Culture and Communities Committee

10am, Tuesday, 30 January 2018

Tourism in Edinburgh

Item number	9.1
Report number	
Executive/routine	Executive
Wards	All
Council Commitments	C2, C11, C46, C48

Executive Summary

This report has been prepared in response to the motion by Councillor Mowat at Council 24 August 2017 in tandem with the report 'Managing our Festival City', calling for:

- A report exploring how we can work transparently and accountably with partners (to include festivals, businesses, residents, police, relevant functions and ALEOs of the council) to improve the visitor and resident experience and address the challenges to ensure that the city can offer a positive experience for visitors and residents.
- In particular the report should cover the impact of short term lets, the possibility of expanding public transport during festival periods and recycling and waste services. However the report should have as wide as possible a scope and consider anything else pertinent to visitor and resident experience.

Edinburgh 2020, The Edinburgh Tourism Strategy, was developed by industry-led group Edinburgh Tourism Action Group (ETAG). Implementation of the strategy is overseen by the Edinburgh 2020 Strategy Implementation Group.

Tourism is an important contributor to the city economy providing over 34,800 jobs and generating £1.4 billion in visitor spend. Visitor numbers have grown by 18% from 2010 to 2015 and visitor spend by 30% over the same period.

Average visitor-to-resident ratios in Edinburgh are less than those reported in cities where measures have been taken to cap visitors numbers due to the impact for residents and on the environment. ETAG recognises the importance of managing success. Following a midterm review of the 2020 Strategy, more focus has been placed on increasing visitor spend rather than visitor volume, meantime "Managing Success" will be the main topic at ETAG's conference in February 2018. The Council continues to work with ETAG and through the Strategy Implementation Group to manage some current pressures and work is due to commence in preparing a refreshed tourism strategy by 2020.

Report

Tourism in Edinburgh

1.   Recommendations

1.1   It is recommended the Committee:

1.1.1   Note the contents of this report;

1.1.2   Note that the current city tourism strategy, Edinburgh 2020, was developed by ETAG, and that implementation of the strategy is overseen by a Strategy Implementation Group;

1.1.3   Note that the theme of the ETAG 2018 Conference is to be "Managing Success"; and

1.1.4   Note that the Council and ETAG will work together to develop and produce a new Edinburgh Tourism Strategy by 2020.

1.1.5   Refer this report to the Housing and Economy Committee for information.

2.   Background

2.1   The city's tourism strategy "Edinburgh 2020, The Edinburgh Tourism Strategy" was developed by ETAG an industry-led group facilitated by Scottish Enterprise. The Council is a member of ETAG.

2.2   The vision for the strategy is that *"Edinburgh is a world class city, competing successfully as one of Europe's top visitor destinations, investing in its tourism assets, products and services to provide a unique and compelling year-round visitor experience."*

2.3   The strategy aims to:

- Increase the value of tourism to the city and to its tourism industry: creating a thriving, profitable tourism industry and delivering high levels of economic, cultural and social benefit to Edinburgh and Scotland as a whole.

- Enhance the city's image and reputation: developing tourism in ways which will greatly strengthen perceptions nationally and internationally of Edinburgh as an outstanding city – truly a world class city – in which to live, work, study and invest, as well as visit.

2.4   Sustainability forms part of the strategy which describes Economic Sustainability, Social Sustainability and Environmental Sustainability. This aligns with the United National World Tourism Organisation definition of sustainable tourism management: "*Tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities".*

2.5   The Edinburgh 2020 Strategy Implementation Group (SIG) oversees the implementation of the strategy. Chaired by the Council's Chief Executive, the SIG links directly to a range of Council services.

2.6   Reports in the media over the summer of 2017 questioned Edinburgh's capacity to cope with an increasing number of visitors. They compared the city to other key locations in Europe where negative social and environmental impacts resulted in action being taken to cap visitor numbers.

3.   Main report

3.1   Considered as the world's leading Festival City, Edinburgh is the UK's top tourist destination outside of London. Edinburgh supports a highly buoyant tourism industry which enjoys a resilient, year-round market. This report considers the size and growth of tourism; its impact on residents; key pressures; resources and strategic direction.

