Pre-budget scrutiny on the 2027/28 draft Scottish budget

Visit Scotland

Executive Summary

This submission sets out VisitScotland's role in growing Scotland's visitor economy, the impact we deliver and the opportunities and challenges for the sector.

Despite operating within a broadly flat cash settlement in recent years, VisitScotland has continued to deliver significant impact and develop as an organisation, focused on the activities that will most effectively drive economic growth.

Tourism and events are a major driver of Scotland's economy. We grow and support the visitor economy by attracting visitors, supporting businesses, developing destinations and strengthening Scotland's international profile.

Looking to the future, businesses are facing significant challenges. However, tourism has significant growth potential and the ability to generate greater immediate and long-term returns. Global travel demand is increasing, Scotland's international appeal remains strong and tourism continues to outperform many other sectors of the economy. Continued focus and investment will be required to realise the opportunities that lie ahead.

1. About VisitScotland

1.1. Overview

VisitScotland is Scotland's national tourism and events agency. Our purpose is to drive the visitor economy, growing its value to benefit communities across Scotland and throughout the year. Through our work we grow Scotland's profile, converting that into spend, jobs, investment, stronger places and more resilient businesses.

Tourism is Scotland's scalable shop window to the world: it takes our culture, creative industries, landscapes, food and drink, events and distinctive experiences to global audiences and strengthens Scotland's international profile. Visitors go on to become future investors, students, entrepreneurs, workers, and advocates for Scotland. The most successful destinations globally use tourism as a tool to attract talent, drive investment and strengthen air connectivity.

As a connector across businesses, sectors, local and national government, VisitScotland provides the unique marketing and trade platforms the country needs to both help businesses grow and to attract the visitors who come to enjoy all that Scotland has to offer.

Tourism generates **£11.4 billion of visitor spend** annually, supports **one in every 11 jobs** and events directly contribute **£6.1 billion**; together tourism and events reach communities and supply chains across Scotland.[1] VisitScotland activity delivered a combined **£244 million net economic impact** in 2024/25.

1.2. Corporate Plan

Our Corporate Plan outlines how we fulfil our role through four connected strategic pillars—market development, place development, business and experience development and organisation development – informed by the industry strategies for tourism and events, *Scotland Outlook 2030* and *Scotland the Perfect Stage 2024-2035.*

Success is measured against four key outcomes of spread, spend, sustainability and satisfaction as summarised at *3. Measuring Performance,* later in this submission. Together, these outcomes ensure we balance visitor demand, business development and community needs so that growth is sustainable and benefits people across Scotland.

Market development—creating and converting demand for Scotland
We compete for Scotland's share of global travel by targeting priority markets and audiences with the strongest connectivity, likelihood to travel, potential to increase spend and support regional and seasonal spread. We attract leisure and business travel through a range of marketing and engagement activities in our key markets. These include developing relationships with travel trade, travel, lifestyle and trade media publications and delivering engagement activities including trade events, and business development missions. Our business events activity attracts high-value conferences, meetings and incentive travel to Scotland, generating year-round visitor spend while supporting inward investment, innovation and global profile.

Our digital-first approach goes well beyond a website. It is about ensuring we reach visitors through the channels they are using to gather inspiration and plan and book their travel. This means we can amplify Scotland's reach, influence travel decisions and generate greater economic return from our marketing investment. In the first half of 2026, our own social media channels organically reached 65 million consumers and had almost 5 million followers. We also work with key partners, airlines, airports and travel brands such as Expedia and Skyscanner, to translate demand into viable routes and seat sales. Flight arrivals from priority markets grew 12.4% year on year (2024 to 2025), supported by new services from Boston, Montreal and Philadelphia.[2]

Business and experience development—turning demand into exports and productivity
We help businesses create new experiences and products, diversify their customer base and sell through intermediary travel channels such as tour operators or travel

[1] International Passenger Survey 2024, Great Britain Tourism Survey 2024, UK Event Report 2025

agents. More than half of international visitors book Scotland through a travel intermediary. *VisitScotland Connect,* our global travel trade event hosted in Scotland every year, is a key platform for businesses to sell to these intermediaries. In 2026, 330 tour operators and travel agents from 20 countries came together with 289 Scottish businesses for more than 10,200 meetings, generating a forecast £10.0 million net economic impact (NEI) through new bookings or business.

