25 July 2019

Dear Lord Thurso

VISITSCOTLAND: LETTER OF STRATEGIC GUIDANCE 2019-20

I am writing to you to outline the strategic priorities I would wish to set for VisitScotland until the end of March 2020.

At the heart of these expectations is that VisitScotland continues to operate as a highly effective public body working in partnership with others in both the public and private sectors and with communities to improve outcomes and promote Scotland’s visitor economy. Its operations will support an inclusive and sustainable economy, in line with the Government’s commitment to public service reform, building on the principles of the Christie Commission.

Investing in our economic future remains at the core of this Government’s mission. We are absolutely committed to creating a more prosperous nation with more jobs, fair work and a dynamic sustainable and inclusive economy. VisitScotland has a critical role to play in ensuring we deliver on this commitment.

In 2019-20, I look to VisitScotland to make decisions that ensure the funds provided to it by the Scottish Government are used to drive sustainable and inclusive economic growth and meet VS’s statutory obligations. In directing your support and investment across all of your activity, VS must focus on maximising the contribution that its investment will make to achieving the Scottish Government’s priorities in conjunction with the information contained in the Annex and captured in the refreshed National Performance Framework (NPF), Programme for Government (PfG), Scotland’s Economic Strategy (SES), and the Economic Action Plan.

VS should maintain an outcome focused approach and I expect VS to continue to set challenging targets that contribute to the delivery of the NPF, PfG and SES, and to align with the performance framework developed by the Strategic Board. I expect VS’s objectives and outcomes to be clearly set out in your corporate plan and demonstrably supported by effective planning and reporting, partnerships and collaborations. I expect you to use your regular engagement with Scottish Government officials and Ministerial level liaison to provide
Government with a robust and timely assessment of progress and risks in relation to these plans.

The effectiveness of VS in contributing to the Scottish Government’s priorities depends on more than what VS does itself. The success of Scotland’s visitor economy, requires coherent collective efforts in partnership involving VS, other public sector bodies, wider business and other communities.

Against this background VS should look to continue to support the development and implementation of the City Region Deals and associated Regional Economic Partnerships (REPs) across Scotland. Most importantly, I 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. VisitScotland has a clear role as the national tourism 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 ongoing refresh of Tourism Scotland 2020, which will be published in October 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.

**Particular Priorities**

The Year of Coasts and Waters 2020 will sustain and build upon the momentum of the preceding Themed Years to spotlight, celebrate and promote opportunities to experience and enjoy Scotland’s unrivalled Coasts and Waters, encouraging responsible engagement and participation from the people of Scotland and our visitors. VS should actively seek to work in partnership to ensure that an inclusive approach is taken throughout the Year and beyond, creating a lasting legacy and assisting sustainable economic development. VS should also use the lessons learned during the YOCoW 2020 and the co-design work from Year of Young People 2018, to inform work on future Themed years, such as the Year of Scotland’s Stories in 2022.

Adventure Tourism is a sector with significant growth potential. Travellers are increasingly looking for experiential and immersive opportunities that enhance wellbeing, allow them to connect with communities and respond to social and environmental issues. Scotland has a really exciting adventure offer and an opportunity that is significant, immediate and increasing. The Scottish Government is undertaking strategic work on Adventure, and VS should engage in this activity and work collaboratively with partners to; increase the contribution that Adventure Tourism makes to Scotland’s economy; deliver sustainable growth across the sector, that respects its environmental, social and economic foundations; position Scotland as a premier destination for adventurous activities globally; and build a unique selling point for Scotland that reflects Scotland’s wider adventure offer.

The successful staging of the Solheim Cup at Gleneagles in September 2019 is a shared priority of the Scottish Government and VS. We will look to you to continue your oversight of this project, recognising the significance of the Solheim Cup for the international reputation of Scotland as well as the boost it will provide for the participation of women and girls in the sport of golf.

