the future sustainability of Angus's accommodation sector is the growth in the number of quality accredited accommodations. It is clear from the audit that the Angus accommodation sector falls below Scottish averages in terms of quality assured properties. There is also evidence at national level of a correlation between better business competitiveness and businesses with a 3 star or above grading.
- 5.6 A visitor survey carried out as part of the Angus Accommodation Audit, showed that 84% of respondents indicated that accommodation grading was either 'important' or 'very important' when deciding on where they would book their accommodation.
- 5.7 As indicated above additional one-off budget provision of £40,000 was made available for tourism in 2009/10. £20,000 was made available for the Angus TV advertising campaign. The balance of £20,000 was allocated provisionally in 2009/10 for an Angus Accommodation Marketing Scheme pending the outcome of the audit and subject to a detailed proposal being brought forward. It is intended to use this funding to lever additional LEADER funding, as well as seeking contributions and/or participation from, Angus and Dundee Tourism Partnership and VisitScotland in future years.

- 5.8 If approved, up to 80 non accredited accommodation businesses in Angus will be encouraged to become accredited through either VisitScotland, the Green Tourism Business Scheme, The Walker Welcome Scheme in East Scotland or other appropriate schemes.
- 5.9 In return these businesses will record and provide accommodation information for analysis by Angus Council and partners to improve understanding of market trends and inform discussions within the proposed Industry group. As a condition of grant, operators will be required to take a web page on www.angusahead.com and to design two weekend breaks linked to products, which will be used to achieve joint promotion of key themed pursuits e.g. the Angus Walking Festival, Carnoustie Country, Tartan Day and Roots Festival. Council staff will provide advice and technical assistance for web links and on the establishment of web pages to address a menu of marketing options to package and promote their accommodation alongside key Angus themes and Events. In this way, the marketing infrastructure created by Angus Council will be maximised for the benefit of the local tourism industry as well as that of the businesses assisted under this scheme.
- 5.10 To incentivise this, it is proposed to offer a grant specifically to assist them (See Appendix 1) of up to £600 for registration, pre assessment visit and grading visit. The figure of £600 is based on the maximum costs normally involved.
- 5.11 It is proposed that applications are processed by the External Funding team and that applicants meeting the criteria are awarded grants of up to £600 based on 100% of eligible quality assurance expenditure.
- 5.12 It is further proposed that delegation to approve grants is given to the Head of Economic Development and Environmental & Consumer Protection subject to twice yearly reports being made to the committee giving a list of approved grants and a summary of key outcomes.

6. FINANCIAL IMPLICATIONS

- 6.1 Report 792/08 approved a maximum ceiling of £15,000 for the accommodation audit that was to be met from within the Economic Development's existing revenue budget resources. The report also noted that eligibility for LEADER funding was to be investigated and if available any additional funding would allow this ceiling to be increased.
- 6.2 There will be further costs of up to £5,000 associated with the production of the inward investment document proposed in this report. A LEADER Programme application was successfully submitted for a £6,000 contribution to the approved budget of £15,000 for this accommodation audit. This means that the additional costs for this further work will be contained within the total budget of £21,000 available within the Economic Development Revenue budget for 2009/10.
- 6.3 The Angus Accommodation Marketing Quality Scheme costs of £20,000 will be met from the one-off approved budget for 2009/210 and an application for funding has been submitted for consideration by LEADER programme which, if approved, will increase the funding available for this scheme.

7. HUMAN RIGHTS IMPLICATIONS

- 7.1 There are no Human Rights implications arising from this report.

8. EQUALITIES IMPLICATIONS

- 8.1 The issues dealt with in this report have been the subject of consideration from an equalities perspective (as required by legislation). An equalities impact assessment is not required.

9. SINGLE OUTCOME AGREEMENT

9.1 This report contibutes to the following local outcome(s) contained within the Single Outcome Agreement for Angus

- Sustainable Business Growth in Angus is achieved.
- Growth in Tourism in Angus is achieved.

10. CONSULTATION

10.1 The Chief Executive, Director of Corporate Services, Director of Neighbourhood Services, Head of Finance and Head of Law and Administration have been consulted in the preparation of this report.

11. CONCLUSION

11.1 If approved the recommendations made in this report will improve the competitiveness of Angus as a tourism destination. This will be accomplished by providing a more dynamic and cohesive marketing of local products via the accommodation sector, attracting inward investment to stimulate new hotel development; and by supporting existing accommodation businesses to improve the quality assurance of their facilities.

