

VISITSCOTLAND GROUP ANNUAL REPORT AND ACCOUNTS

for the year ended 31 March 2023

Our Year

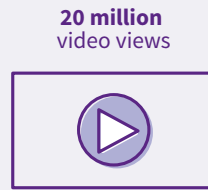
Scotland is Calling Campaign Activity see page 14



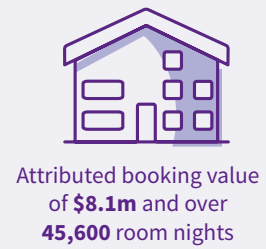
over **109.9 million** impressions served



14.9 million sessions on VisitScotland.com



20 million video views



Attributed booking value of **\$8.1m** and over **45,600** room nights

Industry Support see pages 21 & 22



"A destination's journey to net zero" resource created

VS Climate Action Plan created 2023-2026



Connected **298** international travel intermediaries with **324** trade-ready Scottish suppliers



7 face-to-face networking events hosted a total of **112** tour operators and travel agents

Events see pages 28 & 37



Dandelion

589k people took part in over **1k** live events (including **468** schools)

An additional **87K** people directly engaged through digital channels



Announcement of the host venues

Cycling World Championships

Launch of volunteer programme- **4,000** volunteers



Iconic Scottish landmarks were illuminated in the UCI's rainbow colours to mark 6 months to go

Staff Engagement see page 34

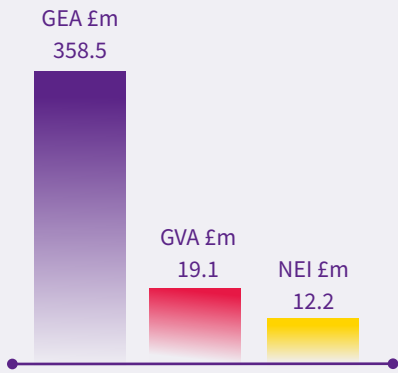


Staff survey
87% response rate to survey
Engagement score of **74%**

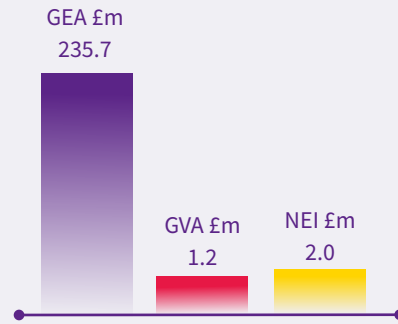


Domestic Consumer Marketing

Rest of UK & Ireland Consumer Marketing
(Jan 2022 - Dec 2022)

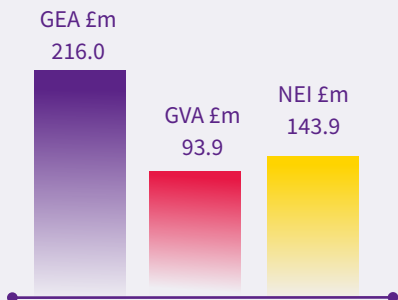


Scotland Consumer Marketing
(Jan 2022 - Dec 2022)



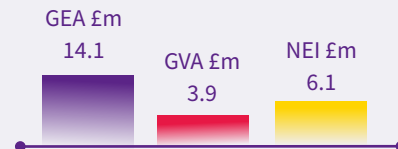
EventScotland 2022/23

VisitScotland assisted events and festivals programmes included: National; International; Community Cycling Fund; Golf & Year of Stories)



Route Development 2022/23

VisitScotland assisted air routes (routes included: Toronto to Edinburgh and Toronto to Glasgow)



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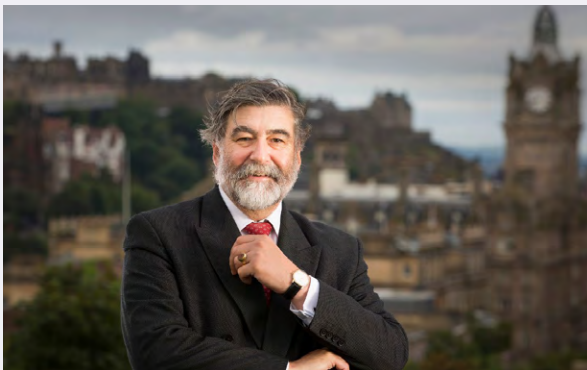
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Performance Report - Overview

The purpose of this overview is to give a short summary that provides sufficient information to understand VisitScotland, our core purpose, the key risks to the achievement of our objectives and how we have performed during the year.

Chair's foreword



The Rt Hon. the Viscount Thurso

With the foundations for recovery already laid, VisitScotland has continued to drive demand and support destinations and businesses to capitalise on the desire for Scotland's world-class offering.

As I reflect on the past 12 months, there is much to celebrate.

With the foundations for recovery already laid, VisitScotland has continued to drive demand and support destinations and businesses to capitalise on the desire for Scotland's world-class offering.

The results of this work have been positive. Recovery of international inbound tourism has been especially marked, particularly from key markets such as North America. These visitors stay longer and spend more, helping sustain jobs and communities right across the country.

We have supported high-profile sporting and cultural events, underlining Scotland's reputation as the perfect stage, and helped secure international business conferences.

We've also finalised preparations for a global first in the 2023 UCI Cycling World Championships, an 11-day event which will deliver a lasting legacy in cycling tourism, sustainability and active travel.

This past year has been a welcome reminder of the value of tourism and events – to our communities, to our wellbeing and, perhaps most importantly, to our economy.

Looking to the future, we're focused on helping to deliver the Scottish Government's vision of a wellbeing economy as outlined in its National Strategy for Economic Transformation (NSET).

I firmly believe that that vision of a fairer, wealthier and greener economy can be realised through the growth of our tourism and events industry; an industry which has entrepreneurialism, innovation and regional development at its heart.

The sustainable growth ambitions of our national tourism strategy, Scotland Outlook 2030, also depend on responsible tourism.

As I come towards the end of my term as Chair of VisitScotland, I can look back with pride at the way in which the organisation has demonstrated leadership in responsible tourism. This means showing how tourism can generate the maximum economic benefit for the minimum environmental and social disruption.

We will continue to influence and support industry in adopting responsible tourism practices, with a particular emphasis on the journey to net zero. There is a pressing need to step up our collective efforts in this area if we are to achieve the ambitious targets which have been set.

In all of this, I recognise that our industry has faced severe challenges and after a particularly difficult few years, some of these continue to have a significant impact on businesses in our sector.

It is crucial that the regulatory environment is structured in a way that supports responsible and sustainable growth and is not a barrier to the entrepreneurialism that is core to the visitor economy.

As the national tourism organisation, VisitScotland is uniquely positioned to advise Government and Ministers. When policies are developed which impact on the tourism industry, our skills and expertise should be used to inform and shape them to ensure they support the sustainable growth of the visitor economy.

We remain committed to engaging with the sector to ensure that policies can be implemented effectively and to the benefit of all regions and the wider Scottish economy.

For VisitScotland itself, there is a need to respond not only to changing consumer demand and business needs but also to the increasing use of technology, such as artificial intelligence.

The organisation has an excellent track record of evolving and adapting to change, challenges and opportunities as they emerge. We will continue to do so to ensure that we deliver economic value for the whole country. This economic return has an immediate impact, delivering in-year results which are spread across regions, benefiting both our cities and our rural areas.

As I reflect on the last seven years as Chair, it is the dedication, professionalism and expertise of people in VisitScotland, and in tourism and events itself, that stands out.

I would like to thank my fellow Board members, our Chief Executive Officer Malcolm Roughead, and all the staff at VisitScotland for their hard work in building and further enhancing our reputation as a world-leading national tourism organisation through their achievements this year.

Chief Executive Statement



Malcolm Roughead OBE

Through our marketing, events, destination development and business support strategies, we are operating within the culture of delivery set out in the National Strategy for Economic Transformation (NSET).

This past year brought welcome relief for tourism and events, with the first 12 months of regular operations with no restrictions since the pandemic began.

It has allowed us to focus on our core purpose – to deliver a strategic and coordinated approach to supporting the rebuilding of the visitor economy in a responsible way, to ensure that tourism thrives.

Through our marketing, events, destination development and business support strategies, we are operating within the culture of delivery set out in the National Strategy for Economic Transformation (NSET).

Our Scotland is Calling campaign surpassed targets with a combined social media reach of 211 million.

Our marketing teams ensured Scotland was front of mind for potential visitors by promoting the immersive, outdoor and luxury experiences the consumer wants.

We've also seen demand for touring holidays and self-catering breaks, with the increasing interest in slow tourism aligning with our responsible tourism commitments.

The cost of business has undoubtedly caused significant challenges for businesses this year and the cost of living has, at times, had a negative impact on travellers' plans and their spending power.

We enabled Scottish businesses to connect with key buyers from around the globe through the travel trade platform, Discover Scotland 2022. This event was crucial to our activity not only to rebuild international demand but also to maintain domestic visitors.

We've also had a pivotal role to play in influencing regional economic development and, despite the inflationary pressures, we have seen positive investment and innovation in our industry.

These activities are designed to deliver the programmes of action within NSET, ensuring that the visitor economy contributes to productive businesses and regions, entrepreneurialism and a fairer and more equal society.

Events continue to make a significant contribution to Scotland's economy and international profile.

This year, we enjoyed an exceptional summer of golf hosting four major Championships, including the 150th Open at St Andrews which generated over £300 million in economic benefit to Scotland.

We also worked with communities to mark the Year of Stories and celebrated the very best of tourism and events by holding the Scottish Thistle Awards for the first time since 2020.

Much of this work was delivered through the partnership and collaboration that is threaded through all that we do at VisitScotland. This includes our regional and sectoral partnerships which are core to our marketing strategy.

The work of the multi-agency visitor management steering group shows how tourism can bring together public agencies to support and sustain communities across Scotland.

Meanwhile, the Rural Tourism Infrastructure Fund has enabled an innovative approach to infrastructure development which aligns with the ambitions of NSET.

The collaborative approach taken by the Scottish Tourism Emergency Response Group (STERG) throughout the pandemic paved the way for the Tourism and Hospitality Industry Leadership Group to be established. This group will help drive Scotland's ambition to be a world leader in 21st century tourism in line with Scotland Outlook 2030.

I'd like to take this opportunity to thank staff for their hard work and immense creativity in the past 12 months. As an organisation, we have adjusted well to hybrid working and continue to record high levels of staff engagement which is testament to the efforts of all our colleagues.

While challenges remain, there is much to look forward to as the tourism and events industry continues its recovery. Our work to support that, and to grow the value of the visitor economy, is more important than ever. Our vision is clear and our direction of travel mapped out. As we look to the future as an organisation, we will embrace change, focus on our talent, and ensure we build upon our strong foundations to deliver for our communities, our industry and our economy.

Statutory Background

STATUTORY BACKGROUND

VisitScotland was initially established as the Scottish Tourist Board under the Development of Tourism Act 1969. The Tourist Boards (Scotland) Act 2006 formally changed the name of the Scottish Tourist Board to VisitScotland. Under the 1969 Act, the principal function of VisitScotland was to encourage British people to visit and to take holidays in Scotland, and to advise Government and public bodies on matters relating to tourism in Scotland. The Tourism (Overseas Promotion) (Scotland) Act 1984 provides the authority for VisitScotland to market Scotland overseas.

VisitScotland's main office is in Edinburgh, and there is also a network of VisitScotland iCentres and local offices throughout the country.

VisitScotland shares the 2030 industry ambition of Scotland being the leader in 21st century tourism



Key strategic objectives, issues and risks

VisitScotland's core purpose, as set out in the Strategic Framework, is to deliver a strategic and coordinated approach to supporting the rebuilding of the visitor economy in a responsible way. In doing so, we will play a key role in delivering against the shared industry ambition, Scotland Outlook 2030 and contributing to the National Strategy for Economic Transformation (NSET).