Another key priority within our ambitious programme of major events is the 2023 UCI Cycling World Championships. Securing a Long Form Agreement with the UCI within the agreed timescales should be a major focus of VS work over the coming months, acknowledging that any agreement will need to protect Scotland’s interests.
The Scottish Government's Fair Work Action Plan (published 27 February 2019) sets out our approach to help employers embed and mainstream fair working practices within their workplaces. As a public sector employer, I expect VisitScotland to demonstrate Fair Work First within your own organisation and we will also look for you to support the commitment to promoting Fair Work practices within the tourism sector.

Finally, I am keen that VS should have a key role in promoting the Business Pledge within the tourism sector, particularly as regards the benefits it delivers for competitiveness. We will continue to work in collaboration with VS to achieve the priorities set out in this 2019-20 plan and beyond including promotion of the Scottish Business Pledge in its refreshed structure.

**VS Budget 2019-20**

In what has been a tight financial settlement for public services across Scotland, I had hoped to be able to maintain a flatline resource budget settlement for VS in 2019-20. I warmly welcome VS’s approach to working openly with officials to better understand and consider the prioritisation and maximisation of opportunities within a range of budget scenarios and that VS was still able to commit to delivering its outcomes on a flatline basis.

VS’s budget allocation for 2019-20, to support delivery of our priorities on inclusive and sustainable economic growth is set out in the table below. You are aware that further work has been going on to look again at budgets for 2019-20 across the Scottish Government to ensure that a balanced budget is delivered. As part of this process, VS’s resource budget will be reduced by £750k.

In-year transfers, both in or out of the budget, will be detailed at the Autumn and Spring Budget Revisions, agreed with VS, published and subject to Parliamentary scrutiny.

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<thead>
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<th>Financial Year 2019-20</th>
<th>£(m)</th>
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<tr>
<td>Resource</td>
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<tr>
<td>Capital</td>
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<tr>
<td>Non-cash</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>44.0</strong></td>
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*This excludes ring-fenced funding to be acted at ABR/SBR including, but not limited to, Solheim Cup, South of Scotland marketing and the Clan Event fund.

**Conclusion**

In conclusion, I hope that you will find this letter and the accompanying Annex helpful in carrying forward your business planning for 2019-20. I am confident that VS will rise to meet the challenges it faces during the coming year and this Government very much values the important work that VS carries out in helping to deliver the Government's Purpose. I look forward to that support continuing as the Board drives forward its important work in meeting our priorities to create a prosperous nation with more jobs, fair work and a dynamic, outward looking, sustainable and inclusive economy.

Kind regards,

FIONA HYSLOP
Draft Budget Commitments

In the 2019-20 Draft Budget published in December 2018 the Scottish Government committed to:

- continue to fund VisitScotland to deliver sustainable growth in the wider visitor economy so that Scotland can continue to build on its reputation as a world-class tourism destination;
- undertake promotion and delivery of the 2020 Year of Coasts and Waters;
- support sustainable tourism across Scotland through the Rural Tourism Infrastructure Fund;
- continue to work with partners in the planning and delivery of forthcoming major events: the 2019 Solheim Cup and UEFA EURO 2020;

In directing support and investment across its activity, VisitScotland must focus on maximising the contribution that its investment will make to achieving these Scottish Government’s priorities, and those set out below, in conjunction with the refreshed National Performance Framework (NPF), Programme for Government (PfG) and Scotland’s Economic Strategy (SES) with full consideration given to supporting rural economies and fragile areas.

Policy Priorities

Rural Tourism Infrastructure Fund

The RTIF 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. 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. The two funding rounds to date have been very successful in terms of supporting sustainable solutions which deliver real improvements to rural communities across Scotland. I will look to VS to support the case for extending the RTIF in the next Spending Review / Draft Budget process.

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 Glentress, 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, 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. VisitScotland was provided with £500k in 2018-19 to develop a dedicated marketing strategy for the South of Scotland and a further £500k is available in 2019-20 to progress this further.