**ERIC S LOWSON
DIRECTOR OF INFRASTRUCTURE SERVICES**

NOTE: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

ECDEV/DV/MD/FM
11 September 2009

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ANGUS ACCOMMODATION MARKETING AND QUALITY GRANT SCHEME

Guidance for Applicants

This guidance is intended to assist those in the accommodation sector wishing to improve the effectiveness of their marketing efforts by providing quality assurance through accreditation under an approved scheme. It is specifically aimed at owners of hotels, guest houses and bed and breakfast establishments in Angus wishing to apply for a grant to cover the costs of accreditation for a number of tourism quality marks, including VisitScotland accommodation grading scheme and the Green Tourism Business Scheme. It provides an introduction to the grant programme, outlines the key priorities, eligibility criteria, assessment process and conditions of grant.

SECTION ONE

1.1 Introduction

The Grant Fund Partners are Angus Council and Rural Tayside LEADER programme. The fund has been put in place as a result of an extensive accommodation audit in Angus which was carried out between November 2008 and March 2009. Findings from this audit identified a gap in the number of accommodation providers in the tourism grading scheme and the preference of visitors to book graded only accommodation.

1.2 Eligibility for funding

For those businesses not currently in the Grading Scheme:

A grant is available to provide Accommodation Grading funding for:

1. Registration Fee
2. Pre assessment visit
3. Grading visit

In return these businesses will need to:

- Provide robust visitor information as set out by the promoters of QA schemes
- Engage in the possibility of entering the Green Tourism Business Scheme
- Promote Angus products when talking to their customers (i.e. events, Carnoustie Country, Ancestral Tourism etc)*
- Stock relevant leaflets and promotional material on events and products as provided by the Economic Development Unit.
- Create links from website to www.angusahead.com, www.carnoustiecountry.com, www.tayroots.com and www.tartandayscotland.com using link text provided*
- Create, manage and enhance their listing on www.angusahead.com using pictures and links to website if appropriate*
- If no website exists, promote link to Angus Ahead listing for further information online (an individual web address can be provided such as www.angusahead.com/abc-guest-house if required)*
- Attend at least one Accommodation Networking group each year
- Discuss marketing plan development with an Angus Business Adviser (if appropriate)*
- Engage with the Angus Food Tourism Initiative once it is up and running*
- Site an acknowledgement plaque on the premises as provided by the Grant Fund Partners
- Design two short break packages linked to existing Angus products
- Consider registration under the Angus Reputable Traders Scheme

* Information and support will be provided by Economic Development Officers

For those businesses already in the Grading Scheme:

A grant is available to provide funding for:

GREEN TOURISM BUSINESS SCHEME

- Pre-assessment of the Green Tourism Business Scheme
- Charges relating to the business assessment of the GTBS scheme (GBTS providers)

N.B. Any business costs (upgrading, revenue or capital) associated with the eligibility criteria of GTBS scheme is not eligible

VISIT SCOTLAND WELCOME SCHEMES

Funding will be available for assessment and administration costs for joining one of VisitScotland's welcome schemes

This includes but not exclusively:

- Welcome Walkers Scheme
- Ancestral Welcome Scheme
- Cyclists Welcome Scheme

N.B. Any business costs (upgrading, revenue or capital) associated with the eligibility criteria of GTBS scheme is not eligible

EAT SCOTLAND

Funding will be available for assessment and administration costs for joining VisitScotland's 'Eat Scotland' scheme

In return these businesses will need to:

- Provide robust visitor information as set out by promoters of QA schemes
- Promote Angus products when talking to their customers (i.e. events, Carnoustie Country, Ancestral Tourism etc)*
- Stock relevant leaflets and promotional material on events and products as provided by the Economic Development Unit.
- Create links from website to www.angusahead.com, www.carnoustiecountry.com, www.tayroots.com and www.tartandayscotland.com using link text provided*
- Create, manage and enhance their listing on Angusahead.com using pictures and links to website if appropriate*
- If no website exists, promote link to Angus Ahead listing for further information online (an individual web address can be provided such as www.angusahead.com/abc-guest-house if required)*
- Attend at least one Accommodation Networking group each year
- Discuss marketing plan development with an Angus Business Advisor (if appropriate)*
- Engage with the Angus Food Tourism Initiative once it is up and running*
- Site an acknowledgement plaque on the premises as provided by the Grant Fund Partners
- Consider registration under the Angus Reputable Traders Scheme.