To deliver our core purpose, VisitScotland delivers activity aligned to the following strategies:

- Stimulating global demand
- Supporting Scotland's tourism and events businesses
- Working collaboratively with community, sector and destination organisations towards a responsible recovery
- Enhancing our organisation insight, capability, planning and compliance.
- Supporting and enabling our people

These strategies provide the framework for our performance measurement arrangements and our risk management framework (pages 64-66). At the end of 2022/23, principal risks included:

CHALLENGING FUNDING LANDSCAPE

VisitScotland continues to make the case for tourism with Scottish Government. However, in the current economic environment, there is a potential that the organisation will see budget cuts which will put significant pressure on our activities. Our focus is on effective financial and workforce planning to allow us to continue to deliver on our statutory obligations and strategic ambitions, alongside working with Scottish Government to ensure that the impacts of any future cuts are fully communicated within government.

SUPPLIER DISRUPTION - DELIVERY OF CYCLING WORLD CHAMPIONSHIPS

Whilst there was no imminent risk of supplier disruption at the year end, there was feedback from event delivery partners and other suppliers that price increases, as a result of inflation, could not be absorbed and that these costs would need to be passed to 2023 Cycling World Championships Limited and/or impact delivery. This matter was kept under close review and managed on a case by case basis up until the delivery of the event. No significant supplier disruption issues materialised which had an impact on the delivery of the championships.

CYBER SECURITY

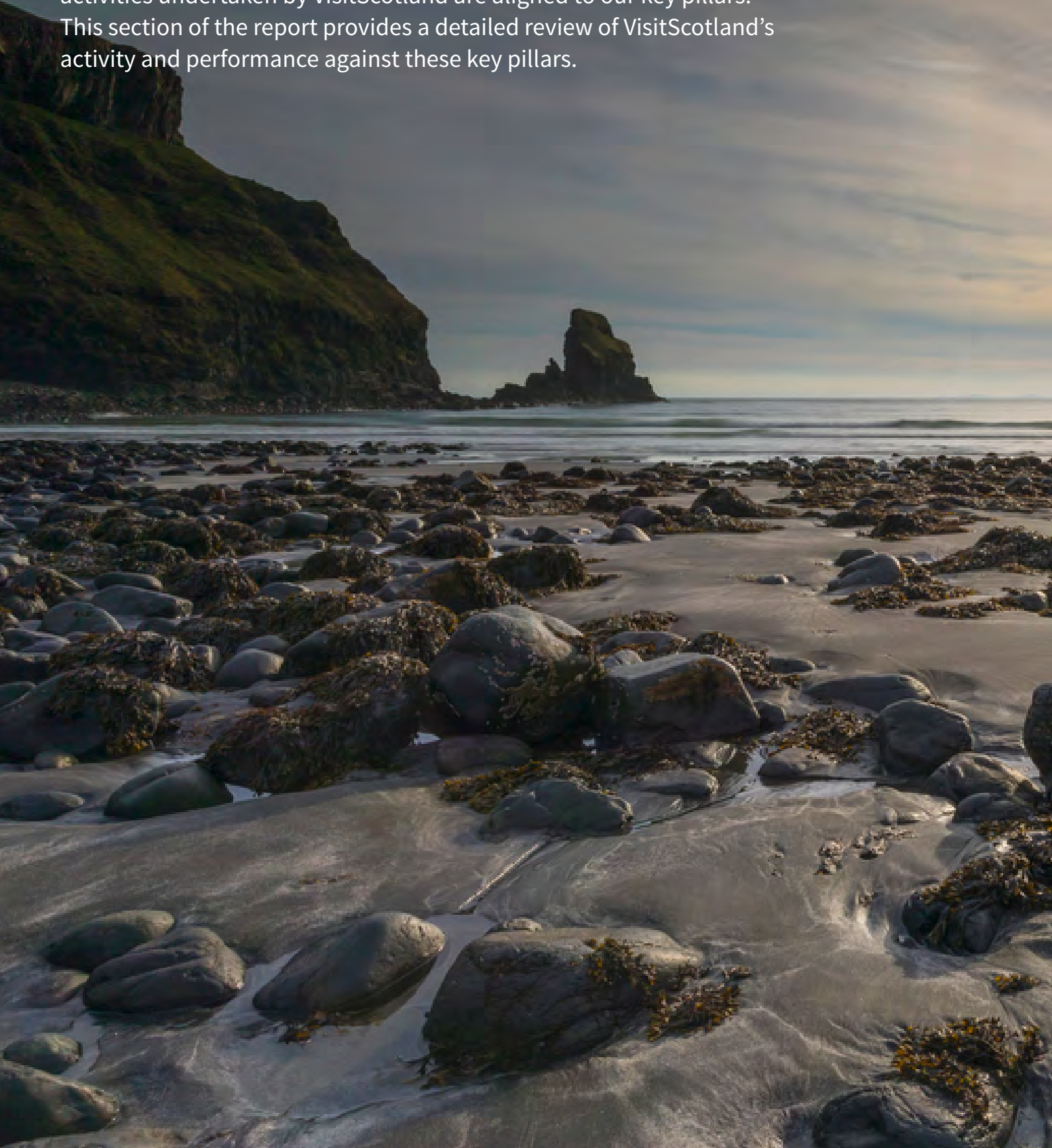
Given the increased general risk relating to cyber-security we continue to strengthen our control environment. VisitScotland has a Cyber Resilience Group and an action plan in place to continually enhance the level of security and ensure the organisation has an appropriate level of resilience. This is aligned with the Scottish Government Cyber Action Plan and subsequent Cyber Framework, National Cyber Security Centre guidance and Cyber Essentials.

All other risks categorised as “high” or “very high” at the year-end have been summarised on page 66.

The financial statements have been prepared on a going concern basis (page 57).

Performance Report - Performance Analysis

Our core purpose is set out in the Strategic Framework and the activities undertaken by VisitScotland are aligned to our key pillars. This section of the report provides a detailed review of VisitScotland's activity and performance against these key pillars.



Stimulating global demand



Stimulating global demand

Consumer marketing activity

Building on the success of our Scotland is Calling campaign, the focus on stimulating demand continued with multi-layered marketing successfully delivered in target markets. High impact brand building media activity concentrated on the UK and USA, to maintain and grow our share of the domestic market whilst building our international profile. Campaign delivery was seasonally weighted to deliver maximum impact in each market.

Ensuring awareness of Scotland as a destination is key and this was achieved through video asset distribution to new, younger, experience-seeking audiences in a very competitive landscape. This was supported by influencer marketing, PR amplification, social media, email marketing and web content.

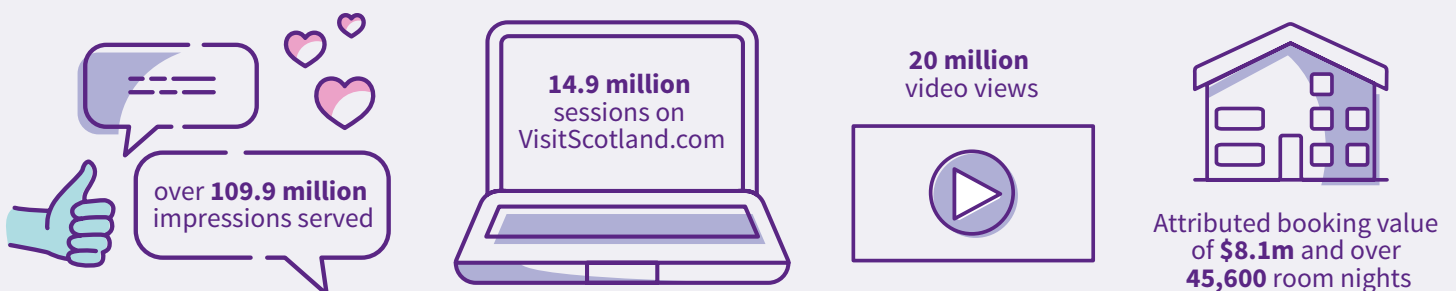
All this activity was further amplified with paid partnerships and in-kind opportunities, extending the reach of our Scotland is Calling messaging to audiences via engaging content and brand partnerships including with GoPro, Matador and Virtuoso. By working with regional, destination, sector and commercial partners, we further extended our collective reach and impact, delivering on shared strategic objectives.

Online Travel Agency (OTA) partnerships including Expedia were selected to reach audiences with strong travel intent and convert interest and demand generated for Scotland into bookings.

A programme of always-on owned channel marketing continued for key markets, aligned to our thematic calendar. This provided year-round support for strategic messaging including responsible tourism, partnerships, events and off-season travel. This was complemented by media, maximising quality media partnerships and relationships to deliver global reach with earned press coverage.

The Scotland is Calling campaign has exceeded targets, with over 109.9 million impressions served and 20 million video views. There were 14.9 million sessions on VisitScotland.com as international site visits recovered. Bookings through OTA partners attributable to the campaign equated to over US \$8.1M value and over 45,600 room nights.

Scotland is Calling campaign



Working with the travel trade – readiness and education

With over 50% of international visitors to the UK choosing to use travel intermediaries to plan and book their travel, working with tour operators and wholesalers presents an opportunity for Scottish tourism businesses to manage capacity and build a backbone of bookings.

This year our Intermediary Marketing teams worked with over 1,100 businesses to support them to understand the demands of intermediary channels across key travel markets and to help them become trade ready. The reach of major tour operators can put destinations on the map, and targeted sessions in collaboration with local authorities and Destination Management Organisations supported local businesses to work together to build new travel propositions. Working with sector groups, we also supported activity, agritourism and visitor attraction businesses to create seasonal and added value offers.

We continued to promote new trade-ready products and experiences on our dedicated travel trade website and via a monthly trade newsletter to almost 2,800 global intermediary contacts. We also delivered sales training and destination education sessions to travel advisors and agents from Beijing to New York. These supported sales of Scotland holidays via tour operator programmes and the many airlines serving Scotland.

Trade Events – connecting buyers and suppliers

As markets continued to rebuild post-pandemic, we connected Scottish tourism businesses with travel intermediaries via a programme of 36 travel trade events - virtual, hybrid and live. A total of 628 businesses participated as we re-engaged both in core markets like the US, Germany and France, but also in opportunity markets like the Nordics and Spain which were faster at returning to travel post-COVID.

We also targeted luxury travel fairs and consortiums like Virtuoso which offer opportunities to capture high end travellers and pent-up demand for premium experiences.

In Scotland, many businesses coming out of the pandemic did not have the resources to join live events internationally. As a result, the Intermediary Marketing teams developed new cost-effective ways to support them. This included a very successful mission and workshop meeting face-to-face with London-based contractors for the major US tour operators and wholesalers. The teams also arranged virtual pitching sessions for luxury-focused travel products across Scotland, which attracted the attention of 458 Virtuoso and luxury travel agents from across the US.

Maintaining Scotland's world-leading events status

Raising Scotland's reputation as the perfect stage by developing the industry and supporting and securing a portfolio of brand new and much-loved events has continued to be at the forefront of our work.

Throughout 2022, we supported several high-profile events a scale not seen since 2019, including three of Edinburgh's festivals celebrating their 75th anniversary editions - Edinburgh Festival Fringe, Edinburgh International Film Festival and Edinburgh International Festival. We also supported the return of Edinburgh's Hogmanay which showed the world how to party into 2023.

In February 2023, our Events Directorate delivered the first 2023 UCI Cycling Esports World Championships 'In Real Life' Final in partnership with the Union Cycliste Internationale (UCI), Zwift, Glasgow Life and our subsidiary the 2023 UCI Cycling World Championships Ltd. A total of 173 riders (including eight physically in Glasgow) representing the best esport cycling talent in the world took to their bikes to race it out on the purpose-built Zwift Scotland map.