Each year through our business support programme we support more businesses to become "trade ready", so they can then sell through these important intermediary channels. Other aspects of our business support programme include workshops and webinars covering a range of advice and topics unique to our sector, such as working with travel distribution partners, enhancing online discoverability, marketing opportunities and regulation for tourism and events. We avoid duplication and signpost to other resources where appropriate, including Business Gateway or Skills Development Scotland.

Place development—spreading the benefits of tourism
We work with destination and sector partners to build on their distinctive propositions, strengthening Scotland's regional and seasonal offer for visitors from Scotland, the rest of the UK and abroad. An example is the work we have undertaken with the sector body Scottish Agritourism to attract the Global Agritourism Conference to Scotland in 2026, establishing a sector growth tracker and providing a tailored advice programme to businesses. Agritourism in Scotland has grown significantly since 2020 with double the number of businesses in operation (now 888), increasing the sector's value from £60 million to £292.9 million.

We support the development and delivery of regional economic strategies, destination tourism strategies and event strategies. In this context, we are also often collaborating on a cross-local authority basis. For example, we are supporting a new collective project by Ayrshire and Arran partners to bring more international visitors to the region, with a focus on working with the travel trade – the Regional Economic Partnership's first coordinated approach to promote the region internationally. Our work with the events sector sees us delivering funding programmes for event organisers to support their growth plans, in turn enhancing regional economies and achieving a range of community benefits. We also deliver the Rural Tourism Infrastructure Fund (RTIF), to improve the visitor experience and support communities. Since 2017, across seven rounds of RTIF, £24.5 million of grant funding has been awarded to 86 projects, helping to leverage more than £20.6 million in additional funding for these rural areas.

Organisation development – the right roles, skills, data and digital capability
From 2023–25 we ran a strategic change programme, taking a strategic approach to review the organisation's work. It took account of the changing global environment, aligned with Government priorities and ensured we are focused on the activities that effectively grow the value of the visitor economy and maximise our use of public funds. As part of our change programme, we also reviewed our workforce and digital and data capabilities. From 2022/23 to 2026/27, our headcount reduced from 493 to 323 FTE, resulting in a leaner organisation with teams clearly set up to deliver our strategic pillars.

Organisation development is ongoing, to ensure we are maximising our impact and delivering our core purpose. This includes investing in new data sources and capability, to inform businesses, partners and our own market investment priorities.

2. Funding position and future budget

2.1. Funding position

Our total income has reduced from £53.6 million in 2022/23 to £45.9 million in 2026/27 (inclusive of ringfenced funds). Core budget has reduced from £41.4 million in 2022/23 to £38.8 million in 2026/27. The organisation has continued to operate within a broadly flat cash settlement in recent years, managing pressures and maintaining delivery across its core functions and strategic priorities.

Our strategic change programme has made us a more agile organisation and released budget to deliver more activity that drives the visitor economy. However, like many public bodies, we operate within a challenging fiscal environment. Rising costs, inflationary pressures and constrained public sector budgets continue to place significant pressure on our resources and our ability to invest in core activity.

Looking ahead, any reduction in our core budget settlement would make it challenging to deliver on our priorities for the next financial year.

Particularly given public sector budget pressures, we welcome the additional ring-fenced funds we have this year (2026/27) for RTIF, major events and route development which ensures we can continue important work in these areas.

Summary of budget allocations, 2022/23 – 2026/27 (£000)

					Current
	2022/23	**2023/24**	**2024/25**	**2025/26**	**2026/27**
Income					
Core RDEL	41,410	41,600	38,560	38,810	38,860
Other Income	3,620	3,630	2,390	1,542	1,715
Ringfenced RDEL	8,530	3,460	2,900	5,606	5,300
Total Income	**53,560**	**48,690**	**43,850**	**45,958**	**45,875**
Capital:					
Core CDEL	2,300	2,300	2,600	2,300	2,300
Ringfenced CDEL	3,000	3,000	-	4,000	4,000
Total CDEL	**5,300**	**5,300**	**2,600**	**6,300**	**6,300**
Headcount:					
FTE	492.7	482.3	399.2	329.3	322.5
Inflation % (CPI)	9.1%	7.4%	2.5%	3.4%	2.3%

Notes

Ring-fenced budget is to cover the delivery of specific Scottish Government initiatives and projects through direct funding via grants, beyond the core remit of the organisation. Ring-fenced budget in 2026/7 includes RTIF (capital), route development and major events.

