

TOURISM IN SCOTLAND SUBJECT PROFILE

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This subject profile provides information on the legislative framework for promoting tourism in Scotland, describes the main organisations involved in supporting tourism, provides statistical information, summarises Executive policies and lists the main concerns relating to tourism in Scotland.

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INTRODUCTION

The United Nations World Tourism Organisation defines tourism as “the activities of persons travelling and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited” (World Tourism Organisation, 2002).

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 subject profile provides information on the legislative framework for promoting tourism in Scotland, describes the main organisations involved in supporting tourism, provides statistical information, summarises Executive policies and lists the main concerns relating to tourism in Scotland.

LEGISLATIVE FRAMEWORK

Tourism is devolved. In the last parliamentary session ministerial responsibility lay with the Minister for Tourism, Culture and Sport and departmental responsibility with the Education Department.

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.

STAKEHOLDERS

Many organisations have a role in promoting tourism in Scotland or see support for tourism as part of their remit.

The Economy, Energy and Tourism Directorate of the Scottish Executive has responsibility for tourism in Scotland and funds VisitScotland.

[VisitScotland](#) is the lead tourism agency for Scotland. It has three core activities:

- to *market* Scotland and all Scotland's tourism assets to all parts of the world to attract visitors
- to provide *information* – and *inspiration* - to visitors and potential visitors to enable them to get the best out of a visit to Scotland
- to provide *quality assurance* to visitors and *quality advice* to industry partners to ensure the industry delivers to meet – or exceed - visitors' expectations.

The [Scottish Arts Council](#) funds galleries, theatres, arts centres and festivals as well as the Royal Scottish National Orchestra, Scottish Ballet and Scottish Opera.

[Historic Scotland](#) is the agency of the Scottish Executive with responsibility for safeguarding the nation's historic environment.

[sportscotland](#) is the agency responsible for promoting sport in Scotland.

The Convention of Scottish Local Authorities ([COSLA](#)) represents Scottish local authorities. The local authorities are significant providers of amenities such as museums, galleries, theatres, parks and sports and conference facilities.

[Scottish Enterprise](#) is Scotland's main economic development agency and covers all of Scotland except the Highlands and Islands. It has identified tourism as a priority sector for development which it aims to do by helping tourism businesses to grow and by increasing the skills of those working in the sector.

[Highlands and Islands Enterprise](#) promotes the economic and social well being of the Highlands and Islands and is a source of funds and support for tourism projects and businesses in its area.

The [Scottish Museums Council](#) is a membership organisation representing non-national museums in Scotland.

[Scottish Natural Heritage](#) is the agency of the Scottish Executive responsible for conserving and enhancing Scotland's natural heritage while ensuring that the natural heritage adds to the quality of people's lives.

The [Cairngorms](#) and the [Loch Lomond and the Trossachs](#) National Parks are charged with conserving and enhancing the natural and cultural heritage of the parks while promoting sustainable use.

The [Department for Culture Media and Sport](#) is the UK Department with responsibility for tourism in the UK and funds [VisitBritain](#). VisitBritain markets Britain to the rest of the world and promotes and develops England's tourism economy.

The [Heritage Lottery Fund](#) provides funds for projects across the UK aimed at preserving and promoting our natural and cultural heritage. Many of the funded projects contribute to tourism.

The [Scottish Tourism Forum](#) is an independent trade body comprising trade associations, businesses, marketing and local area tourism groups which earn their living from tourism or have an active interest in tourism. It aims to contribute to the strengthening of Scottish tourism and add value to member businesses by effective and independent communication and lobbying.

The [Association of Scottish Visitor Attractions](#) is a membership organisation representing Scottish visitor attractions.

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 & Tourism Business Development](#) is a specialist centre within Caledonian Business School, Glasgow Caledonian University which conducts research into the tourism sector in Scotland and provides consultancy services.

STATISTICS

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 precise statistics on the economic significance of tourism are not readily available. For example the figure for tourism dependent jobs includes all jobs in travel, accommodation, catering, culture, sport and recreational services despite the fact that some workers in these sectors are mainly supplying local residents. On the other hand it excludes all jobs in other sectors despite the fact that tourists may well use the services of people employed in, say, the health or financial sector. Tourist's contribution to jobs in the excluded sector almost certainly falls well short of the contribution of residents to jobs in the included sectors.

