This briefing provides information on the legislative framework for promoting tourism in Scotland, describes the main organisations involved in supporting tourism, provides key statistics, summarises Scottish Government policies and lists the main concerns relating to tourism identified by the Economy, Energy and Tourism Committee in its inquiry into tourism in Scotland.
INTRODUCTION

The World Tourism Organisation defines tourism as “the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes” (World Tourism Organisation).

Tourism is one of the fastest growing sectors in the world economy, a major generator of jobs and, for many countries, an important earner of foreign exchange.

Tourism is important to Scotland as

- spending by tourists in Scotland amounts to over £4bn annually
- this spending supports around 200,000 jobs
- a disproportionate number of these jobs are located in rural areas where employment opportunities are limited

This briefing provides information on the legislative framework for promoting tourism in Scotland, describes the main bodies involved in tourism, provides statistical information, summarises government policies and lists the main concerns relating to tourism in Scotland as identified by the Economy, Energy and Tourism Committee in the previous session.

LEGISLATIVE FRAMEWORK

Tourism is devolved. Ministerial responsibility in the Scottish Government lies with the Minister for Energy, Enterprise and Tourism.

The Development of Tourism Act 1969 (C51) created a British Tourist Authority, now known as VisitBritain, and national tourist boards for England, Wales and Scotland (Northern Ireland already had one). The national boards were limited to marketing their areas within the UK but following the enactment of the Tourism (Overseas Promotion) (Scotland) Act 1984 (C4)asp 15 the Scottish Tourist Board was given the authority to market Scotland overseas.

In 1993 a review of the Scottish Tourist Board led to a reallocation of responsibilities among the various public bodies involved in Scottish tourism. The Scottish Tourist Board assumed responsibility for the marketing and co-ordinating of Area Tourist Board activities, previously the responsibility of the Enterprise Network, while the Network became responsible for providing financial assistance for tourism projects.

The Tourist Boards (Scotland) Act 2006 changed the name of The Scottish Tourist Board to VisitScotland, the name which the Board had been trading under since the mid 90s. The Act also created an integrated network in which the Area Tourist Boards became part of VisitScotland. This formalised changes which had been largely implemented from April 2005.
WHO’S WHO IN TOURISM?

Many organisations have a role in promoting tourism in Scotland or see support for tourism as part of their remit. The main players and their roles are as follows.

Public sector or joint public-private

- The **Minister for Energy, Enterprise and Tourism**, reporting to the Cabinet Secretary for Finance and Sustainable Growth, has responsibility for tourism in the Scottish Government.

- The **Cabinet Secretary for Culture and External Affairs** has responsibility for culture and heritage.

- **VisitScotland**, the national tourist board, with responsibilities for national marketing, quality, information and, latterly, developing interests in investments and product development. Its funding from government in 2011-12 is £41m.


- **VisitBritain** – the UK’s national tourist board, responsible to the UK Government but which also promotes Scotland internationally in countries where VisitScotland has no or little representation.

- **Scottish Enterprise and Highlands and Islands Enterprise**, the two economic development agencies, with interests in product development, training and development, investment and quality assurance schemes.

- **Skills Development Scotland Ltd**, the agency for skills and training and responsible to the Scottish Government.

- **People 1st**, the sector skills council for the hospitality, leisure, travel and tourism industries and responsible to the UK Government.

- **Scottish Development International**, a jointly owned body of the Scottish Government and the two enterprise agencies with a responsibility for attracting inward investment and encouraging Scottish companies to internationalise.

- **EventScotland**, a subsidiary of VisitScotland with responsibility for attracting, creating and developing sporting and cultural events throughout the country.

- **Other government bodies** and agencies, such as Historic Scotland, the national collections and museums, the Forestry Commission and Scottish Natural Heritage.

- **Local authorities** with interests and responsibilities for product development, marketing initiatives, orientation and signage, training, events etc.

- **City marketing bureaux** – such as Glasgow City Marketing Bureau, which is engaged in national and international activity comprising of organising conventions, incentives, events, meetings and exhibition sales, conference and event accommodation bookings, development and implementation of the city branding campaign etc.
• **Other city-based public-private partnerships** such as the Edinburgh Tourism Action Group (ETAG), which exists to co-ordinate tourism in Edinburgh

**Non-public sector groups and bodies**

• Various **trade bodies**, such as the Scottish Tourism Forum (STF), Association of Scottish Visitor Attractions, Tourism Innovation Group, Association of Scotland's Self-Caterers, Historic Houses Association, The Scottish Tourist Guides Association etc

• The **Tourism Leadership Group** made up of senior industry figures advises the government and public sector agencies on tourism

• The various area/regionally-based private industry groupings set up broadly as **destination marketing organisations** (DMOs), such as Destination Loch Ness, Aviemore and Cairngorms Destination Management Ltd etc

• The **National Trust for Scotland** is a charity which holds in trust a wide range of sites and buildings and manages these for the enjoyment of visitors and the people of Scotland

• The **Moffat Centre for Travel and Tourism Business Development** is a specialist centre within Caledonian Business School, Glasgow Caledonian University which undertakes consultancy and research in tourism, hospitality events and travel.