Income has reduced over time, due to the closure of our iCentre (information centre) network, which had a retail element, and retiral of our Quality Assurance scheme, which businesses paid to join. This income contributed toward the cost of running these services, however the operational and staff costs to deliver them were significantly greater than income generated.

2.2. Future budget

For the 2027/28 Budget, we have identified key priorities, aligned to the Programme for Government (PfG), which would provide the strongest route to additional economic impact, international reach and regional benefit.

Global travel demand is growing and with continued focus and investment, Scotland has the appeal, assets and connectivity to capture a greater share.

International market activity: Additional investment in VisitScotland would ensure we could deepen our investment in core markets to drive greater in-year returns, while enabling us to invest in emerging markets that will be important in the medium to long term such as China and India. Competitor destinations are investing heavily to reach key markets; Ireland alone allocated €71.43 million in 2026 to overseas tourism marketing.[3]

Connectivity and route development: Continuing to invest in our connectivity is important to sustain key routes not just for visitors but for businesses, students and investors too. Improved connectivity also increases our ability to spread visitors throughout the year and across the country —directly supporting PfG ambitions on tourism and global connectivity.

Business growth and resilience: To ensure businesses can capitalise on growing demand, we want to prioritise support for international trade engagement, market-readiness programmes, digital capability and destination development. Together, these can strengthen the productivity and resilience of Scottish businesses while increasing the export earnings retained in Scotland.

Major events and international profile: Major and mega events create concentrated opportunities to generate spend, showcase Scotland globally and secure lasting benefits for places and sectors. We want Scotland to compete for, win and maximise a strong events pipeline through to 2030—turning profile into economic, reputational and legacy value. This directly supports PfG commitments to capitalise on opportunities arising from the events pipeline.

[3] Tourism Ireland

Regional growth: RTIF, identified as a priority in the PfG, improves the experience for both communities and visitors. In addition, in 2025/26, ringfenced funding for domestic marketing delivered activity specifically to motivate UK residents to travel to less-visited regions and out with the peak season. Such initiatives ensure growth reaches rural, island and regional economies.

3. Measuring performance

VisitScotland uses a results-based performance framework that links public investment and our activity to outputs, outcomes and economic impact. This allows us to assess not only the volume of work delivered, but whether it changes visitor behaviour, strengthens businesses and places and generates additional value for Scotland.

Measures and targets are set against the four pillars and four outcomes in our Corporate Plan, reflecting the priorities in our Ministerial Letter of Strategic Guidance. We track a balanced set of indicators:

- **Activity** including campaigns, trade engagements and business support
- **Outputs** including audience reach, referrals, bookings, buyer connections and businesses supported
- **Outcomes** including changes in visitor spend, regional and seasonal spread, business capability and visitor experience
- **Impact** including additional economic value attributable to VisitScotland intervention
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Our four outcomes capture what this means for Scotland:

- **Spread** measures how effectively demand and benefit are distributed across regions and seasons
- **Spend** measures the value generated for Scotland's economy, including additional visitor expenditure and net economic impact
- **Sustainability** measures progress towards resilient, responsible growth for businesses, places and communities
- **Satisfaction** measures the quality of the visitor and stakeholder experience

Applied across all four Corporate Plan pillars, these outcomes provide a consistent test of whether VisitScotland is delivering competitive growth and public value.
We report regularly on these measures quarterly and annually.

Quarterly oversight: A priority dashboard is reported each quarter to the VisitScotland Board and Scottish Government, drawing from the wider performance framework. It shows progress against target and trend, explains material variance and identifies corrective action, enabling resources and delivery to be adjusted as market conditions or performance change.

Annual Report: Consolidates financial year-end performance against the Corporate Plan outcomes and reports economic impact through our economic measurement framework. This framework was agreed with Scottish Government economists and follows Green Book guidance. Our approach adjusts for effects such as deadweight,

displacement and leakage to estimate the additional impact generated by VisitScotland activity rather than gross sector performance alone.