Size and growth of tourism in Edinburgh

3.2   Edinburgh's tourism sector delivers significant economic benefits for the city including:

- In excess of 4.1 million visits per year and 14.36 million bed nights;

- Generating £1.463 billion in visitor spend;

- Supporting 1,790 tourism businesses;

- Employing 34,800 people; and

- Supporting a wide range of ancillary businesses including food and drink.

3.3   Edinburgh 2020 targets include:

- Increase the numbers of visitors by one third by 2030;

- Increase the average spend by visitors by 10% by 2020;

- Increase total visitor expenditure to £1,500 million by 2020; and

- Reduce seasonality across the sector.

3.4   This growth strategy has seen visitor numbers grow by 18% and visitor spend by 30% respectively between 2010 to 2015, faster than in the rest of the UK.

3.5 Although visitor volume has grown, visitor density (the ratio of visitors to permanent residents) in Edinburgh remains lower than cities such as Venice, Barcelona or Amsterdam where measures have been introduced to cap visitor numbers:

City	Total visitors (m)	Population (m)	Visitor Density
Venice	30	0.265	113:1
Barcelona	32	1.6	20:1
Amsterdam	16	0.82	19:1
Edinburgh	4.1	0.5	8:1

3.6 The growing number of visitors to Edinburgh brings benefits to the city economy but effective management of success is required to ensure that visitor numbers do not reach those of other cities where the impact has been damaging.

3.7 Managing sustainable tourism growth is also critical to maintaining the city's UNESCO World Heritage Status. Recent consultation, including with ETAG, undertaken by Edinburgh World Heritage and reported to Planning Committee on 11 December 2017, suggested that visitor management is an increasing pressure, and that the value of the World Heritage Status should be recognised by the industry.

3.8 Managing Success is to be the main theme of ETAG's 2018 conference in February and the group has identified and prioritised some key responses:

3.8.1 Targeting increased visitor spend rather than simply volume growth; prioritising independent travellers rather than group travel, generating higher spend per head;

3.8.2 Utilising existing capacity during off-season, enhancing productivity, promoting full time employment rather than seasonal contracts; and investing in staff development and training;

3.8.3 supporting the Old and New Towns of Edinburgh World Heritage Management Plan (and the associated Action Plan); and

3.8.4 Supporting and encouraging the use of new technology and innovation to improve visitor management including dynamic pricing and new products and services.

Impact on Residents

3.9 Data regarding the positive impact of tourism from Edinburgh's People Survey (2016) reports that 59% of Edinburgh residents have been to a museum, gallery, theatre, or live music event in the last year. This demonstrates that the facilities and events which draw tourists to Edinburgh are actively enjoyed by a majority of

people living in the city. These amenities and events add significantly to the quality of life in the city, a measure for which Edinburgh constantly achieves top rating and where 94% of residents are satisfied or very satisfied with their city as a place to live.

3.10 79.7% of residents city-wide and 82% of city centre residents agreed with the statement "Edinburgh Festivals make the city a better place to live". The most recent visitor satisfaction data available reports 80% of visitors found the people of Edinburgh to be very welcoming.

3.11 Tourism provides a dynamic jobs market for Edinburgh workers including many at entry level, but also offering opportunities for rapid advancement.

3.12 Anecdotal evidence and recent media commentary on the negative impact of tourism point to difficulty moving around the city, "getting on with normal life", noise levels and the impact of night time economy as issues which need to be addressed. Reports and feedback of this nature are most frequently received at peak visitor times. A report on Managing our Festival City is also being considered at the Committee on 30 January 2018.

3.13 Tourism also supports a popular souvenir market. This has led to a dominance of tourist-facing outlets particularly in the Old Town, which limits the variety of retail offer for local residents.

Pressures

3.14 Pressures resultant from tourism which might be considered of particular relevance to the Council include: bottle-neck pressures and visitor dispersal; short term letting and its effect on housing, environment and local residents; and development pressures and these are outlined in more detail below.

Bottle-neck and visitor dispersal

3.15 Key areas, including within the Old Town and New Town, become bottle-necks during peak times. These include Castle Terrace, High Street, Princes Street and North Bridge. Outside of these areas, there is no indication that significant and sustained bottle-necks occur on a regular basis.