**STATISTICS**

VisitScotland compiles and publishes data on

• the number of trips and visitor nights spent in Scotland

• the country of origin of visitors

• the level of spend by visitors

• the number of jobs in sectors heavily dependent on spending by visitors

Table 1 shows the total number of trips, total number of nights and total spend by visitors in each of the 5 years 2005-09.

**Table 1: Total Trips, Nights and Spend 2005-09**

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trips millions</strong></td>
<td>17.3</td>
<td>16.0</td>
<td>15.9</td>
<td>14.6</td>
<td>15.1</td>
</tr>
<tr>
<td><strong>Nights millions</strong></td>
<td>77.2</td>
<td>73.5</td>
<td>71.9</td>
<td>63.5</td>
<td>67.9</td>
</tr>
<tr>
<td><strong>Spend £m money terms</strong></td>
<td>4214</td>
<td>4159</td>
<td>4202</td>
<td>4047</td>
<td>4095</td>
</tr>
<tr>
<td><strong>Spend £m real terms 2009 £s</strong></td>
<td>4672</td>
<td>4474</td>
<td>4389</td>
<td>4105</td>
<td>4095</td>
</tr>
</tbody>
</table>

Source: VisitScotland
The figures show that trips, nights and spend in real terms were all trending down between 2005 and 2008. Trips and nights staged a recovery in 2009 but real terms spend continued to decline, albeit at a slower rate. Total spend in 2009 was 12% below the 2005 figure in real terms.

Tables 2 to 4 break down the figures by visitor origin.

**Table 2: Trips, Nights and Spend by Visitors from within Scotland 2005-09**

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trips millions</td>
<td>6.8</td>
<td>6.4</td>
<td>6.2</td>
<td>5.8</td>
<td>5.9</td>
</tr>
<tr>
<td>Nights millions</td>
<td>21.7</td>
<td>18.8</td>
<td>17.8</td>
<td>19.2</td>
<td>16.6</td>
</tr>
<tr>
<td>Spend £millions</td>
<td>897</td>
<td>830</td>
<td>815</td>
<td>927</td>
<td>886</td>
</tr>
<tr>
<td>Spend £m real terms 2009 £s</td>
<td>994</td>
<td>893</td>
<td>851</td>
<td>940</td>
<td>886</td>
</tr>
</tbody>
</table>

Source: VisitScotland

**Table 3: Number of Trips, Nights and Spend by Visitors from Rest of UK 2005-09**

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trips millions</td>
<td>8.1</td>
<td>6.9</td>
<td>6.9</td>
<td>6.3</td>
<td>6.6</td>
</tr>
<tr>
<td>Nights millions</td>
<td>31.2</td>
<td>28.3</td>
<td>29.6</td>
<td>25.0</td>
<td>29.4</td>
</tr>
<tr>
<td>Spend £millions</td>
<td>2109</td>
<td>1890</td>
<td>2020</td>
<td>1885</td>
<td>1850</td>
</tr>
<tr>
<td>Spend £m real terms 2009 £s</td>
<td>2338</td>
<td>2033</td>
<td>2110</td>
<td>1912</td>
<td>1850</td>
</tr>
</tbody>
</table>

Source: VisitScotland

**Table 4: Number of Trips, Nights and Spend by Overseas Visitors 2005-09**

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trips millions</td>
<td>2.4</td>
<td>2.7</td>
<td>2.8</td>
<td>2.5</td>
<td>2.6</td>
</tr>
<tr>
<td>Nights millions</td>
<td>24.3</td>
<td>26.4</td>
<td>24.5</td>
<td>19.3</td>
<td>21.9</td>
</tr>
<tr>
<td>Spend £millions</td>
<td>1208</td>
<td>1439</td>
<td>1367</td>
<td>1235</td>
<td>1359</td>
</tr>
<tr>
<td>Spend £m real terms 2009 £s</td>
<td>1339</td>
<td>1548</td>
<td>1428</td>
<td>1253</td>
<td>1359</td>
</tr>
</tbody>
</table>

Source: VisitScotland

The figures show that the decline in visitor numbers was greatest amongst visitors from the rest of the UK with overseas visitors showing some growth in 2006 and 2007 before declining in 2008. Overseas visitors stay longer and spend more per trip and per night but visitors from the rest of the UK remain the largest market whether measured in visitor numbers, visitor nights or visitor spend. This market showed the greatest decline in spend between 2005 and 2009.
Spend by overseas visitors showed little change in real terms between 2005 and 2009 with the significant increase in 2006 being largely reversed in the following two years but with some recovery in 2009. Figure 1 below illustrates the trends in real terms spending.