Our EventScotland department played a key role in Glasgow's Eurovision Song Contest 2023 bid, working in collaboration with a range of stakeholders.

In March 2023, we joined the countdown with Glasgow as the city marked one year to go to the World Athletics Indoor Championships 2024, with Eilidh Doyle announced as event ambassador.

Host City returned to Glasgow in November 2022 with EventScotland as Global Presenting Partner. The event welcomed global representatives from cities, marketing organisations, cross-sector rightsholders, and organising committees – all further emphasising Scotland's position as a world-leading events destination.

Business Events

Scotland continued to be promoted on the international stage as a destination for conferences and meetings from the key markets of North America, Germany, France, Spain, and the rest of the UK. With almost 95% of clients and decision-makers based outside Scotland, a suite of marketing and sales campaigns and platforms was delivered across the pivotal recovery period.

This included high-profile, national brand presence in key markets at major trade shows including IMEX Frankfurt, The Meetings Show, London and IMEX America, Las Vegas. Each show saw stakeholder partners such as conference centres and resort hotels taking advantage to reinstate and protect the existing pipeline of business and to generate millions of pounds of new business for 2023-2026.

The National Conference Bid Fund helped secure and support nine major business events for Scotland which attracted 13,000 delegates to Scotland and a Gross Value Add of £8.5m, supporting 223 Full Time Equivalent jobs. Events supported in 2022/23 included the Organisation of Human Brain Mapping Annual Meeting, the IEEE Engineering Medicine & Biology Society Annual Conference, the World Credit Union Conference, and The World Congress of Soil Science – once again demonstrating the broad range of key sectors that choose Scotland as their conference destination.

The team continued to evolve and develop the world-leading Policy-Driven Model and Transformation Protocol. Conferences secured under this model in the past year include the International Water Congress (2026).

Case study - Celebrating Scotland, the Home of Golf

2022 marked a momentous year for the Scottish golf industry as Scotland was the perfect stage for a jam-packed series of tournaments.

The 'Summer of Golf' teed off with the inaugural co-sanctioned PGA Tour/DP World Tour Genesis Scottish Open at the Renaissance Club in East Lothian. It was followed by The 150th Open, which generated over £300 million in economic benefit for Scotland according to an independent study commissioned by The R&A, VisitScotland and Fife Council – the highest in the history of the Championship.

The Senior Open presented by Rolex took place at Gleneagles in Perthshire, the Trust Golf Women's Scottish Open at Dundonald Links in North Ayrshire and the final of the five consecutive events, the AIG Women's Open, was staged for the first time at the Honourable Company of Edinburgh Golfers (Muirfield).

As well as inspiring visitors from around the world to visit Scotland, the programme of events also showcased Scotland's position as a world-leader in the sport as sustainable, environmental and community initiatives came to the fore throughout the summer period.

A multi-stakeholder project, led by VisitScotland in conjunction with GEO Foundation for Sustainable Golf, supported tournament owners, promoters, venues, and media to embrace sustainability. It has been recognised as award-winning in both Scottish and UK National Awards against some of the biggest names in sport, branding and media.

In January 2023, VisitScotland managed the attendance of Scottish industry representatives at the 70th annual PGA show in Orlando. The 6th Scottish Golf Tourism Week and Awards also took place at the Fairmont St Andrews, enabling the world's leading golf tour operators to meet with Scottish golf businesses.

Scotland was also voted the 'World's Best Golf Destination' at the 2022 World Golf Awards for the first time.

Supporting Scotland's tourism and events businesses



Supporting Scotland's tourism and events businesses



Industry collaboration and partnership

VisitScotland continued to chair the Scottish Tourism Emergency Response Group (STERG), which had been stood up in March 2020 in response to the COVID-19 pandemic.

This saw us working closely with representatives from the three enterprise agencies, COSLA, Skills Development Scotland (SDS), the Scottish Tourism Alliance (STA), and the Scottish Government's tourism team.

While the 10 projects under the Tourism Recovery Programme had been delivered during 2021/22, STERG continued to meet on a fortnightly basis to support industry recovery.

The focus of the group remained on sharing industry insight, advice and guidance for tourism businesses. We used our VisitScotland.org website as the primary channel for sharing updates on the work of STERG.

STERG's achievements clearly demonstrated the value of collaboration and paved the way for a new Tourism and Hospitality Industry Leadership Group (ILG) to be established.

The ILG will champion the national tourism strategy, Scotland Outlook 2030 and drive Scotland's ambition to be a world leader in 21st century tourism.

VisitScotland is one of nine member organisations sitting on the Tourism and Hospitality ILG, which brings together industry representatives with public agencies to help drive sustainable growth across both tourism and hospitality in the long term.

As well as supporting the establishment of the ILG, whose membership was announced in November 2022, we have played a pivotal role in the initial meetings. This has included facilitating workshops for members as they consider the steps that need to be taken to achieve the vision of Scotland Outlook 2030.

While STERG was stood down, all partners in the group have remained committed to providing advice and guidance for tourism businesses. We continue to meet on a regular basis to share information on industry sentiment and use our

skills, resources and communication channels to focus on work which supports the long-term recovery of our industry. There is a particular focus amongst the partners to deliver the Destination Net Zero programme.

Industry advice and communication including Business Support Partnership

Post-pandemic, we have continued to evolve our tourism business support activity, with the responsible ambitions of Scotland Outlook 2030 at its core.

A strong focus on helping businesses become discoverable and bookable online has continued. A successful partnership with Business Gateway, under the Digital Boost brand, saw over 1,500 participants taking part in targeted webinar programmes with follow-up support.

A focus on quality remains integral to all tourism business support and our Quality Assurance scheme continued to provide a business improvement tool, encouraging investment, quality development and enhancement of the visitor experience.

We have developed tools and resources to assist businesses in undertaking their own carbon reduction activities and adopting responsible tourism practices. This work has been delivered through one-to-one, group and self-service support including toolkits and guides hosted on VisitScotland.org.

We have continued our involvement in the Business Support Partnership, alongside Scotland's enterprise and skills agencies, Business Gateway, local government and Scottish Government. Adopting a partnership-first approach to delivering solutions and services to businesses and seeking to develop a more streamlined support network, VisitScotland is identified as offering 90 unique business support products and services to Scottish tourism businesses.

Our ongoing industry communication activity is targeted at providing advice and support to businesses through a range of channels, including our regular Tourism Insider newsletters. The newsletter goes out to 13,200 subscribers and gets an average open rate of around 42%.

We also issued regular regional updates which provide tailored updates to stakeholders at a regional level on our marketing activities and destination development work.

Supporting the events sector

Whilst the events sector continued to recover across the reporting period, ongoing challenges were faced by many across the industry, including reduced funding opportunities, staff recruitment and retention limitations and an ever-changing regulatory and legislative landscape.

Strategic partnerships continued to be at the heart of our work, enabling us to achieve better outcomes and joint success. A key focus was working collaboratively with both internal and external partners to rebuild and inspire consumer confidence in travelling to and around Scotland to attend events.

The work of the Event Industry Advisory Group (EIAG) continued to be exemplary in its collaborative approach, advocating the importance of the sector at Government level across a range of different areas including funding support, legislation and the regulatory landscape, as well as the National Events Strategy consultation.

We supported the sector across funding programmes including Round 46 and 47 of the National Programme, the Community Cycling Fund, the Year of Stories and our international programme.

We partnered with The List and Creative Scotland to produce the 2023 Guide to Scotland's Festivals. This was launched online and in print to showcase the range of events on offer for consumers to enjoy.

The 'Buzz is Back' domestic marketing campaign, which ran throughout early summer 2022, was developed to rebuild and inspire consumer confidence in travelling to and around Scotland to attend events, as well as encouraging advocacy from those attending events.

Using both owned and partners' channels including radio, print, and online, the campaign centred on building awareness of the range of events on offer across Scotland. Campaign results indicated that audiences were passionate about events and spending time with their family. They also responded well to travel features and events which provided shared experiences. There was also an uplift in visitors to VisitScotland's dedicated events landing page during the period of the campaign.

In March 2023, we also worked in collaboration with sector contacts and the Scottish Government to launch the National Events Strategy Consultation, supported by a series of regional face-to-face workshops. The new strategy will provide focus for all involved in any aspect of planning, securing, supporting and delivering events of all sizes in Scotland.

Destination Net Zero

Supporting Scotland’s transition to a low carbon economy is a key pillar of our Responsible Tourism Strategy and is demonstrated in the delivery of the Destination Net Zero programme.

The Destination Net Zero programme is a collaboration between VisitScotland and the three enterprise agencies (Highlands and Islands Enterprise, Scottish Enterprise, South of Scotland Enterprise) and provides a framework, and clear pathway, for tangible action to support the tourism industry’s transition to a net zero economy. This multi-agency approach provides an opportunity for strategic alignment and collaboration across public agencies.

As part of the Destination Net Zero programme, we have developed a series of net zero tools for tourism businesses. Working with experts such as Green Tourism and The Edinburgh Climate Institute, we have created a new step-by-step climate action planning tool for industry. The tool had 963 views in the first two months.

This tool allows VisitScotland to support the building of carbon literacy within the industry and encourage the development of climate action plans. It covers:

- Step 1: Identifying your carbon emissions
- Step 2: Measuring your business’ carbon emissions
- Step 3: How to reduce your carbon emissions

Step 4: Adapting to climate change

Step 5: Supporting nature based solutions to climate change

Step 6: Communicating and collaborating on climate change

To support destinations with the transition to net zero, we created a new resource - A Destination's Journey to Net Zero. This resource allows relevant organisations to build their own climate action plans, allowing greater collaboration and alignment with national objectives and targets. The Destination’s Journey to Net Zero had 27 downloads in its first two weeks of launching.

Our own Climate Action Plan outlines the actions that we will take over the next three years, from 2023 to 2026, to support and accelerate climate action within the Scottish tourism and events sector. The Climate Action Plan had 440 views in its first two weeks of launching. We’ve supported the Destination Net Zero work with proactive communications to media and on our own channels, including thought leadership, interviews and case studies.

As part of our Climate Action Plan and to build our own carbon literacy, we launched climate emergency training for all VisitScotland employees. This training is delivered by Keep Scotland Beautiful and accredited by the Carbon Literacy Project. The purpose of the training is to upskill employees, increasing their knowledge of the climate emergency and the road to net zero.

“A Destination’s Journey to Net Zero” resource created



Climate action planning tool (963 views in first two months)

“A destination’s journey to net zero” resource created



Launched climate emergency training to all employees



VisitScotland Climate Action Plan 2023 – 2026 (440 views in first two weeks)

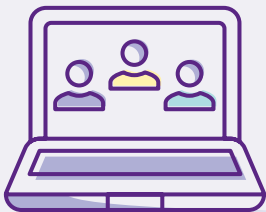


Supporting industry to internationalise – Discover Scotland 2022

Having pivoted to deliver VisitScotland’s first virtual workshops during the pandemic, demand for face-to-face engagement by both Scottish tourism businesses and buyers saw the team develop a hybrid platform to facilitate those connections. Contact with key travel intermediaries had been disrupted and the opportunity to re-establish relationships with business partners new and old was a priority concern, as was the need to understand the demands of their client base travelling once more and demanding greater levels of reassurance and more flexible terms.

A virtual workshop delivered in April 2022 connected 298 international travel intermediaries with 324 trade-ready Scottish suppliers in 4,455 meetings over three days. Seven face-to-face networking events in May and in September hosted a total of 112 tour operators and travel agents. A programme of familiarisation trips additionally showcased the regions of Aberdeenshire and Tay Country, the Highlands, Glasgow and Argyll, Edinburgh and Lothians and South of Scotland. This allowed trade participants to experience first-hand the product available and underlined Scotland being open for business. High levels of satisfaction were expressed in the teams’ efforts to reconnect Scottish businesses and support them again to build forward and internationalise in key tourism markets.

