



T: 0300 244 4000  
E: scottish.ministers@gov.scot

Lord Thurso  
Chairman  
VisitScotland  
Thurso East Mains  
Thurso  
Caithness  
KW14 8H

4 August 2018

Dear Lord Thurso

## **VISITSCOTLAND: LETTER OF STRATEGIC GUIDANCE 2018-19**

Following the publication of our Programme for Government (PfG), 'A Plan for Scotland' and our Budget Plans for 2018-19, I am writing to you to outline the strategic priorities I would wish to set for VisitScotland until the end of March 2019.

The Scottish Government's purpose of creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth remains at the centre of the Scottish Government's mission.

In 2018-19 I would expect VisitScotland to make decisions to ensure that the funding provided to it by the Scottish Government is used to promote sustainable and inclusive economic growth, meet VisitScotland's statutory obligations, and contribute to the Scottish Government priorities set out below.

In the 2018-19 Draft Budget published in December the Scottish Government committed to:

- funding VisitScotland to deliver sustainable growth in the wider visitor economy by working collaboratively with the Scottish tourism industry and public sector partners to ensure that Scotland continues to build on its reputation as a world-class tourism destination and that we achieve the shared ambition in the 'Tourism Scotland 2020' strategy;
- improving access to visitor information across Scotland by modernising key VisitScotland visitor information centres, developing partnership arrangements and improving digital and online information provision;
- delivering our commitment to inspire Scotland through its young people, celebrating the achievements of young people in our themed Year of Young People and creating new opportunities for them to shine locally, nationally and globally;

- promoting the South of Scotland and Ayrshire as a tourism destination as set out in the Programme for Government;
- creating the new Rural Tourism Infrastructure Fund which will help support sustainable tourism across rural Scotland;
- continuing to provide support for, and work with, partners in the planning and delivery of forthcoming major events: the 2019 Solheim Cup and UEFA EURO 2020; and
- using the Glasgow 2018 European Championships, to be held in partnership with Berlin, to deliver this Government's ambitions for Scotland, both at home and on the international stage, enhancing Scotland's reputation as one of the world's top destinations for sporting events.

In directing support and investment across all of its activity, VisitScotland must focus on maximising the contribution that its investment will make to achieving the Scottish Government's priorities, including those above, in conjunction with the refreshed National Performance Framework (NPF), Programme for Government (PfG) and Scotland's Economic Strategy (SES) with full consideration of the specifics of supporting rural economies and fragile areas. VisitScotland planning and reporting should be demonstrably based, and their effectiveness assessed, on this alignment.

I expect you to use your regular engagement with Scottish Government at both official and Ministerial level to provide Government with a robust and timely assessment of progress and risks in relation to these plans. I also expect VisitScotland to continue to set itself challenging targets that contribute to the delivery of the NPF, PfG and SES.

## **Policy Priorities**

### **Refresh of the Tourism Strategy**

VisitScotland has a clear role as the national tourism development agency for Scotland in understanding the visitor economy and the key actions needed across the sector to make sure that it thrives. This will be particularly important with regard to the upcoming refresh of Tourism Scotland 2020, which will take place during 2018 and 2019. The refreshed Tourism Strategy will help shape the tourism sector's aims and aspirations for the coming decade, and will influence the Scottish Government and public sector partners' actions to support the sector's contribution to delivering more sustainable and inclusive growth across Scotland. Tourism is vital part of the Scottish economy, employing 217,000 people and supporting a visitor spend of almost £9 billion a year. The Scottish Government aims to continue to do all we can to support sustainable growth in tourism, particularly in rural Scotland, working in partnership with local communities. I therefore expect that VisitScotland will play a full part in supporting the refresh, development and delivery of Scotland's Tourism Strategy, in collaboration with public sector and industry partners.