* Information and support will be provided by Economic Development Officers.

Applicants who are not graded can apply for a grant for any grading scheme though it must be borne in mind that a prerequisite to applying for additional marks is that the business is part of the accommodation grading scheme.

1.3 Priorities for the grant

The following are the identified priorities for funding:

- Raising the number of graded accommodation across Angus
- Integrated marketing messages that capitalise upon current markets (e.g. golf)
- To strengthen the effectiveness of www.angusahead.com through reciprocal links between tourism businesses and the site.
- To enable businesses to take control of their entry on www.angusahead.com
- Increasing business competitiveness of tourism accommodation businesses in Angus by enabling businesses to access specialist information and training.

1.4 Timetable for applications

Once we have received and assessed your Application, we will notify you in writing whether you have been successful. This is an open process so applications can be accepted throughout the year up to 31st March 2010. Eligible Applications will be assessed on a first come first served basis as the budget is finite.

Projects cannot commence until they have received formal written notification of approval.

1.5 Level of funding

Funding will normally be awarded for 100% of grant administrative costs. i.e. registration fees, pre assessment fees and grading fees (up to a maximum of £600).

However, the grant cannot be extended to include any necessary capital or revenue costs incurred as a result of the findings of the awarded grading. e.g. new bathroom facilities.

1.6 Eligible expenditure includes:

- All administrative costs by the grading provider
- All registration fees for that year
- All necessary visits during the grading process
- Additional support to achieve grading

1.7 Ineligible expenditure includes:

- Any upgrading capital works to building.
- Retrospective payment for grading already taken place.
- Any revenue expenditure undertaken to achieve a grading.
- Any new works needed i.e. development of a website.

1.8 Access to support and services

Applicants whose projects involve access to support and services which are not under their direct control e.g. computing services or central administrative support, should satisfy themselves and be able to satisfy the Grant Fund Partners, **before submitting an application**, that such support and services will be available during the period of the project.

SECTION TWO

2.1 Application procedure

- Request an application form from Angus Council by contacting the External Funding Team at County Buildings, Market Street, Forfar, Angus DD8 3WD. Telephone: 01307 473222 or e-mail www.externalfunding@angus.gov.uk
- You will be e-mailed an Application Form relating to submission of your application.
- Before completing the form, please refer to the guidance notes for information on what is eligible for funding and the information to be provided. If your application does not include all the details required, it may delay consideration of your Application.
- The standard application form must be used and a separate application form should be completed for each project.

- Applicants should submit an electronic copy of their application form along with any supporting documentation to: externalfunding@angus.gov.uk
- Applications should be clearly marked "Angus Accommodation Grading Scheme Application"
- All applications will be acknowledged within 15 working days of receipt.

2.2 Application Assessment Process

Applications will be considered by The Grant Fund Partners. Applications will be assessed against the key priorities however the 'Partners' may seek additional information from you. The Grant Fund Partners will decide the outcome of your application and all applicants will be advised of the outcome of their application.

2.3 Offer of Grant

When the Grant Fund Partners have approved a grant, a formal offer will be made to the applicant, stating the amount of the grant and any conditions attached to it. The payment will be made directly to the Grant Scheme Administrators so no money will be paid to the applicant. However the applicant must fulfil the criterion set out in this guidance note and the application form.

2.4 Conditions of Funding

All successful applicants will be required to accept the Conditions of Funding, as well as any specific conditions relating to their grant made at the time the grant offer is made.

The Grant Funding Partner support must be acknowledged in any publicity or promotional material associated with the grading process. Logos can be supplied for this purpose. Summary information on successful projects will be added to a project database to be made available on www.angus.gov.uk/externalfunding Successful applicants will be expected to produce an evaluation report for which a template will be provided and this may be published on our website.

The Grant Funding Partners retain the right to the promotion of the fund and the evaluation outputs of supported applications.

If you have any queries in connection with the Angus Accommodation Grant Scheme please contact Alison Smith Senior External Funding Officer, Angus Council on 01307 473222 or e-mail externalfunding@angus.gov.uk