Discover Scotland



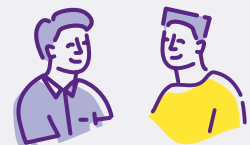
Virtual workshop delivered

Connected **298** international travel intermediaries with **324** trade-ready Scottish suppliers



4,455 meetings over three days

Seven face-to-face networking events hosted a total of **112** tour operators and travel agents



Insights

The Insight Department has supported many stakeholders in various ways during this year. Research activities and statistical surveys were not yet back to normal, but we continued to share knowledge and analysis proactively, as well as in response to requests for help.

We have continued to work with our partners at VisitBritain and VisitWales to get the domestic tourism statistics, which had been severely impacted by methodology changes and the pandemic, back on track. To provide insight in the meantime, we continued to collaborate on the Domestic Sentiment Tracker. This is a regular survey which tracks consumer sentiment and intention to take a holiday or short break in Scotland. This year, we saw the key concerns impacting travel choices amongst UK residents shift from COVID to the rise in the cost of living.

Other support for the industry has included a second year of our Agritourism Sector Growth Tracker, and an assessment of tourism performance during COVID for STERG. We published several topic papers, pulling together findings across our research and data activities, including one focusing on the impact of Outlander and interest in screen tourism. Development of the Scottish Tourism Observatory has continued. This year, we revamped the site to enable easier sharing of data, and refined the data infrastructure which drives the analysis. The focus is now on providing more data analysis and visualisations. Further stakeholder consultation was also done to guide the longer-term data challenge projects on tourism assets and regional data.

We also provided support to our colleagues, including evaluations of campaigns and events, (such as Scotland's Year of Stories and the UNESCO Trail), which help to assess outcomes and inform future planning.

Case study - Scottish Thistle Awards

The Scottish Thistle Awards returned in 2022 with a key focus on responsible tourism that was embedded throughout all new and existing categories, and judging criteria. The awards recognise and celebrate excellence within Scotland's tourism and events industry, supporting the ambition for Scotland to be a world leader in 21st century tourism and underlining VisitScotland's commitment to quality and success.

The 2022/23 awards were delivered in partnership with the Highlands & Islands Thistle Awards (HITA) and the Aberdeen City and Shire Thistle Awards (ACSTA) and were supported by a panel of industry representatives working to achieve the long-term vision for independent ownership across all of the regional awards' programmes. They launched in March 2022 and ended with the national final in February 2023, attended by 400 people. Ahead of the national final, VisitScotland delivered regional awards ceremonies for the Lothian & Borders; Central, Fife & Tayside and the West.

A total of 591 entries were submitted, in addition to around 1,000 nominations. The events programme is supported with communications activity on our corporate and consumer channels, with the aim of building awareness, encouraging engagement, and celebrating winners. For the first time, in 2022/23, the Scottish Thistle Awards were promoted through a media partnership with News Scotland that resulted in news and advertising content in the Scottish Sun, The Times, Times Alba and the Sunday Times, reaching a total of 570,000 adults across Scotland in print in. An eight-page supplement in Times Alba in February 2023 featured each of the 17 national winners and interviews with VisitScotland's Chair, Chief Executive and Director of Events. Regional and national winners continue to be promoted and highlighted as examples of best practice in our ongoing communications activity.

Working collaboratively with community, sector and destination organisations towards a responsible recovery



Working collaboratively with community, sector and destination organisations towards a responsible recovery

Case study - Rural Tourism Infrastructure Fund

The Rural Tourism Infrastructure Fund (RTIF) was established by the Scottish Government and the Fund is managed by VisitScotland on its behalf.

RTIF is designed to support collaborative projects which focus on improving the visitor experience in rural areas that are facing pressure on their infrastructure and communities as a result of visitor numbers.

To enable a more strategic approach to visitor infrastructure development and greater alignment with the objectives of Scotland Outlook 2030 and the National Strategy for Economic Transformation, RTIF has supported the development of 24 Strategic Tourism Infrastructure Development Plans in rural areas across Scotland. The Strategic Infrastructure Development Plans will inform the priorities for RTIF over the next three to five years.

Since the start of the Fund in 2018, £18.9 million of grant funding has been awarded to 75 projects across rural Scotland. Some 37 of those projects are complete and open for use.

Project outputs include:

- Supporting the delivery of 39 new toilet facilities including 12 composting/off grid units
- 82 EV charge points
- 48 new accessible toilets and seven Changing Places Toilets
- 44 new motorhome waste disposal facilities
- 25km of multi-use paths for cyclist and walkers linking to natural attractions.

Destination development

The Scottish Government's Regional Economic Policy Review, carried out by an expert advisory group that included VisitScotland, proposed further supporting the eight Regional Economic Partnerships. These bring together local government, the private sector, education and skills providers, enterprise and skills agencies, and the third sector to accelerate growth at regional and national levels. The review recommended allowing more decision-making at a regional level on strategic priorities and how to deliver them, meaning work can be delivered at greater pace.

VisitScotland is uniquely placed to set the agenda for destination development, which aligns directly with the recommendations of the review. We bring consumer insight that is unmatched, access to many thousands of tourism businesses, and strong partnerships with hundreds of stakeholders. Through our influence we can shape and inform spending decisions worth many hundreds of millions of pounds to the benefit of the visitor economy.

Four objectives now drive our destination development activity.

1. Align national, regional and destination strategies, ensuring that the visitor economy is appropriately placed and that medium and long-term planning of investment into the sector is strengthened.
2. Maintain a relentless focus on place, bringing relevant VisitScotland activity to support specific needs and opportunities, creating stronger destinations and greater regional equity.
3. Engage destinations and stakeholders in opportunities to deliver responsible tourism, in particular the transition to net zero. Within the framework of the Destination Net Zero plan and related support tools, we can help balance the enhancement of the economy, environment, visitor experience, and community wellbeing.
4. Accelerate the development of visitor products and experiences which meet market needs and drive sustainable growth. These products and experiences are underpinned by a focus on quality, discoverability, and responsible and inclusive tourism principles.

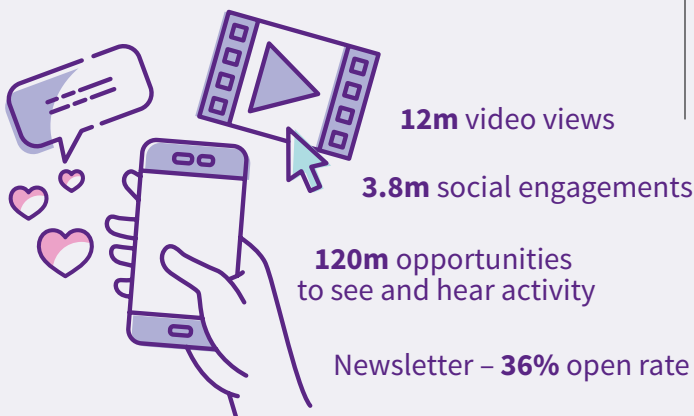
iCentre activity

The Information Department focuses on delivering visitor information and local business promotion through our iCentre network, supporting the responsible tourism message and encouraging visitors to stay longer and spend more in each location. The iCentres were brought back to a full operational service very quickly after all COVID restrictions were lifted. With rising footfall, they helped to guide visitors to less crowded areas, encouraging them to visit key attractions and destinations at quieter times to help manage the increasing numbers in busy destinations, particularly in more rural locations.

All retail, ticket sales and advertising targets were achieved, providing the organisation with an overall income of over £1m to offset operational costs. Ticket sales helped to support 65 businesses and new iCentre paid advertising opportunities (wall and screen) were expanded or created in all sites to help promote more attractions to the visitors and assist local business in their own recovery journey.

The iCentres delivered a number of local events to help support local businesses, groups and charities. Working with the retail team, they held demonstration evenings to promote our ShopLocal initiative, showcase local products and engage with the local community. This initiative supports, encourages and celebrates the work of local artisans and helps to build their business through sustainable working practices.

Visitor management



Visitor management

VisitScotland leads on a coordinated Scotland-wide strategic approach to educate key audiences to enjoy our countryside responsibly. Working with national partners, we align current and planned actions to ensure a cohesive and aligned direction of travel. As chair of the Marketing and Education Group, our focus is to identify opportunities to strengthen our messaging around key visitor management issues and responsible tourism, maximise collective resources and influence visitor behaviours.

Spring 2022 saw the launch of our ‘Keep Scotland Unspoiled’ campaign. The campaign used humour to call out the problem behaviours we wished to discourage by showcasing the ‘spoilers’ behind the scenes, with the aim of inspiring more responsible visitor behaviours, particularly across a younger demographic. The campaign set out to:

- Increase awareness of key visitor management issues and understanding of how to behave responsibly.
- Drive more responsible behaviours and lessen reported incidents relating to these issues.

A combination of radio, paid social media, programmatic social (used to dial up/down messaging in relation to real-time issues), influencer marketing and out-of-home advertising were used alongside owned and earned activity, to target Gen Z and ‘COVID confident’ domestic audiences.

We worked with some of the country’s top content creators – with a total following of 2.1 million - to cover a variety of visitor management themes in ways and spaces that resonated with our target audiences.

We also launched a visitor management e-newsletter which is issued regularly to stakeholders to update on the work being carried out across the partnership. The newsletters had a strong open rate of 36% and no unsubscribes.

Regional & sectoral partnerships

Seeking to maximise our collective resources and networks, our partnership marketing activity marries market, consumer and media insights and industry needs to advance and strengthen our shared objectives and identify best fit, scalable partnership opportunities.

Partnership activity has been wide and varied over the past year with 11 jointly funded partnerships, nine regional upweights and the three cross theme campaigns - Days Out, Spirit of the Highlands and the UNESCO trail. Partners have included CalMac, Northlink, LNER, Avanti, Museums Galleries Scotland, Hostelling Scotland, ScotRail, Hilton Hotels, Caledonian Sleeper, Citylink, Sustrans, DFDS and London & Partners.

Success has been evidenced through incremental bookings and sales for our partners and increased product interest with augmented campaign page visits and referrals.

We've seen strong reach and engagement so far with The Spirit of the Highlands and Islands activity which we delivered in partnership with High Life Highland and launched in June 2022. This campaign highlights the natural and cultural heritage and diversity of the Highlands and Islands with content co-created with communities and destinations, targeting both domestic and international markets. A multi-channel approach has leveraged content partnerships, broadcast, social and digital, in addition to linking in with travel trade workshops. Highlights have included a publishing partnership with The Guardian, video on demand platforms with C4, STV, Sky and My5 and planned European partnerships for Autumn 2023.

Themed Years

Scotland's Year of Stories 2022 spotlighted, celebrated and promoted the wealth of stories inspired by, written, or created in Scotland. Exceeding its objectives, the Year engaged 1.4 million people at funded events spanning the country and its media campaign reached people over 5.6 billion times around the globe. Marketing activity across the year, including award-winning campaigns, reached people 148 million times with a further four million views of the promotional videos.

Themed Years are a proven platform for maximising impact through collaboration. Hundreds of organisations and businesses were engaged across the year, with many partners innovating and working together to create new products and campaigns. Working in partnership is at the heart of the Themed Years model, with 32 organisations and agencies across tourism, events and related sectors directly involved in shaping and overseeing the Year through the active Steering and Working Groups.

There were over 350 events across Open, Community and Partner programmes showcasing diverse voices and stories across all five themes. These created 6,620 opportunities for artists to showcase their work through new commissions. In particular, the Year provided an opportunity for communities to come together to share the stories that matter to them.

A key new development was the successful Community Events Programme delivered in partnership by VisitScotland, National Lottery Heritage Fund and Museums Galleries Scotland. Partners came together and maximised resources to create a fund of more than £900,000 which funded new community events and provided 'wrap around' support. This enabled 180 organisations to create and deliver programmes, build new skills and profile, and develop partnerships and networks. Independent research evidenced the programme enhanced community resilience and potential to thrive. A full evaluation of the Year of Stories detailing the impact of this collaborative approach is available [on our website](#).