### **Rural Tourism Infrastructure Fund**

The creation of the fund is designed to address the current pressure on identified pinch points, specific areas or attractions that tourists specifically wish to see and to address the concerns of those communities that do not experience a direct benefit from the visitor economy. As you are aware, the fund is not designed to be a replacement for other funding streams, particularly the backfilling of reducing local authority spend, but is to offer new sustainable solutions for tourism pinch points. I have asked VS to administer the fund and I expect to see projects which will provide sustainable solutions which deliver real improvements to rural communities across Scotland.

## **South of Scotland**

The Scottish Government is committed to promoting the South of Scotland as a tourism destination, with a particular focus on mountain biking in Glentworth, adventure tourism and forest holidays. By 2020 we will have established a new South of Scotland Economic Agency, which will focus on tourism as part of its effort to stimulate economic growth. In the interim, for 2018/19 we have established a £10m partnership between government agencies and the private sector to develop a strategy for growth across Dumfries and Galloway and the Borders. I have tasked VisitScotland with developing a dedicated marketing strategy for the South of Scotland which should be implemented in 2018-19.

## **Scotland is Now**

I expect VisitScotland to continue to collaborate with its partners to maximise the benefits of Scotland is Now by projecting Scotland as the progressive, pioneering and dynamic nation, increasing awareness of Scotland with a view to extending our reputation further and boosting Scotland's exports, inward investment and population.

## **Supporting the fair work agenda, internally and with industry**

Central to our PfG is to make progress towards equality and opportunity for all. I expect VisitScotland to be active in promoting equality and to embed it in everything it does. The Scottish Government continues to have a strong focus on pursuing inclusive growth, including through inclusive tourism and employability. Creating sustainable, inclusive economic growth that provides more employment, better quality jobs and equality of opportunity is crucial to developing our economy in partnership with businesses and communities to improve people's opportunities through work, which is fairly paid.

We have seen recent success in the growth of the numbers of tourism jobs, but it is important to ensure that these jobs span the full range of employment opportunities, from apprenticeships to highly skilled leadership and management roles and that VisitScotland plays an appropriate role in relation to the implementation of the Skills Development Scotland Tourism Skills Investment Plan.

## **Information Strategy**

I have provided VS with capital funding in 2018-19 to continue its programme of visitor information centre modernisation. I would ask that VS keeps me updated on the refurbishment of the remaining centres and decisions on the locations of remaining hubs and the closure of its Phase 2 sites.

## **Building digital capacity across the industry**

Developing Scotland's digital capacity is crucial to our success and I know that VisitScotland is already playing a role in this through the Digital Tourism Scotland programme. However, I also know that less than 50% of listed businesses are bookable online, and many are not engaged more widely with the digital agenda. Encouraging increased online presence of the industry must continue to be a priority for VS, with clear milestones agreed for progress. But, more than that, VS must work with the Scottish Government and other public bodies to move beyond current activity to support the Scottish Government's vision for full digital immersion and connectivity for Scotland's tourism industry.



## **Destination development**

Scotland's destinations, including our cities, are key to the maximisation of our economic benefits. It is important that VisitScotland takes the lead in supporting them in their attraction strategies, growing local capacity and improving access to the market. Our Programme for Government highlighted our focus on the development of the South of Scotland as a visitor destination, alongside the development of Ayrshire and any potential growth deal, and we will welcome VisitScotland's expertise in helping us achieve our aspirations for the area. It will also be important, within this, to ensure that the needs of our culture and heritage sectors are supported and that this valuable asset base is nurtured and promoted.

## **Developing investment options to support tourism infrastructure**

I expect VisitScotland to help to influence the development of Scotland's tourism infrastructure so that it is carried out in a strategic and collaborative way that involves all of our tourism stakeholders. I would encourage VisitScotland to work with other public and private stakeholders to take an innovative and inclusive approach to progressing this work with the aim of creating an effective long term economic plan and a tool for future resource planning.