![Figure 1: Tourism Spend by visitor origin](image)

**ECONOMIC IMPACT**

The economic impact of an activity is usually measured by number of jobs or by value added. Tourism is not recognised as a separate sector in the Standard Industrial Classification of economic activity as it is defined by the source of the demand (tourists) rather than by the nature of the activity. As a consequence statistics on the economic significance of tourism are not readily available, and those which are vary widely.

VisitScotland estimate that in 2007 over 200,000 jobs, 8% of all jobs in Scotland, were tourism related. (VisitScotland, Online) An above average proportion of these jobs are part time or seasonal, and the added value per job is well below that in the rest of the economy. Another factor to bear in mind in interpreting this figure is that VisitScotland defines tourism related jobs as all jobs in travel, accommodation, catering, culture, sport and recreational services. Some workers in these sectors are mainly supplying local residents while some jobs in other sectors such as the retail trade are supported to some degree by tourists. However the contribution of residents to jobs in the sectors defined as tourism related almost certainly exceeds the contribution of tourists to jobs in other sectors not counted. For these reasons tourism related jobs and their share of all jobs in Scotland is not a reliable guide to the contribution of tourism to GDP.

Hayes and Boag (2004) produced tourism satellite accounts for 2000 and estimated that the contribution of tourist spending to value added was a little over £2bn. This was equivalent to about 3% of GDP at that time and was more than the then share of the agriculture, forestry and fishing sector (1.8%) but substantially less than sectors such as wholesale and retail trade (11%), health and social work (8.2%) or financial services (4.7%).
A more recent study on “The economic contribution of the Visitor Economy” (Deloittes, 2010) gives the following key indicators for the visitor economy in 2009

- a total contribution of £11.1bn of GDP (10.4% of the total economy) and 270,000 jobs
- a direct contribution of £5.2bn (4.9% of GDP) directly supporting 140,000 jobs
- £8.9bn in spending by tourists

The wide variation in these figures illustrates the difficulty in defining and measuring the contribution of tourism to employment and value added in the Scottish economy.

**SCOTTISH GOVERNMENT POLICY**

The Scottish Government’s *Tourism Framework for Change* (Scottish Government, 2006) has the overarching ambition to grow tourism revenues to Scotland by 50% in the ten years to 2015 and, in that same timescale, to make the country one of the world’s foremost tourism destinations. The framework focuses on the need for business leadership and entrepreneurial attitudes, for product development and innovation which matches customer needs and for building the skills and capabilities of people working in the sector.

Key changes identified as needing to take place across the industry if the ambition is to be achieved are:

- the need for a higher level of awareness of what is happening in the marketplace, of consumer trends and of what our competitors are offering
- the need to constantly exceed visitor expectations by managing the quality of the visitor experience and attracting and developing the skills of people working in the industry
- the need for continual investment in new products and services driven by a culture of enterprise and innovation which harnesses new technology
- the critical importance of access to and around Scotland
- the need for an integrated marketing effort
- the fact that the whole approach to tourism development must be sustainable – economically, socially and environmentally.

The framework makes it clear that it is the industry that will need to make these changes with the public sector agencies, including VisitScotland, playing a supporting role.

The Economy, Energy and Tourism Committee conducted an inquiry into tourism in 2007-08. In their report “Growing Pains: can we achieve a 50% growth in tourist revenue by 2015” (Scottish Parliament, 2008) the Committee welcomed the ambition in increasing revenues by 50% but recognised that this was unlikely to be achieved without greater commitment by the sector. The Committee identified the following as key issues

- The value of the 50% revenue growth ambition
- Decluttering the public/private framework that supports the industry
• The investment challenge
• Addressing education, training and skills needs
• The role of technology, electronic communication and marketing
• The role of events
• The future relationship between the public and private sectors
• Transport and connectivity

In its response to the Committee’s Report, the Scottish Government (2008) agreed with the Committee’s assessment of the key issues but pointed out that there had been a change in the economic climate since the original Tourism Framework for Change was produced. Nonetheless the target of increasing revenues by 50% was deemed to be appropriate as a long term strategy. An updated response was provided to the Committee in February 2011 for their Legacy paper, (Scottish Parliament, 2011).

SOURCES


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