Dandelion – Scotland’s contribution to UNBOXED: Creativity in the UK

Dandelion was a major creative programme of festivals, events, community gardens and installations which followed the arc of the growing season from April to September 2022 and celebrated sustainability through community growing, music and creativity. Commissioned by VisitScotland on behalf of the Scottish Government, Dandelion was Scotland’s contribution to UNBOXED: Creativity in the UK.

The project aimed to make growing your own food as easy, attractive and accessible as possible, encouraging people of all ages and backgrounds across Scotland to ‘Sow, Grow and Share’ music, food, knowledge and ideas.

The independent evaluation of UNBOXED led by KPMG was published in March 2023 and the results evidenced the extensive reach and positive impact the Dandelion project had on wellbeing, social cohesion, sustainability, civic pride and cultural participation for communities across Scotland. Over 589,000 people took part in more than 1,000 live Dandelion events and activities across Scotland, including in 468 schools. A further 875,000 people directly engaged in the project via digital or broadcast channels. Over 1,000 paid employments were created through the project.

Dandelion



589,000 people took part in over **1,000** live events (including **468** schools)

An additional **87,000** people directly engaged through digital channels



Attendees surveyed reported that following Dandelion they were likely to take new actions to support or address issues of sustainable food growing (86%), they were likely to participate or engage in more arts and culture activities in the future (89%), and following their experience with Dandelion it made them feel proud to live in their local areas (91%).

Dandelion gifted over 80,000 edible plant plugs and seeds, 258,000 tatties, 2000 tons of sustainable compost and 131 accelerated growing cubes to schools and communities across the country. The extensive suite of school resources continues to be accessible from the Keep Scotland Beautiful website.

MSP engagement

This year we have engaged with MSPs from all political parties, sharing our ‘tourism is a force for good’ messaging, and helping create advocates for the sector at Parliament. Our series of MSP visits to venues across the country continued, meeting parliamentarians in Shetland, Dumfries & Galloway, East Lothian, Perth & Kinross and more. This supports our Industry and Destination Development team in engaging with both tourism businesses and politicians to enhance the wider understanding of the role of the visitor economy in our regions.

We also held a reception at the Scottish Parliament to highlight and celebrate the Year of Stories and Scotland’s UNESCO Trail. There were 16 cross-party MSPs in attendance, and there were speeches from the Tourism Minister along with the Minister for Culture. With over 100 attendees, it was a great opportunity for partners such as Royal Scottish National Orchestra, Scottish Tourist Guides Association, Museums Galleries Scotland, Traditional Arts & Culture Scotland, Scottish Book Trust and Publishing Scotland to showcase their work.

In the build-up to the 2023 UCI Cycling World Championships, we held an exhibition at Scottish Parliament to raise awareness of the event to MSPs. We successfully engaged with 50 MSPs, including Ministers and the Cabinet Secretary responsible for event delivery, many of whom used the opportunity to generate content on their own channels.

Enhancing our organisation insight,
capability, planning and compliance



Enhancing our organisation insight, capability, planning and compliance

VisitScotland.com launch

In February 2023, we re-launched our flagship consumer website, [visitscotland.com](https://www.visitScotland.com). The site traditionally attracts over 12 million visitors per year and acts as a focal point for visitors wanting inspiration and information about Scotland.

The process to redesign the site started with extensive user research, ensuring that we understood why users visit the site, what they want to achieve, and how they want to use it. The site was then built in an iterative fashion, following the best practice laid out by the Digital Scotland Service Standard. Most recently, this included a beta phase, giving us several months of data of real user behaviour so that the site could be improved further.

As well as a fresh new look and a focus on customer journeys through the site, new technology has been adopted through the introduction of an enterprise content management system, integrations into systems such as our database of more than 11,000 tourism businesses and enhanced modern marketing technics such as personalisation (updating content and imagery depending on a user's location, travel preferences, and interests). The site continues to be available in six key languages, catering for international audiences. The new site was built to meet best practice in accessibility and modern design, ensuring it can be used by anyone regardless of location, device, or ability.

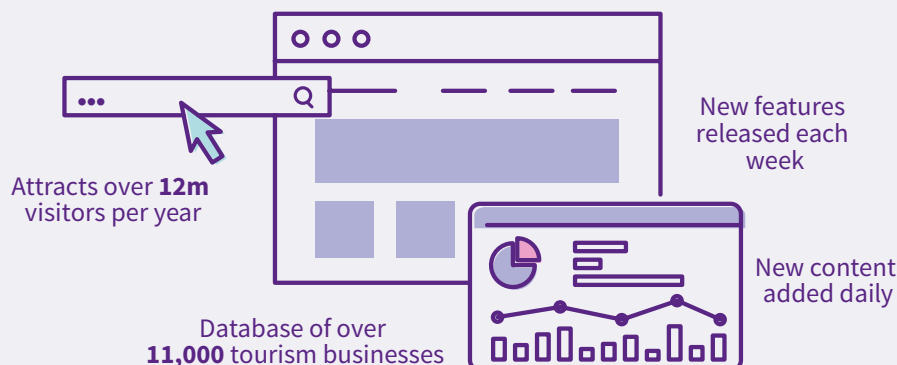
The site development was made possible through the ongoing investment in world-class digital delivery made by VisitScotland during recent years. Cross-functional delivery teams, made up of product owners, business analysts, software and user interface developers, designers, user researchers, and quality assurance engineers mean that the site was developed in-house. The teams can now continue to develop the site iteratively.

As a core digital product at VisitScotland, the site evolves constantly. New content is added daily, backed by new features released each and every week. This ensures that the site remains fresh, and tailored to the season, reacting to industry needs whilst reflecting consumer behaviour. It also ensures consistent messaging about sustainable and inclusive travel, stimulating regional and seasonal spread of visitors and increased spend per trip.

The site makes extensive use of imagery sourced from social media and other forms of user generated content, helping to increase the 'social proof' of marketing activities and allowing the experiences of visitors to the country to speak for themselves.

Future updates will include a carbon calculator to help visitors understand how they can reduce their impact on the environment, more maps and live travel information, and enhanced product search features.

visitscotland.com



VisitScotland.org

Our corporate website also takes an insight and user-driven approach to developing our digital products, in line with the Digital Scotland Service Standard. In 2022, we commissioned external user research of VisitScotland.org to inform how we can better support businesses through our corporate website following the devastating impacts of the COVID-19 pandemic. This in-depth, qualitative research was conducted with businesses from several industry sectors. The resulting findings outlined tourism and events business support needs, including practical user experience recommendations for VisitScotland.org.

The VisitScotland.org team immediately explored how these recommendations could be applied to the website. Within a matter of months, a new dynamic search function was launched and a range of new webpage “building blocks” were introduced to help improve page structure and ensure the industry can get the most out of our content. In 2023, these changes will be applied site-wide in line with our ongoing commitment to optimise and enhance user experience on the site.

Case study - Marketing Automation Capability

In an era where cookies are being depreciated, our first-party data approach becomes increasingly valuable for building and nurturing relationships with future visitors to Scotland, enabling us to influence and inform trip planning. By building trust and demonstrating value exchange, we see email audiences proactively sharing information to make our communications more relevant for them.

Marketing automation, using artificial intelligence technology, enables us to better meet visitor expectations. With immediate contact upon subscribing to VisitScotland, a new email welcome series responds to whether users are first time or repeat visitors, with interest-based data used to create a personalised journey from our first ‘hello’.

Our email communications, delivered in six languages globally, are tailored for a personalised experience. This includes targeted content, dedicated messages based on interests, and real-time triggered messages based on customer-provided data.

As well as providing and updating interests for targeting, development of a preference centre has also allowed users to update key information about themselves, providing users control over their data.

Work is also underway to understand where users are in the booking cycle - from planning to booked and then visited - to further increase relevance and personalisation of our content to their in-the-moment needs across our emails and consumer website visitscotland.com.

Supporting and enabling our people



Supporting and enabling our people

Case study - Operation Unicorn

Staff played an integral role in supporting public sector partners to deliver Operation Unicorn, the response to the death of Her Majesty The Queen Elizabeth II in Scotland.

We quickly stood up teams to assist Scottish Government and the City of Edinburgh Council with a variety of roles.

This included managing the vigil queue outside St Giles' Cathedral, working within the Edinburgh control centre and at our iCentres in Ballater and the Royal Mile.

Some staff travelled from the Central Belt to Ballater while others travelled from the Borders, Balloch or Dumfries to Edinburgh to respond to the calls for assistance.

Staff worked a shift pattern to cover the 24-hour operation of the vigil queue. They were led by senior managers who established the queuing system and delivered shift briefings, including health and safety information. Around 33,000 people received wristbands over the two days.

Senior staff working in the control centre drafted part of the plan for the cortege to travel to Edinburgh Airport and delivered a briefing to hundreds of marshalls at Murrayfield.

Throughout the mourning period, our communications channels were used to keep visitors and businesses updated on government guidance.

In total, around 160 staff pivoted their focus entirely to support Operation Unicorn over the six-day period, using their skills and expertise to support this moment of national importance.

Employee voice

The 'VS Way' encourages and welcomes contributions, ideas, and views from across our workforce. Individual and collective employee voice is critical to ensuring we are listening to our staff, acting upon their feedback, and nurturing a climate that promotes our values.

We have created several opportunities for staff to fully engage with one another, and with our senior leaders. Our biennial staff survey, now in its fourth iteration, is critical to forming our engagement plans and ensuring we are focusing on the themes and topics that are most important to our employees.

With 469 members of staff completing the survey (a response rate of 87 per cent), we recorded a positive employee engagement score of 74 per cent. This score is calculated from five questions on pride, attachment, advocacy, motivation and inspiration. The survey also explored areas such as hybrid working, pay and benefits and learning and development.

The survey supports other feedback mechanisms including 1-2-1 meetings, team meetings, townhall events, meet-ups with our CEO and Directors, our PCS union staff group and importantly our Staff Consultation Group. This multi-channel approach to staff engagement goes a long way to ensuring everyone has their say.

We are very proud of the positive relationship we have with the PCS union, but we recognised during COVID that with a relatively low union representation, we needed to further strengthen our staff engagement channels and it was during this time that our hugely successful Staff Consultation Group was formed. This group meets monthly to discuss issues that matter to staff. Made up of individuals who represent each department and work location, the group contributes to policy development and provides feedback on day-to-day operational matters such as office facilities, hybrid working and staff communications.

In November 2022 we revisited our successful 'VS Water Cooler' initiative, encouraging staff to speed network, via Teams, with colleagues. Once again this was a successful online event with overwhelmingly positive feedback.

In a hybrid working world, fully embraced by staff, Teams' technology has broken down geographic barriers for a workforce spread across the whole of Scotland. Technology has helped to strengthen the regularity and quality of communications and while balancing this with face-to-face contact, we continue to achieve and maintain high levels of engagement throughout the organisation.

Staff survey



Attracting, retaining talent and workforce development

People are our greatest asset and the way in which we attract, retain, and develop our workforce and nurture our talent, continues to be critical to our performance and business success.

In an ever-competitive labour market, we look within our business, 'grow our own', nurture skills development and create opportunities wherever we can.

With active redeployment, internal recruitment, secondment, and youth development programmes, we ensure that we have the right people with the right skills in the right job roles.

There have been times when recruiting talent from the external market was the right thing to do. Working with our network of contacts, we have been incredibly successful throughout the year at attracting high quality external candidates to key roles from both the public and private sectors.

We continue to remain competitive as an employer by choice by providing our staff with a vast range of learning opportunities such as eLearning, internal and external courses and degree accreditations.