3.16 Edinburgh International Festival and Fringe represent the world's biggest arts festival, and August sees the city's most crowded weeks.   Nevertheless, the crowds and the busyness is undoubtedly part of what gives Edinburgh festivals, and the Fringe in particular, their unique appeal.

3.17 Festival organisers work closely with the Council and other key stakeholders to ensure safety and environmental safeguards are in place. Venue operators are required to cooperate with the Council and other key services during peak times.

3.18   Visitor management and dynamic pricing is becoming more prevalent. For
        example, Edinburgh Castle, the city's most popular paid-for attraction, broke the 2
        million visitor record during 2017 and welcomed a record 600,000+ visitors during
        July and August 2017, an increase of 12% year on year. This resulted in pressures
        including peak numbers between 0930 and 1300 each day. As a result, the Castle
        plans to introduce capacity managed time slots in 2018 and will promote advanced
        tickets in future. Closer liaison with cruise ship operators will also take place to help
        manage peak-time attendance at popular visitor attractions.

3.19   The Council and partners including ETAG and Marketing Edinburgh continue to
        encourage wider dispersal of visitors around the city with plans for improved and
        redesigned way-finding systems, a new city cycle hire scheme and pro-active
        marketing of attractions, events and areas of interest outside the immediate city
        centre.

Short term letting

3.20   The Housing and Economy Committee received an update on 7 September 2017
        highlighting the challenges resulting from the growing trend of short term letting. A
        motion from Councillor Aldridge to Council on 14 December 2017 was accepted to
        establish a short term multi-agency working group to ensure both coordinated input
        to the Parliament's considerations and to seek an agreed approach by all partners
        to the specific needs of the city

3.21   The Scottish Government's Expert Panel on the Shared Economy is considering
        further evidence and is yet to reach a conclusion. The Council has called on the
        Scottish Government to increase the powers available to local authorities to
        manage these, by introducing a licencing system. Meantime, Council services
        continue to monitor available data before preparing a further detailed report.

3.22   Anecdotal evidence is emerging of challenges around responsible factoring. For
        example, where holiday lets and short term letting are prevalent in any one block, it
        can prove difficult to establish who takes responsibility for regular maintenance or
        general cleanliness. This is of growing concern to local residents and heritage
        groups.

Development

3.23   Demand for more hotel provision within the city continues at a time when business
        growth, entrepreneurship and new-starts is also applying pressure on availability of
        office and workspace.

3.24   There are currently five new hotel developments underway in Edinburgh
        representing a total of 340 bedrooms. A further 34 hotel developments hold
        planning consent totalling 2,858 bedrooms and are yet to get underway. A further
        15 developments totalling 2,148 bedrooms were awaiting planning determination.

3.25 Hotel developments are, to some extend limiting the city's supply of older office stock, which provide a source of lower-cost accommodation for early-stage companies. In 2016, the Council issued planning consent for the conversion and demolition of 5,232sqm of office space to hotel uses.

3.26 Hotel developers are also typically able to outbid office developments for land and leases, since hotel leases carry less risk and offer better returns on investment.

3.27 Edinburgh's hotel offering is weighted towards budget hotel chains. The city's two largest providers of hotel bedrooms, Premier Inn and Travelodge, together account for over one-quarter of hotel bedrooms in Edinburgh. Lower construction costs and higher occupancy of budget hotels mean they can often out-bid more expensive brands for buildings and land. While this means Edinburgh is a relatively affordable destination by European standards, it reduces the ability of the city to attract high-spending visitors. This runs contrary to the strategic priority of attracting less volume and more high-spend visitors.

3.28 The current Edinburgh Local Development Plan was prepared during the economic downturn and therefore emphasises flexibility to help stimulate development. With the city's property market now in better health, the preparation of the second Local Development Plan over the next two years will consider whether a different approach to allocating land is required in order to deliver an appropriate mix of uses, particularly in the city centre. This will be influenced by the Council's new Economic Development Strategy.

Resourcing Sustainable Tourism

3.29 Protecting Edinburgh's cultural and heritage assets, and the city's attractiveness as a major visitor destination requires a level of sustainable investment beyond that which the Council can contribute on its own.