Scotland is Now

I expect VisitScotland to continue to collaborate with its partners to maximise the benefits of Scotland is Now by maintaining its current level of staffing and commitment to the development of the Brand Scotland collaboration, with specific partner responsibility for providing the resource and skillsets required to deliver design & content production, media planning, online customer experience and event management services.
Adventure Tourism

The 2018-19 Programme for Government outlined the following commitment: ‘We will also continue to explore the potential of the key elements of the [tourism] sector, including golf, mountain biking and marine tourism’. Adventure Tourism, which includes mountain biking and marine, has been identified as a major growth opportunity worldwide. Globally, the sector rose in value by 195% to $263bn from 2010 to 2013 (Adventure Trade Travel Association 2013). Trends show that the demand for nature based tourism, and specifically soft adventure activities, is expected to continue to rise. To ensure that Scotland maximises this opportunity, specific strategic work on Scotland’s adventure offer is underway to bring a collaborative approach, build on work underway in some subsectors and agencies, and develop a shared delivery plan, which will coordinate delivery mechanisms and help secure resources and commitment to delivery. I expect VS to contribute fully to this work, including linking this to Scotland is Now.

Capital Investment

I have provided VS with £1m capital funding in 2019-20 to continue its programme of visitor information centre modernisation. I would ask that VS keeps my officials updated on the refurbishment programme for the remaining centres.

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. I expect VS to continue to work with the Scottish Government and other public bodies 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. More widely, VisitScotland should continue to work with the Scottish Government and key partners such as HIE an Scottish Enterprise and we review our approach to destination development and agree how destinations will be supported in the future.

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. VisitScotland should contribute to the development of suitable infrastructure investment proposals, to ensure an appropriate pipeline of tourism infrastructure investments, which meet the dynamic and changing needs of an evolving tourism economy.
Climate Change

The relationship between our tourism economy and wider societal change, including the declaring of a Climate Emergency to address climate change and global sustainability, is increasingly important, and VS should work with partners to explore how to support the sector to adapt to and address these issues.

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, including work on marine and coastal tourism infrastructure which enables an alignment to our ambitions for the Year of Coasts and Waters 2020 and beyond.

Brexit

VisitScotland should take steps to ensure that any additional risks posed by the UK’s departure from the EU is considered and reflected within overall risk assessment for the organisation. VS should also continue to support tourism businesses towards Brexit-readiness as we approach 31st October.

Gender Equality and Diversity

The Scottish Government’s strong commitment to equality is at the core of Scotland’s Economic Strategy, both in terms of promoting equality and boosting inclusive economic growth.

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 promote gender equality and diversity in general both within VisitScotland and across the sector.

I would also encourage you to build on the success of the accessible tourism project by considering other emerging opportunities around inclusive tourism to harness the significant economic and social benefits.

Themed Years

The Year of Young People (YOYP) in 2018 was a greatly successful undertaking. Scotland is the first country in the world, that we know of, to dedicate a full year to celebrating its young people. 2018 provided us with a unique opportunity to show the world how proud Scotland is of all that our young people do – and all they can achieve in the future. I would like to thank VisitScotland for 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.

The Scottish Government is committed to giving young people a stronger voice in policy making and co-designing improvements to services which affect their lives and I hope that the excellent co-production work which VisitScotland 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 really saw the positive impact of the young people who co-produced the 2018 events programme and I hope this will continue to be the case as VisitScotland prepares post-YOYP guidance on co-production for the Scottish Events industry.

Work on the delivery of the next Themed Year has begun and the 2020 Year of Coasts and Waters already looks set to be a huge draw for visitors and a diverse range of businesses across our sector. Having approved the VS YCW2020 Strategic Plan in October 2018, I hope VisitScotland continues to work with my officials and industry partners to engage the sector and wider stakeholders in promoting the year in 2019, before delivery of a full and exciting programme of activity in 2020.

In addition to VS delivery work on YCW2020, the Scottish Government’s strategy for Themed Years suggests that the theme selected should also be viewed as an opportunity to add profile to non-tourism related policies and/or activities that align to the focus of the year. The broad scope of the Year of Coasts and Waters 2020 provides an ideal opportunity to highlight social, rural, environmental and economic policies and projects across the Scottish Government and our wider public sector partners. VS can certainly support us in this work.

Parallel with the delivery of YCW2020 events, marketing and industry support by VisitScotland and the Scottish Government will seek to use the opportunity of the Year’s four cross-cutting strands to support our social and environmental ambitions and ensure a lasting policy impact from YCW2020.