Wellbeing

At the core of our **People Strategy**, is the wellbeing of our people, ensuring that we do all we can to create a workplace that is inclusive while supporting good physical and mental health. The ‘VS Way’ is an open and honest environment, where dialogue is encouraged which in return means that our performance and engagement levels continue to thrive.

We have put in place a range of support services and policies to support the health and wellbeing of all our staff. Our well-established staff support groups are an important part of our organisation. These groups include:

- Inclusive Network Alliance. The group is focused on supporting staff with a range of visible and non-visible disabilities.
- LGBTQ+ Staff Network Group. A supportive network open to all staff that also acts as a sounding board for VisitScotland activity.
- Parents Support Group. The group started in COVID and continues to give staff the opportunity to talk about topics pertinent to working parents.
- The Carers Support Group. A group for those caring for children at home or elderly parents.

Support groups across the organisation:



- Inclusive Network Alliance
- LGBTQ+ Staff Network Group
- Parents Support Group
- Carers Support Group

Estates and resilience activities

We prioritise estate resilience to ensure the safety, functionality, and sustainability of our properties. Our comprehensive approach includes proactive risk assessment, business continuity planning, emergency response preparedness, infrastructure maintenance, environmental sustainability, and stakeholder engagement.

We conduct regular risk assessments to identify hazards and vulnerabilities, enabling us to implement mitigation measures. Our business continuity plans are regularly reviewed and updated to ensure the continuity of critical operations. We have clear emergency response procedures, with regular drills and training sessions.

Maintenance is a priority, with routine inspections and timely repairs to address vulnerabilities in electrical systems, water supply, heating, ventilation and air conditioning, structural integrity, and fire safety measures. We also prioritise environmental sustainability through energy-efficient technologies, renewable energy sources, waste reduction initiatives, and water conservation measures.

Engaging with stakeholders is essential to our resilience efforts. We communicate regularly with employees, and contractors, to provide emergency information, and gather feedback. Their input is valuable in identifying risks and improving estate resilience.

Our commitment to estate resilience aims to create safe, secure, and sustainable environments for all stakeholders. By prioritising resilience, we protect assets, minimise disruptions, and ensure uninterrupted operations.

2023 UCI Cycling World Championships



2023 UCI Cycling World Championships

The 2023 UCI Cycling World Championships continues to be an opportunity for VisitScotland to lead and deliver the creation, planning and delivery of a brand-new event that will bring together 13 existing individual Union Cycliste Internationale (UCI) World Championships into one mega event to create what is destined to become the world's biggest cycling event every four years.

As a wholly owned subsidiary of VisitScotland, 2023 Cycling World Championships Limited exists as a special purpose vehicle to plan and deliver the 2023 UCI Cycling World Championships, taking place in Glasgow and across Scotland from 3 – 13 August 2023.

Over the last 12 months the 2023 Cycling Worlds team has built on the strong foundation and momentum established in 2020/21 and 2021/22 respectively. Significant progress has been made across the organisation ahead of the final countdown to the Championships, working with the UCI, principal funding partners (Scottish Government, Glasgow City Council and UK Sport) and host partner British Cycling as well as event delivery partners and regional host cities and towns.

Finalising and announcing the host venues across Scotland has been a key area of focus. In May, Fort William (Nevis Range) was announced as the host venue of the Mountain Bike Downhill, alongside Glentress Forest in the Scottish Borders Tweed Valley, where the Mountain Bike Cross-country and Cross-country Marathon events will be held.

Edinburgh and Loch Lomond were unveiled as official venues and start locations for the Elite and Under 23 categories of the road races during the 2022 UCI Road World Championships in Wollongong, Australia, while Stirling will host the Individual Time Trial races for all categories. In March, Perth and Kinross were confirmed as hosts for the Gran Fondo road race while Dundee and Angus will host the Gran Fondo time trial.

Two significant milestones occurred during the 12-month period – an activation took place in George Square, Glasgow, to mark one year to go, while iconic Scottish landmarks across Scotland including the Riverside Museum (Glasgow), the waters of Loch Lomond, Stirling Castle, Edinburgh Castle, and Glenfinnan Viaduct were illuminated in the UCI's rainbow colours to mark six months to go.

Key progress continued to be made when in August 2022 the call went out for 4,000 volunteers to support the Championships, with Glasgow Life taking on the role of delivery partner for the volunteer programme given their extensive experience in this area over recent years and the legacy benefits to the city and around Scotland.

In September the official schedule of the event was unveiled, providing cycling fans around the world with first sight of the full scale of the historic festival of cycling coming to Glasgow and across Scotland for 11 days. This was followed by tickets for the event going on sale on 23 February 2023.

Those unable to attend in person will be able to watch the 11 days of action on television after the UCI confirmed in October that BBC Sport has secured full broadcasting rights, extending its long-term commitment to the coverage of major UCI events as well as global coverage to an estimated 160 countries.

Over the last 12 months, several official partners and sponsors have been appointed. Europe's leading retailer, Lidl, came on board signing a major sponsorship agreement and becoming the Championships' Official Fresh Food Partner. Other partners include CSE (Official Athlete Provider), Sportive Breaks (Official Fan and Amateur Participant Travel and Experience Provider), Cube Partnership (Master Licensee), Wahoo (Official Smart Training Technology Supplier), Kukri Sport (Official Provider of Workforce and Volunteer Clothing) and Zwift (Official Virtual Fitness Platform).

Of note is the virtual Scotland world Zwift created specifically for the UCI Cycling Esports World Championships held in Glasgow in February 2023 . It takes inspiration from the Scottish landscape, the city of Glasgow and other venues across Scotland hosting the inaugural 2023 UCI Cycling World Championships.

Two major charity partners were also announced with cancer support charity Maggie’s appointed as UK national charity partner and World Bicycle Relief as the global charity partner.

As part of the Championships’ commitment to creating an inclusive, diverse and accessible event, 2023 Cycling World Championships Ltd, alongside partners and key stakeholders, signed up to the Ride Together Pledge which supports the key principles of the event’s Equality, Diversity, and Inclusion (EDI) Framework. The pledge will use the platform of a global event as a catalyst for change, through a Championships that has inclusion at its core.

Throughout the year the Board has continued to monitor progress and engage with local partners and stakeholders, with Board meetings taking place across the country.

Post Event Update

The 2023 UCI Cycling World Championships brought together 13 existing UCI World Championships to create a new ‘mega event’ that will be held every four years in the year preceding the Olympic Games. In 2019 Glasgow and Scotland were awarded the right to host this inaugural event on behalf of the international federation, the Union Cyclisté Internationalé (UCI), and create a blueprint for the future, with France awarded hosting rights in 2027.

From 3 to 13 August 2023, the inaugural UCI Cycling World Championships showcased a remarkable 11 days of sporting excellence with 7,000 elite and amateur athletes from 129 countries competing, 220 UCI World Champion rainbow jerseys awarded, and 807 medals won. The combined World Championships were a huge broadcasting success with coverage in 130 countries, reaching a cumulative audience of over 537million, and over 200 million hours viewed.

As a purpose-led event, the 2023 UCI Cycling World Championships will leave a legacy that intends to benefit Scotland’s economy and environment, and inspire people from all walks of life to be more active and healthier through the power of the bike.

The event was delivered in collaboration between the UCI, Scottish Government, Glasgow City Council, UK Sport, British Cycling, Glasgow Life and VisitScotland with its EventScotland team through 2023 Cycling World Championships Ltd. An overall evaluation of the event is underway and a report including economic, sporting, and social outcomes will be published in the first quarter of 2024.



Highlights in 2022/23

Announcing the host venues



Volunteer programme – 4,000 volunteers

Activation took place in George Square to mark one year to go



Iconic Scottish landmarks were illuminated in the UCI’s rainbow colours to mark 6 months to go

Official schedule of event was announced in September



Tickets went on sale in February

Key performance indicators

Economic Performance

VisitScotland's success in delivering sustained benefits to the Scottish economy is supported by a number of performance measures. The basis of VisitScotland's principal Key Economic Performance Indicators is derived from our Economic Measurement Framework, which has four economic measurement indicators, as follows:

- Gross Economic Activity ("GEA") - the monetary value of all economic activity related to or associated with an intervention.
- Net Economic Impact ("NEI") (direct) – new money in the economy that would not have happened without the VisitScotland intervention.
- Gross Value Added ("GVA") (direct, indirect, induced) - this is the economic value added in a business when transforming inputs (things bought-in) into outputs (sales).
- Full Time Equivalent ("FTE") jobs supported (direct, indirect, induced) – full time equivalent jobs supported in Scotland's economy.

The table overleaf provides the net economic activity of VisitScotland assisted activities and projects in 2022/23. The NEI assessment has been prepared using VisitScotland's Economic Measurement Framework which accords with best practice economic appraisal and evaluation guidance.



VisitScotland 2022/23 Net Economic Impact (NEI) Results*

VisitScotland Interventions**	Gross Economic Activity £m	Net Economic Impact (Direct) £m	GVA (Direct, Indirect, Induced) £m	FTE Jobs Supported (Direct, Indirect, Induced)
Domestic Consumer Marketing***				
Rest of UK & Ireland Consumer Marketing (Jan 2022 - Dec 2022)	£358.5	£19.1	£12.2	255
Scotland Consumer Marketing (Jan 2022 - Dec 2022)	£235.7	£2.0	£1.2	26
Domestic Consumer Marketing Total	£594.2	£21.1	£13.4	281
VisitScotland Connect 2023				
Exhibitor Impact - 2023 Forecast ****	£2.1	£1.2	£0.8	16
Bid Fund 2022/23				
VisitScotland assisted Business Conferences & Association Events (c.13,000 delegates)	£28.9	£17.3	£9.4	229
Event Scotland 2022/23				
VisitScotland assisted events and festivals programmes included: National; International; Community Cycling Fund; Golf & Year of Stories)	£216.0	£149.3	£93.9	2,073
Route Development 22/23				
VisitScotland assisted air routes (Routes included: Toronto to Edinburgh and Toronto to Glasgow)	£14.1	£6.1	£3.9	81

* Please note some totals do not sum due to rounding

** Please see individually noted assessment periods

*** International Consumer Marketing NEI was suspended in 2021 & 2022 due to Covid-19 related global travel restrictions

**** VisitScotland Connect 2023 took place at the P&J Live Aberdeen in April 19-20, 2023. Whilst this is outside 2022/23 reporting period, the preparation work was completed in year.

Notes

- 1) VisitScotland Quality Assurance Scheme NEI assessments are carried out every 3-5 years or at key milestones. Assessment scoping planned for Autumn 2023.

Key Government Policy Objectives

National policy context

Scotland's contribution to United Nations Sustainable Development Goals (UNSDG)

The UNSDGs are global goals and targets that form part of an internationally agreed performance framework. They address global challenges, including poverty, inequality, climate change and environmental degradation.

Scotland's key policy and strategy documents are specifically tailored to support the delivery of the UNSDG.

¹ <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

² <https://nationalperformance.gov.scot/sustainable-development-goals>

VisitScotland's contribution to Scottish Government policy & strategy objectives

This section demonstrates how VisitScotland contributes to:

- Scotland's refreshed National Performance Framework (4th edition, launched February 2023); and
- The National Strategy for Economic Transformation (NSET, launched March 2022).

Scottish Government and VisitScotland recognise that in light of recent health, economic, social, and environmental challenges, it is increasingly important to be guided by the vision and values of the UNSDG, NPF and NSET. This approach allows shorter term actions and activities to be steered by the longer-term vision and objectives.

National Performance Framework (NPF)

NPF is Scotland's way to localise the UNSDGs. NPF identifies broad National Outcomes that reinforce the purpose and provides measures on how Scotland can assess progress.