## **City deals**

Cities and their regions are the engines of our economy. The Scottish Government is committed to working with all our cities to unlock investment, whether that is individually or collectively and whether that is through a City Region Deal, one of the Scottish Government's devolved initiatives to stimulate growth and deliver infrastructure investment, or a combination of measures. We are also working with regions to address regional economic inequalities to allow all of Scotland's regions and communities to prosper. The Scottish Government is committed to working in partnership across the public sector to boost economic growth outside the traditional growth areas of Scotland. I expect VisitScotland to be fully engaged, where appropriate, in advising and influencing stakeholders to ensure the sector can continue to benefit from the city and region deals.

## **Brexit**

The prospect of the UK leaving the European Union has created huge and significant uncertainties for the Scottish Government, the public sector, businesses and families. Brexit remains a very significant challenge given the scale of uncertainty that exists in the devolved public sector landscape and the potential economic impact, which will be a factor in both the tax revenues likely to be raised in Scotland and on future spending decisions.

Scotland's economy continues to show resilience but it faces challenges of demographic change, technological advances and preparing our workforce for the jobs of the future. Brexit continues to provide serious economic headwinds but we know we can and must do more to secure growth for everyone in Scotland, no matter their background or where they live.

Despite Brexit not being Scotland's choice, the Scottish Government is working hard to press the UK Government to fully consider the impacts of the EU exit on Scotland's public finances, in order to mitigate the worst effects in Scotland and to ensure that Scotland's finances are not detrimentally impacted.

EU countries provide seven out of our ten key visitor markets. EU nationals also make up over 9 per cent of the industry's workforce. The period to March 2019 will be crucial in determining what kind of country Scotland will become and the Scottish Government continues to work to protect Scotland's place in Europe.

The views of our tourism sector will be essential to this, and we will continue to work with industry to ensure the best possible outcomes for our visitor economy. VisitScotland therefore has a key role in ensuring the Scottish and UK Governments are sighted on the current impacts of the impending exit from the EU and developing trends and concerns across the sector, and in ensuring we continue to maintain and build collaborations and networks to encourage future European and worldwide investment, working with the Scottish Government's new hubs in Berlin and Paris and our existing presence in Brussels and Canada.

## **Gender Pay Gap**

The Scottish Government's strong commitment to equality is at the core of Scotland's Economic Strategy and closing the gender pay gap is key, both in terms of promoting equality and boosting inclusive economic growth.

Scotland has come a long way and as a nation our full-time pay gap is down from 11.9% in 2007 and 16.7% in 1999 and currently sits at 6.6%. This is below the UK figure of 9.1%. Although the long term trends are encouraging we need to maintain our focus to ensure that tackling the gender pay gap remains a priority for all employers.

Gender pay gap requirements placed on the Scottish public bodies are set out in the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012. In many parts of Scotland, public bodies are among the largest employers and should be exemplars in recruiting employees on an equitable basis and supporting career development into senior decision making roles for all sections of our society.

I recognise that each public body is unique, they are different in size and structure and that some have been operating in a backdrop of subdued recruitment. However, there remains the very real challenge that we face to further reduce the gender pay gap in Scotland.

Over the coming year I expect VisitScotland to build upon the actions identified in the Equality and Diversity Mainstreaming Report. I would encourage you to continue to explore what and consider what additional steps your organisation could take to reduce the pay gap and work towards implementing these. I would also encourage you to build on the success of the accessible tourism project by considering other emerging opportunities around inclusive tourism - for example working with partners to harness the significant economic and social benefits of LGBTI tourism.

## **Themed Years**

The Year of Young People (YOYP) has started extremely well with VisitScotland playing a key role in the planning and delivery of both the Events Programme and the Tourism strand, utilising its wider marketing channels to maximise awareness of the Year, promote opportunities for people to engage at home and abroad, and promote the effective partnership approach. I hope that the excellent co-production work which VisitScotland have demonstrated during the development of YOYP, will continue to form a core part of the VS organisational ethos, in the same way that it has in the Scottish Government. I know your YOYP team have really seen the positive impact of the young people who have co-produced

the events programme and I hope this will continue to be the case as VisitScotland develops plans to mark the end of the Year.