4. Scotland's visitor economy

4.1. Current performance

A key growth sector

Scotland's visitor economy generated **£11.4 billion in visitor spend** from 92 million visits in 2024, comprising 76.8 million day visits and 15.2 million overnight visits. Its reach across more than 16,000 businesses and urban, rural and island communities make tourism both a national growth sector and an industry which directly generates regional and local benefit.

The industry supports 239,000 jobs and has delivered a net increase of 50,000 jobs since 2020—the strongest job creation of any sector. Since 2022, tourism GDP has grown by **10.4%**, more than double Scotland's overall GDP growth of 4.2% and ahead of manufacturing, construction, financial services and agriculture. This is evidence of resilience, scalability and an increasing contribution to national prosperity.[4]

Visitors to Scotland

Scotland's international recovery has outpaced the rest of Great Britain, supported by stronger connectivity and targeted marketing. International visitors account for 29% of visits but 54% of spend, making them central to value growth.

Domestic visitors account for 71% of visits and 46% of spend; they are particularly important to ensuring regional and seasonal spread of the benefits of tourism. The strategic opportunity is to grow international value while using domestic demand to sustain year-round activity, and to help destinations diversify their visitor base.

2026 signals

Visa card and aviation data for the first half of 2026 (versus the same period in 2025) show international visits rose 8%, spend increased 12% and passenger traffic grew 5%, with strong performance from France, Italy, Germany and the Netherlands. Average stay fell from 7.9 to 7.4 days, reinforcing the need to increase value per day and encourage longer stays. Domestic visits fell 3% and nominal spend rose only 1%, a real-terms decline. Performance is positive but uneven, strengthening the requirement for precise market targeting and value-led growth. [5]

4.2. Outlook

Demand and competition for Scotland

Scotland enters the period ahead with strong appeal and clear growth potential, but in a more contested and volatile global market. Globally, international travel is forecast to grow, with the World Bank indicating annual growth of 3% to 5% and Tourism Economics forecast inbound travel to Europe is set to grow 7.1% in 2026.

[4] Scottish Government Industry Statistics, 2025
[5] Air traffic to the UK, Amadeus, 2026 and Visa transaction data, 2026

International
Flight-search growth for Scotland in the first half of 2026 outperformed other UK nations, signalling strong intent from international markets. Our current market priorities reflect demand, connectivity and value potential: the UK, France and Germany as core markets, and the US as a principal growth market. Further opportunities lie in Australia, China, Canada, India, UAE, southern Europe, the Netherlands and the Nordics.[6]

Geopolitical and economic uncertainty, shorter booking windows and last-minute decisions are reshaping long-haul travel. Scotland must be able to respond quickly, shifting activity and working with carriers, trade partners and businesses to capture demand when and where it emerges.

Domestic
The domestic market will remain vital to overall visitor volume and regional and seasonal spread, but household pressures are set to continue to affect trip and accommodation choices. Among UK residents intending to take a domestic trip between July and December, 22% said they had been "hit hard" by the cost-of-living crisis and 45% were managing but being careful. Domestic visitors still want to travel but say they will find ways to cut spend on their trips. Marketing must therefore concentrate on audiences most likely to travel. We also need to demonstrate good value while encouraging spend and regional and seasonal spread.[7]

Businesses
Businesses in the sector continue to face significant operational pressures. Rising costs, persistent workforce shortages and ongoing challenges around profitability are affecting many tourism and hospitality operators. This creates constraints on investment and business growth.

Tourism businesses are disproportionately affected by turnover challenges, with the sector more acutely feeling the impact of financial costs, economic uncertainty and material costs. Many businesses have expressed significant concerns around business rates, taxation and energy costs going forward. The sector is also exposed to the impacts of climate change through extreme weather, disrupted transport and changing travel patterns. Our support for market diversification, adaptation and sustainable growth will be essential to ensuring Scotland's tourism and events industry can thrive and grow.

5. Conclusion

Scotland's visitor economy is a proven driver of economic growth, jobs and regional prosperity, with significant potential to deliver even greater value in the years ahead. Continued support for activities that drive demand, strengthen businesses and support places will help deliver PfG ambitions, ensure Scotland remains competitive and spread benefits to communities throughout the country.

[6] Flight searches to the UK, ForwardKeys
[7] Domestic Sentiment Tracker