National Strategy for Economic Transformation (NSET)

NSET sets out the priorities for Scotland's economy as well as the actions needed to maximise opportunities to achieve the Scottish Government's vision of a 'wellbeing economy' over the next 10 years. A 'wellbeing economy' is defined as one that is thriving across economic, social and environmental dimensions.

Relationship between the UNSDG, NPF, NSET and the reinforcing role of VisitScotland activities

VisitScotland's purpose & activities directly support the interwoven purpose, goals, vision and ambitions of UNSGD; NPF & NSET



UNSDG

Purpose: Provides a 'blueprint' for peace and prosperity for people and the planet, now and into the future.

Sustainable Development Goals (17): No poverty; Zero hunger; Good health & well-being; Quality Education; Gender equality; Clean Water & sanitation; Affordable energy & clean energy; Decent Work & Economic Growth; Industry Innovation & Infrastructure; Reduce inequalities; Sustainable cities & communities; Responsible production & consumption; Climate action; Life below water; Life on land; Peace justice & strong institutions; Partnerships for the goals.

NSET

Purpose: To provide a strategy and programme of action for economic transformation.

Vision: A Wellbeing Economy: Thriving across economic, social and environmental dimensions.

Ambitions: Fairer; Wealthier; Greener.

Programme of Action: Entrepreneurial people & culture; New market opportunities; Productive businesses & regions; Skilled workforce; A fairer and more equal society.

NPF

Purpose: To focus on creating a more successful country with opportunities for all of Scotland to flourish through increased wellbeing, and sustainable and inclusive economic growth.

Values: We are a society which treats all our people with kindness, dignity and compassion, respects the rule of law, and acts in an open and transparent way.

National Outcomes (11): Economy; International; Poverty; Fair work & business; Health; Culture; Children; Communities; Human rights; Education; Environment.

VisitScotland Purpose, Vision, Mission & Activities

Purpose: To deliver a strategic and coordinated approach to supporting the rebuilding of the visitor economy in a responsible way, to ensure that tourism thrives.

Vision: Scotland is a leader in 21st century tourism with a thriving, responsible visitor economy.

Mission: Through strategic leadership and industry partnerships, encourage a responsible approach to re-building and growing the value of tourism highlighting the benefits of tourism and events across Scotland in delivering the very best for our visitors, our businesses, our people, our communities and our environment.

VisitScotland Reinforcing Activities: Stimulating global demand; Supporting Scotland's tourism & events businesses; Working collaboratively with community, sector & destination organisations towards a responsible recovery; Enhancing our organisation insight, capability, planning & compliance (see VS Strategic Framework for specific activities breakdown).

NPF National Outcome	VisitScotland Contribution	Scale of contribution
<p>Economy We have a globally competitive, entrepreneurial, inclusive and sustainable economy</p>	<p>VisitScotland supports a range of activity that delivers additional and sustainable economic impacts which directly support tourism related jobs and jobs throughout the wider economy through supply chain purchases and household spending.</p> <p>Activity is spread throughout Scotland to ensure businesses and individuals benefit across Scotland.</p> <p>Specific economic impacts delivered by VisitScotland activities are provided in section (Note: NEI infographic in Highlights section of this report)</p>	<p>Strong contribution</p>
<p>International We are open connected and make a positive contribution internationally</p>	<p>Scotland recently (February 2023) achieved its highest ever reported score in the Nation Brands Index (NBI). The international reputation survey scores and ranks countries across six dimensions including Culture, Tourism, Governance, Immigration and Investment, Exports, and People.</p> <p>Scotland's overall score is the highest score the Scottish Government has reported since first subscribing to the survey in 2008. Scotland's natural beauty was ranked 7th out of 60, while Tourism ranked 12th out of 60.</p> <p>This growth in international reputation is in part due to the strong international focus of VisitScotland activities, namely consumer marketing activity in international markets and through major events which showcase Scotland to an international audience.</p> <p>Securing a future pipeline of conferences and business events will protect Scotland's international profile as one of the world's foremost public-facing events destinations and as the perfect stage for events.</p> <p>VisitScotland also engages with a wide range of organisations with an international focus, including fellow Team Scotland Partners: Scottish Government, Scottish Development International and VisitBritain; the international travel trade; Associations; other National Tourism Organisations; Scotland House Brussels; and academia, alumni and Diaspora networks.</p>	<p>Strong contribution</p>
<p>Poverty We tackle poverty by sharing opportunities, wealth and power more equally</p>	<p>VisitScotland supports an accessible tourism programme of advice and information for industry and consumers, addressing the specific concerns of disabled individuals, senior travellers and families with young children.</p> <p>We collaborate with organisations such as Euan's Guide, VOCAL, Tourism for All and Purple Tuesday.</p> <p>VisitScotland is a Scottish Living Wage employer.</p>	<p>Strong contribution</p>

NPF National Outcome	VisitScotland Contribution	Scale of contribution
<p>Fair Work & Business We have thriving and innovative businesses, with quality jobs and fair work for everyone</p>	<p>VisitScotland aims to grow Scotland’s tourism business base and tourism employment levels. The funding packages administered by VisitScotland have supported businesses of different sizes and geographies to survive the pandemic, ensuring they can thrive in future.</p> <p>Working with the enterprise agencies, Business Gateway and other partners VisitScotland is supporting the drive towards digital capability within the tourism industry. This has been accelerated during the pandemic as more businesses seek to improve their digital skills. Innovation has also come to the fore with businesses pivoting and adapting to new ways of working.</p>	<p>Strong contribution</p>
<p>Health We are healthy and active</p>	<p>VisitScotland invests and supports tourism related infrastructure and events which positively contribute to social, health and wellbeing outcomes. Promotion and investment in tourism-related infrastructure and product including active travel routes and wellness activities have been important during the pandemic, as people increasingly look to take a holiday for their own mental wellbeing.</p> <p>The hosting and promotion of high-profile sporting events such as Golf and Cycling, including the UCI Cycling World Championships in 2023, raise the profile of an active lifestyle. These ultimately aim to increase participation in healthy activities among Scottish residents. Such investment provides a wealth of social impacts and health and wellbeing benefits that over time could reduce pressure on NHS, mental health and social care services and budgets.</p>	<p>Strong contribution</p>
<p>Culture We are creative and our vibrant and diverse cultures are expressed and enjoyed widely</p>	<p>VisitScotland invests in promoting creative, cultural and heritage events and products throughout Scotland. This activity provides additional economic impact but also helps preserve and promote local heritage, culture and traditions.</p> <p>Scotland’s diverse culture and heritage is promoted through marketing platforms and supported through events funding.</p> <p>2022 was designated Scotland’s Year of Stories. Funding was available for events that showcased and celebrated stories that were inspired by, created, or written in Scotland. Activity also included working toward VisitScotland’s 2019-2022 Gaelic Language Plan and supporting industry to use Gaelic as an attractor for visitors.</p>	<p>Strong contribution</p>

NPF National Outcome	VisitScotland Contribution	Scale of contribution
<p>Children We grow up loved, safe and respected so that we realise our full potential</p>	<p>VisitScotland’s People Strategy aims to reflect our socially progressive values. VisitScotland has a range of measures around maternity/ paternity leave, flexible working and benefits to ensure that parents are able to spend valuable time with their children in the early stages of their development.</p> <p>Measures were put in place during the pandemic to adopt a flexible approach to enable parents to manage both work and childcare duties. Newly introduced hybrid working will also support parental care.</p> <p>Festival UK 2022, a UK-wide festival of creativity and innovation also aims to stimulate widespread interest in Science, Technology, Engineering, Arts and Mathematics projects. EventScotland is the strategic delivery body for Scotland for Festival UK 2022. Scotland’s Dandelion project ‘will harness the creativity, passion and enthusiasm of schools and communities across Scotland, providing an engaging and practical route for each of us to do something positive for our own lives, our communities and the environment.’</p>	<p>Moderate contribution</p>
<p>Communities We live in communities that are inclusive, empowered, resilient and safe</p>	<p>VisitScotland’s Responsible Tourism Plan aims to ‘engage our communities to make sure they are at the heart of our responsible tourism future.’ VisitScotland activity also helps support tourism jobs in communities throughout Scotland. In rural areas this helps to prevent depopulation by creating employment opportunities and investment and by providing critical mass for community services (GP surgeries; schools etc). VisitScotland also administers the Rural Tourism Infrastructure Fund (RTIF). This aims to alleviate pressure on communities that have been affected by an increase in tourism.</p>	<p>Moderate contribution</p>
<p>Human Rights We respect, protect and fulfil human rights and live free from discrimination</p>	<p>VisitScotland is an equal opportunities employer and our commitment to Equality and Diversity is at the heart of our organisation values.</p> <p>Research shows that countries with a more open and sustainable tourism sector tend to be more peaceful: ‘A sustainable and open tourism sector brings about a higher level of positive peace: namely the attitudes, institutions, and structures that create and sustain peaceful societies.’ Inclusive tourism programmes advise and provide support for inclusive practices to benefit the widest range of visitors possible, including people with protected characteristics.</p>	<p><i>Appropriate to strategic aims</i></p>
<p>Education We are well educated, skilled and able to contribute to society</p>	<p>VisitScotland invests heavily in Continuous Professional Development, mentoring, Modern Apprenticeships, internships and secondments to ensure that our workforce continues to be equipped with the skills, knowledge and experience required.</p> <p>VisitScotland is also proud to be recognised by Investors in Young People as an exemplar of best practice. Festival UK 2022, (also see ‘Children’ above) will provide a wide range of educational and community-based projects that aim to stimulate interest in STEM and Art projects throughout society. VisitScotland, through its EventScotland department, is the strategic delivery body for Scotland’s contribution.</p>	<p><i>Appropriate to strategic aims</i></p>

NPF National Outcome	VisitScotland Contribution	Scale of contribution
<p>Environment We value, enjoy, protect and enhance our environment</p>	<p>VisitScotland’s remit involves sustainably developing Scotland’s tourism economy. Environmental considerations are central to this objective and are further embedded by our focus on responsible tourism being crucial to Scotland’s green recovery. The organisation was the first National Tourism Organisation to join Tourism Declares a Climate Emergency.</p> <p>VisitScotland recognises that addressing the climate emergency is imperative in protecting our planet, and our country, for future generations. Through VisitScotland’s Responsible Tourism Plan the organisation sets out a commitment to being part of the solution by:</p> <ul style="list-style-type: none"> • Taking action to reduce carbon emissions and encouraging Scotland’s tourism industry to consider and address their carbon footprint. • Working collaboratively with the Scottish tourism and events industry to educate and share best practice around effectively reducing carbon emissions. • Playing a lead role in the development of Scotland as a globally recognised responsible destination. • Engaging communities to ensure they are at the heart of our responsible tourism future. 	<p>Moderate contribution</p>

National Strategy for Economic Transformation (NSET)

NSET supports the delivery of the outcomes described in NPF. NSET's vision is for Scotland to be a wellbeing economy, thriving across economic, social and environmental dimensions.

Below outlines the NSET Policy Programmes for Action and how VisitScotland activities and our support of Scottish tourism specifically contributes to the main themes and outcome objectives in NSET.

VS Contribution to NSET

No 1 Entrepreneurial People & Culture

Aim:

Establish Scotland as a world-class entrepreneurial nation founded on a culture that encourages, promotes and celebrates entrepreneurial activity in every sector of our economy.

Scale of VisitScotland Contribution: **Strong Contribution**

VisitScotland embraces a 'Good to Great to World-Class' corporate mindset.

This guiding principle is central to our Corporate Plan and Strategic Framework. Internally this is reflected in our people strategy; talent & performance management; youth employment strategy and how we manage change.

Externally it is evident in our knowledge exchange and our extensive partnerships, collaborations and coordinating roles domestically and internationally to deliver maximum benefit for Scotland.