3.30 A question to Council on 14 December 2017 raised the issue of a Transient Visitor Levy for Edinburgh.

3.31 The Council is currently working on developing a robust, evidence based business case for consideration by the Scottish Government. This draws on the existing evidence available in the UK and abroad. It is recognised that industry ownership of any such proposals is vital.

Conclusions and Strategic Direction of Travel

3.32 Edinburgh's tourism sector contributes significantly to the economy of the city. Further, for 80% of citizens, Festivals add to the quality of life in the city and 59% of city residents enjoy utilising tourism related amenities, events and services.

3.33 The visitor-to-resident ratio in Edinburgh is currently below that of other European cities where measures have been taken to cap visitor numbers.

3.34   The Council continues to work with the tourism industry through ETAG to manage sustainable growth. Actions are in place or are planned, to alleviate some current identified pressures. These actions, which seek to achieve a balance between the needs of citizens and the demands of visitors, are overseen by the Edinburgh 2020 Strategy Implementation Group.

3.35   The focus of the ETAG's 2018 Conference in February will be "Managing Success". Shortly thereafter, ETAG will begin research and consultation leading to the development the city's next tourism strategy ahead of 2020.

3.36   The current Tourism Strategy was written at a time of recession and much of its focus is on growth. The new strategy should consider more centrally the issues of managing sustainable tourism and align as far as practicable with wider partners' plans, not least, the Edinburgh World Heritage Action Plan.

3.37   The Council's continued participation and oversight of this process will ensure the new tourism strategy is developed with transparency, partnership and consultation. It will also ensure full strategic alignment with the city's new Economy Strategy, the Culture Plan and the Edinburgh and South-East Scotland City Region Deal.

3.38   The new Economy Strategy, considered at the Housing and Economy Committee on 18 January 2018 focuses on Inclusive Growth through Innovation. The strategy makes specific reference to managing sustainable growth in tourism, including within the Ten Steps for Good Growth "*Deliver sustainable and inclusive growth in our world leading culture and tourism sectors*". ETAG members have been active consultees on the development of the Economy Strategy and will continue to work with the Council in preparing the new Tourism Strategy to ensure integration and alignment.

3.39   The Edinburgh and South East Scotland City Region Deal will result in significant investment in data driven innovation. This will afford Edinburgh's Tourism industry a unique opportunity to examine tourism data, and evidence of its impact, in a new way. ETAG should work together with City Deal stakeholders and in particular the Edinburgh Futures Institute to identify new innovations, products and services to ensure that Edinburgh can continue to be one of the world's leading tourism destinations.

4.   Measures of Success

4.1   Edinburgh continues to be a top destination for visitors, and achieves a balance of managed growth in tourism which does not impact adversely on the quality of life for residents, nor on the city's heritage, natural and built environment.

5. Financial impact

5.1 The tourism sector makes a valuable contribution to the economy of the city.

5.2 There are no direct additional financial implications for the Council revenue budget in this report.

6. Risk, policy, compliance and governance impact

6.1 There are no direct risks, policy, compliance or governance impacts resulting from this report

6.2 The Council and ETAG will work together to develop a revised Tourism Strategy beyond 2020. This process will be subject to appropriate risk assessment, compliance and governance checks.

7. Equalities impact

7.1 There is no direct equalities impact resulting from this report.

7.2 The Council and ETAG will work together to develop a revised Tourism Strategy beyond 2020. This process will be subject to appropriate equalities impact assessment checks.

8. Sustainability impact

8.1 There are a range of sustainability considerations raised in this report.

8.2 The Council and ETAG will work together to develop a revised Tourism Strategy beyond 2020 which will focus on managing sustainable growth, aligning with and complementing the new City Economy Strategy.

9. Consultation and engagement

9.1 The theme of the 2018 ETAG Conference (1 February 2018) is to be "Managing Success". This marks the beginning of a comprehensive consultation process which will inform the production of a new Edinburgh Tourism Strategy by 2020.

10.   Background reading/external references

10.1   [Edinburgh 2020, The Edinburgh Tourism Strategy](#)

10.2   [Edinburgh 2020 Strategy Implementation Group](#)

10.3   [Edinburgh People Survey (2016)](#)

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11.   Appendices

None