Beyond YOYP, planning for the delivery of the next cycle of Themed Years has recently begun and the 2020 Year of Coasts and Waters looks set to be a huge draw for visitors and a diverse range of businesses across our sector. I also look forward to seeing VisitScotland deliver the recommendations derived from the industry consultation exercise as we move into the new two-year delivery format. I hope VisitScotland continues to work with my officials and partners to develop the core objectives for the Year and a robust plan for engaging the industry and promoting the year in 2019, before delivery of a full and exciting programme of events in 2020.

As discussed with your Head of Development (Events Industry) and Head of Finance last year, from 2018/19 the budget allocation for Themed Years will now come wholly from the SG Major Events Budget, as opposed to the previous arrangement whereby 50% came from the Major Events Budget and 50% was ring-fenced within the VisitScotland GIA budget. In turn the VS GIA budget will be reduced by the amount which would have been allocated per Themed Year, which in calendar terms was £285k. I must stress that the mechanism won't affect the amount which is allocated to the Themed Years programme (subject to the spending review). The only thing that will be affected is how that budget comes to you.

## **Events**

The national events strategy, Scotland the Perfect Stage, sets out our vision for Scotland to be recognised nationally and internationally as an events destination. VisitScotland continues to make an important contribution towards delivering this vision and I look forward to seeing this continue. Through a One Scotland approach, I want to see the development of a strong and dynamic events industry that supports and delivers a portfolio of events and festivals which enhances the international profile of the country. We have had marked success in attracting mega-events to Scotland in recent years and I would like VisitScotland to work with us to explore how this can be consolidated by developing a targeted pipeline of future events, drawing upon commercial support wherever possible. I would encourage VisitScotland to be innovative and ambitious in their approach.

Aileen Campbell, the Minister for Public Health and Sport, continues to take lead responsibility for the Glasgow 2018 European Championships, the 2019 Solheim Cup at Gleneagles and UEFA Euro 2020. I will, however, maintain a close interest in these events with a focus on ensuring that we maximise the benefits that staging them presents for Scotland. Good progress has been made in the preparations for the 2019 Solheim Cup and I welcome the significant contribution that VisitScotland has made to the planning up to this point. We look to VisitScotland to continue to ensure that Scotland's contractual obligations are met and that Scotland maximises the benefits from this event in terms of economic impact, international profile, business and tourism opportunities and socio-cultural opportunities, including the development of the girls' and women's game in Scotland.

Finally, we also look to VisitScotland to continue to support the work of partners in delivering the Glasgow 2018 European Championships and UEFA Euro 2020; putting the expertise and experience within your organisation to best use in helping ensure the successful planning and delivery of these events, securing the strongest outcomes possible for the considerable Scottish Government investment in these events and using the Championships as a vehicle to market Scotland as the destination of choice.

## Scotland's Winter Festivals (SWF)

Scotland's Winter Festivals continues to deliver on all of its objectives; supporting high profile events like Edinburgh's Hogmanay, which generates over £32m for our economy and promotes Scotland to a huge global audience, and also smaller scale local events which boost seasonality across the country and also engage our diverse communities in the national celebrations of St Andrew's Day, Hogmanay and Burns. The Winter Festivals continues to develop and grow, contributing to a wide range of the Scottish Government's National Outcomes. For example, in 2018/19, the Scottish Government is funding the multi-cultural celebration of the Winter Festivals (led by BEMIS Scotland) and also St Andrew's Fair Saturday (led by the Fair Saturday Foundation) both of which aim to boost the Winter Festivals, cultural diversity and also enhance social inclusion/engagement and the voluntary sector more broadly. I look forward to hearing more about how VisitScotland and our partners are working together to further the aims of these two exciting initiatives as an integral part of our wider drive around the Winter Festivals.

This will be a challenging year for us all, and I look forward to counting on the support of VisitScotland in continuing to deliver tourism success for all of Scotland.

Kind regards  
Fiona Hyslop

**FIONA HYSLOP**