Events

"Scotland the Perfect Stage", the national events strategy, has served us well since it was launched in 2015. The strategy sets out our vision for Scotland to be recognised nationally and internationally as an events destination and we have have enjoyed considerable success in attracting events big and small to Scotland in recent years. In last year’s letter I encouraged VS to be innovative and ambitious in its approach to developing a strong and dynamic events sector in Scotland and in attracting a strong pipeline of future events, drawing upon commercial support wherever possible. That approach should continue but at this mid-point in the 10 year span of the strategy, I would like VS to work with the Scottish Government to review whether it continues to reflect our ambitions and priorities in a fast moving world.

Joe FitzPatrick, the Minister for Public Health and Sport, has assumed lead responsibility for 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. The preparations for the 2019 Solheim Cup are firmly on track and I warmly welcome the significant contribution that VisitScotland has made to reach 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.
VistScotland’s expertise will also be crucial to ensuring that UEFA Euro 2020 is delivered successfully and that the strongest possible outcomes are secured for the investment that is being made in the tournament.

The preparations for the 2023 UCI Cycling World Championships will be at a crucial stage over the course of 2019/20. As highlighted in the main letter, securing a Long Form Agreement with the UCI within the agreed timetable will be a priority for VS over the coming months. I am pleased with the role undertaken by VisitScotland to date to coordinate the work of the partnership that is developing the governance arrangements, delivery structures, budgets and venues for this major new event. The work that is undertaken over this initial period will lay the foundations for the smooth transition towards project planning and delivery. VS should continue to work closely with my officials to ensure that the policy objectives we seek to secure from this event are integral to how the event is planned and delivered. It is our shared ambition that the Championships should provide a platform for change and wider benefit.

Scotland’s Winter Festivals (SWF)

I am delighted that Scotland’s Winter Festivals continues to go from strength to strength. The SWF Event Fund, led by EventScotland, is a valued and integral part of the programme, welcoming visitors from near and far to events right across Scotland.

This year Scottish Ministers have faced particularly difficult decisions over funding. Austerity and austerity budgets are not a choice of Scotland’s making but continue to affect our funding capacity across all portfolios. These pressures have resulted in the budget allocated to the SWF Event fund being reduced from £320,500 in 2018/19 to £200,000 in 2019/20.

In these circumstances I recognise that we will not be able to do all that we want to do - or all that others will want us to do.

Within this reduced budget I would however like to see a good spread of events supported by the SWF Events Fund right across Scotland, including as many Local Authority areas as possible and also our rural and island communities.

The cornerstone SWF events make a significant contribution to National Events Strategy. With this in mind I would like VisitScotland’s Events Directorate to protect the ability of the event organisers to deliver Edinburgh’s Hogmanay 2019/20 and the Big Burns Supper 2020 to previous standards.

Over recent years we have also seen a subtle and welcome shift in the focus of SWF which is now more than ever contributing to a wide range of the Scottish Government’s national outcomes. The opportunity presented extends beyond growing our tourism economy to harnessing an opportunity to connect with the world around us, extend our warm welcome and champion the values that define us as a country: fairness, inclusivity, kindness and diversity.

Of course, in addition to boosting the events economy, the SWF Event Fund also continues to make an important contribution to these aims alongside other key initiatives like the multicultural celebration of SWF and St Andrew’s Fair Saturday.

In 2019/20, led by the Scottish Government, I would like to see the partnership between BEMIS Scotland, the Fair Saturday Foundation and VisitScotland’s Events Directorate strengthen further to boost the collective drive to deliver on all of the SWF objectives and ensure all consumer marketing channels owned by VisitScotland are utilized on to their full potential.
Each component of funded SWF activity has equal weight within the wider programme and only by further boosting collaboration and the partnership synergies we can fully realise the potential of SWF within the limited resources available to us. For example, the reduction in core funding for SWF marketing, means VisitScotland promotion of Burns Night events in particular is vitally important.

In addition I would like VisitScotland’s Events Directorate to continue to actively engage in St Andrew’s Fair Saturday in particular and to encourage Local Authorities and other bodies including private sector partners to join the celebration of St Andrew’s Day and the wider Winter Festivals by supporting their own contributing events.

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