VisitScotland, the national tourism organisation for Scotland, has compiled 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

Some recent statistics are unreliable as an indicator of trends due to changes in the way figures are collected but selected statistics are summarised in the tables below.

Table 1 shows the number of trips, nights and spend in 2005 by place of origin of the visitor.

Table 1: Number of Trips, Nights and Spend 2005 by Origin of Visitor

	Trips millions	Nights millions	Spend £millions
Scotland	6.8	21.7	897
Rest of UK	8.1	31.2	2109
Rest of World	2.4	24.3	1208
Total	17.3	78.2	4214

Source: VisitScotland

The figures show that the rest of the UK accounts for almost half of all trips and spend. Overseas tourists account for just 14% of trips but about 30% of spend.

Table 2 shows how employment in tourism related activities compares with employment across the whole of the Scottish economy.

Table 2: Tourism-Related Employment 2005

	Full-time	Part-time	All
Tourism-related employment	98 300	111 300	209 600
All employment in Scotland	1 637 500	754 000	2 391 500
Tourism-related as % of all employment	6%	14.8%	8.8%

Source: VisitScotland

Over half of all tourism-related jobs are part-time and although just 6% of all full-time jobs are tourism related nearly 15% of part-time jobs are.

VisitScotland has recently released Scottish Tourism: Current Position Summary which provides figures on the key volume and value results for 2006 (VisitScotland, 2007). This shows a 12.2% increase in international visits and a 17.1% increase in spend. However this was more than offset by declines in visits and spend by UK residents resulting in a 7.5% decline in total visitor numbers and a 1.9% reduction in spend.

ECONOMIC IMPACT

Economists in the Scottish Executive have developed input-output tables for the tourism sector in order to provide better information on its economic impact (Hayes and Boag 2004). Figures compiled for 2000 showed that Gross Value Added (GVA) attributable to the tourism sector in Scotland was £2,053m which compares with GVA for the whole economy in that year of £67,150m. Tourism thus accounted for about 3% of Scottish GVA in 2000 which was more than 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%).

The large number of jobs quoted as supported by tourism to some extent overstates the economic impact as the value added from tourism in 2000 was only a little over £10,000 per job. This compares with a value added per job for the whole economy in 2000 of around £28,000 and reflects the fact that many tourism related jobs are part time, seasonal and low paid or are only partly dependent on spending by tourists.

SCOTTISH EXECUTIVE POLICY

Development and promotion of tourism in Scotland sits within the wider context of developing the Scottish economy. This is driven by the Scottish Executive's 'Framework for Economic Development in Scotland 2004' (Scottish Executive 2004).

A Tourism Framework for Change (Scottish Executive, 2006) has the overarching ambition to grow tourism revenues to Scotland by 50% in the ten years to 2015 and in that same timescale 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.

Some of the key changes that need 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.

FUNDING

The main channel for Executive funding of tourism is through VisitScotland. Executive budgeted funding for VisitScotland in the period 2002-2008 is shown in Table 3 below.

Table 3 Scottish Executive Funding for VisitScotland

£000s	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Current prices	28,474	31,765	33,765	42,265	47,515	43,765
2006-07 prices	31,509	34,136	35,323	43,298	47,515	42,632

Source: Scottish Executive Draft Budget 2007-08

The step change in funding in 2005-06 reflects the incorporation of the Area Tourist Boards into VisitScotland and some one off costs associated with this.

ISSUES

Commentators and those working in the sector have identified a number of factors which could limit growth of tourism in Scotland. These include

- the sterling exchange rate and its impact on price competitiveness (British Tourist Authority, 2001)
- the level of carbon emissions associated with travel and its impact on the sustainability and reputation of the sector (VisitScotland, 2006)
- poor transport infrastructure and the barrier this represents to travel to and within Scotland (Scottish Tourism Forum, 2007)
- the low skills, pay rates and status of many jobs in the sector and its impact on staff recruitment and retention and the quality of the tourist experience (Scottish Tourism Forum, 2007)
- failure of the industry to exploit the latest information technology for communicating with potential customers and converting this into bookings resulting in a loss of business to competitors (Scottish Tourism Forum, 2007)

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