VisitScotland provides a leading national role in encouraging a culture that actively promotes and celebrates responsible, sustainable business growth and entrepreneurial activity. This is most visible in our annual **Scottish Thistle Awards**, Scotland's premier tourism and events awards. The awards champion innovation, collaboration and sustainable practices, in line with the ambitions of Scotland's national tourism strategy.

No 2 New Market Opportunities

Aim:

Strengthen Scotland's position in new markets and industries, generating new, well-paid jobs from a just transition to net zero.

Scale of VisitScotland contribution: **Strong contribution**

VisitScotland promotes Scotland and Scottish tourism and events to a global audience of existing visitors and also emerging new markets. We also aim to develop new market opportunities for Scotland by promoting the appeal of activities and attractions in lesser-known areas of Scotland in quieter times of the year.

Our Business Events team encourages MICE tourism (Meetings, Incentive groups, Conferences and Exhibitions) to come to Scotland from the rest of the UK and key international markets. Our aviation route development work supports inbound international tourism but also importantly supports Scotland's export strategy by facilitating new export routes for Scottish businesses.

Tourism provides an opportunity for businesses and industries to think differently about their products and diversify to access new markets. This was evident in VisitScotland's extensive development support for Scottish Agritourism.

We actively support net zero ambitions by promoting the environmentally sustainable development of the tourism sector by encouraging businesses to embrace the principles of low carbon responsible tourism. In the short term this has helped to encourage a green recovery from the impacts of COVID-19. In the longer term we aim to futureproof tourism businesses and safeguard tourism employment.

Our work in this area includes Destination Net Zero which is being delivered by VisitScotland and partners and aims to support tourism on the journey to net zero through research, advice and funding support. This seeks to build resilience in businesses and destinations while aligning emissions with Scottish Government targets.:

Recent projects include:

- Hospitality Zero Project – consultations to reduce food waste;
- Electric Vehicle Charge Point Fund - funding to install EV charging points;
- Sustainability Certification Fund - allows business/ event to demonstrate point of differentiation by commitment to responsible tourism practices; and
- The introduction of VisitScotland’s Carbon Literacy Training – A Responsible Tourism Staff Education Programme.

VisitScotland also applies a ‘carbon conscious approach’ in our award criteria to all Rural Tourism Infrastructure Fund (RTIF) applications. This helps to ensure that new jobs created during the construction and operation of any facility supports the transition to low carbon.’

VisitScotland’s annual Sustainability and Biodiversity reports also detail the measures the organisation is taking to help make Scotland more sustainable. Internal Sustainability Policy Objectives include:

- Minimise resource use and waste production;
- Reduce the impact of transport;
- Improve the quality of tourism jobs;
- Support climate change mitigation and adaptation; and
- Future Sustainable Planning.

No 3 Productive Businesses & regions

Aim:

Make Scotland’s businesses, industries, regions, communities and public services more productive and innovative.

Scale of VisitScotland contribution: **Strong contribution**

Businesses productivity is supported by the positive contribution VisitScotland plays in promoting and attracting visitors to Scotland. Our business events activity provides a significant stimulus to the visitor economy by attracting high value international association events and MICE tourism activity. This provides valuable visitor revenue during the shoulder months and weekdays to help balance high volumes of peak season and weekend leisure spending.

Our seasonal marketing activity also promotes out of season visits to well-known popular locations and highlights lesser-known regions during high season.

VisitScotland plays a leading role in supporting different economic and community assets to help strengthen Scotland's regions.

Furthermore, many other businesses, regions and sectors (e.g., retail, agriculture, food & drink and construction) benefit from tourism either directly or through supply chain impacts.

The RTIF also helps protect and enhance regions and communities by providing infrastructure to alleviate an existing or anticipated pressure point. Creating more resilient and productive communities is a key aspect of the RTIF.

VisitScotland directly supports communities through responsible sustainable tourism initiatives that are specifically designed to ‘put the welfare of the individual and communities, as well as our natural environment, at the centre of our approach.’ We also champion a collaborative approach to grow the value of tourism ‘in a way that makes better places for people to live and visit in every corner of Scotland.’

No 4 Skilled Workforce

Aim:
 Ensure that people have the skills they need at every stage of life to have rewarding careers and meet the demands of an ever-changing economy and society, and that employers invest in the skilled employees they need to grow their businesses.

Scale of VisitScotland contribution: Strong contribution

Digital channels play a considerable role in the visitor experience.

VisitScotland provides tailored digital skills support and a range of free online training resources to Scottish tourism businesses. Through the adoption of digital technologies our support helps businesses improve productivity by becoming more efficient, which in turn helps them access new markets and grow revenues.

Specific skills support includes, the essentials of digital marketing, understanding customer base, and improving online performance.

Our Quality Assurance advisory service also develops skills and knowledge to help improve businesses performance and skills by providing advice on useful insights, visitor expectations, marketing and a tailored report for businesses to use for future planning and staff training.

VisitScotland supports and incentivises employees to invest in skills and training throughout their careers by providing an extensive range of mandatory, optional and tailored learning, training and skills development programmes to support employees continuous learning needs and provide rewarding careers.

No 5 A Fairer More Equal Society

Aim:
 Reorient our economy towards wellbeing and fair work, to deliver higher rates of employment and wage growth, to significantly reduce structural poverty, particularly child poverty, and improve health, cultural and social outcomes for disadvantaged families and communities.

Scale of VisitScotland contribution: Moderate contribution

VisitScotland supports the growth of the Scottish tourism economy. Tourism employment is noticeably distinct to the majority of other sectors and plays a vital role in Scotland's economy by helping to eradicate structural barriers to participating in the labour market.

Tourism jobs are vital to the Scottish economy as they are inclusive in nature, readily available throughout Scotland and can be accessed by a wide range of abilities, age groups and by people from a range of socio-economic backgrounds.

The direct and indirect benefits from tourism related investment can also help to reduce dependency on other Scottish Government budgets by positively contributing to social, health and wellbeing outcomes.

Examples include:

- Investment in tourism related infrastructure (e.g., walking and cycling routes) sporting events (e.g., golf, cycling and athletics) helps increase participation in healthy activities.
- Investment in the promotion of more active lifestyles provides a wealth of social impacts and health and wellbeing benefits which over time can help reduce pressure on the NHS and social care (i.e., 'prevention' is better than 'cure' ethos).
- The role that tourism and events (e.g., sporting; cultural, heritage and music) play in supporting wellness is also well documented in our visitor and event research.

Summary of 1-5

Aim:

The NSET strategy is intentionally focused on a small number of priorities; it does not seek to do everything. It focuses on five policy programmes with the greatest potential benefit and on how to achieve them, rather than address every potentially beneficial action for every industry. The programmes have been carefully chosen, based on the evidence.

Scale of VisitScotland contribution: **Strong contribution**

Summary of 1-5

VisitScotland is correctly viewed as being predominately focused on sustainably and responsibly growing Scotland's visitor economy. However, the ripple effects of a strong, well-functioning tourism sector can be considerable and allows tourism to directly and indirectly contribute to a vast range of national priorities.

Tourism's unique and valuable characteristics ensures it can comprehensively support NSET's well-being economy objectives. Key contributions include:

- Inclusive Employment – Tourism provides inclusive geographically dispersed inclusive employment opportunities which are essential for a balanced labour market and economy.
- Opportunities in Rural Areas - Tourism is a vital industry that helps sustain rural communities, protect core services and stems depopulation.
- Export Growth - Source of foreign exchange earnings (exports) –equivalent to growing exports, a leading Scottish Government objective.
- Revenue - Source of both private & public sector income (VAT, NDR etc)
- Cultural & Knowledge Exchange – Tourism showcases Scotland as a place to work, live, study and invest and contributes to Scotland's economic and industrial strategies.
- Promotion & Global Reputation - Global publicity tool for Scotland –particularly important in a Post-Brexit socio-political landscape.
- Levelling Up - Investment in Scottish tourism can also help to lever costs saving in health, social care, welfare and employability budgets and maximise investment in transport and economic development projects.
- Wellbeing Economy & Society - Positive well-being effects through tourism activities at a personal level and at a societal level provide a range of positive economic, social and structural contributions that help reduce inequality in Scotland's labour market and communities.

No 6 Team Scotland

Aim:

Team Scotland

A sixth programme on delivery introduces a new streamlined delivery model in which all participants are clear about their roles and accept accountability for their actions. We will draw on the strengths of people and organisations from all sectors of the economy – a “Team Scotland” approach. In combination, these six programmes will transform the Scottish economy over the next decade and drive economic opportunities.

Scale of VisitScotland contribution: **Strong contribution**

Tourism in Scotland is known to impact every part of the economy and reach every part of the country. Its touch points across Scottish Government and Team Scotland partners are extensive.

VisitScotland works closely with other Team Scotland partners such as Scottish Government, Scottish Development International (SDI) and VisitBritain. Other tourism specific audiences and stakeholders include: the international travel trade; Associations; other National Tourism Organisations; and academia, alumni and Diaspora networks.

Our influencing role in Team Scotland through other key stakeholder activities allows us to understand and optimise international opportunities for Scotland and Scotland’s tourism industry.

NSET Ambition

VisitScotland’s strong overall contribution to the NSET Programmes for Actions and their key themes and outcomes significantly support the overall NSET central ambition for Scotland to become:

- **Fairer:** Ensuring that work pays for everyone through better wages and fair work, reducing poverty and improving life chances.
- **Wealthier:** Driving an increase in productivity by building an internationally competitive economy founded on entrepreneurship and innovation.
- **Greener:** Demonstrating global leadership in delivering a just transition to a net zero, nature-positive economy and rebuilding natural capital.

Internal Sustainability

The Scottish Government has set ambitious climate change targets; to reduce Scotland’s greenhouse gas (carbon emissions) by 75% by 2030 and 90% by 2040, against a 2008/09 baseline. VisitScotland has aligned its operational activities to meet its obligations under The Climate Change (Scotland) Act 2009, amended by the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 and works through the Sustainable Scotland Network in the ongoing development of its Carbon Management Plan

VisitScotland works each year to reduce our energy, travel and waste. After reviewing our reporting emissions, this year we have included recycling, water treatment, electricity transmission and distribution, car rental contracts and have reviewed, where possible, our landfill waste, identifying waste going for combustion rather than landfill. We will publish information on progress in our internal annual sustainability report and public bodies climate change duties report.

Sustainability continues to be a key consideration for iCentres and local offices, with each having a green champion. Our green champions captured all our internal sustainable activity to achieve Gold Green Tourism awards following on from their GreenCheck assessment in 100% of our sites. This was an increase from 95% in the previous report.

Support adaptation to climate change



We have committed to seeking information from our pension schemes to understand how they are addressing the climate emergency. We can consider what, if any, further action is required once we have heard about their long-term investment plans.

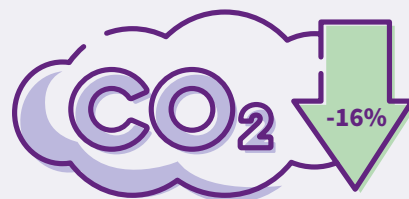
In its previous report VisitScotland mentioned the positive changes that have been carried forward from the impact of the pandemic and its return to hybrid working. These continued into 2022/23 and include

Transport

- Reducing the number of leased cars from 17 to 9
- Five staff participating in the Green Car Scheme
- Hybrid working model adopted, allowing review of the estate requirements of the organisation, and reducing staff commuting.
- Teams technology used by different departments to reduce business travel needs including online learning, virtual international speaking opportunities and through the piloting of a virtual Quality Assurance visit programme saving on 94 live visits.

Minimise resource use and waste production

16% reduction in CO₂e emissions from 2021/2



Scottish Government recycling target is **70%** with no more than **5%** to landfill by 2025

Energy

- IT Team continue to drive projects that will significantly reduce power usage and remove the need for an on-premise data centre.
- Energy saving was fore during the recent relocation of

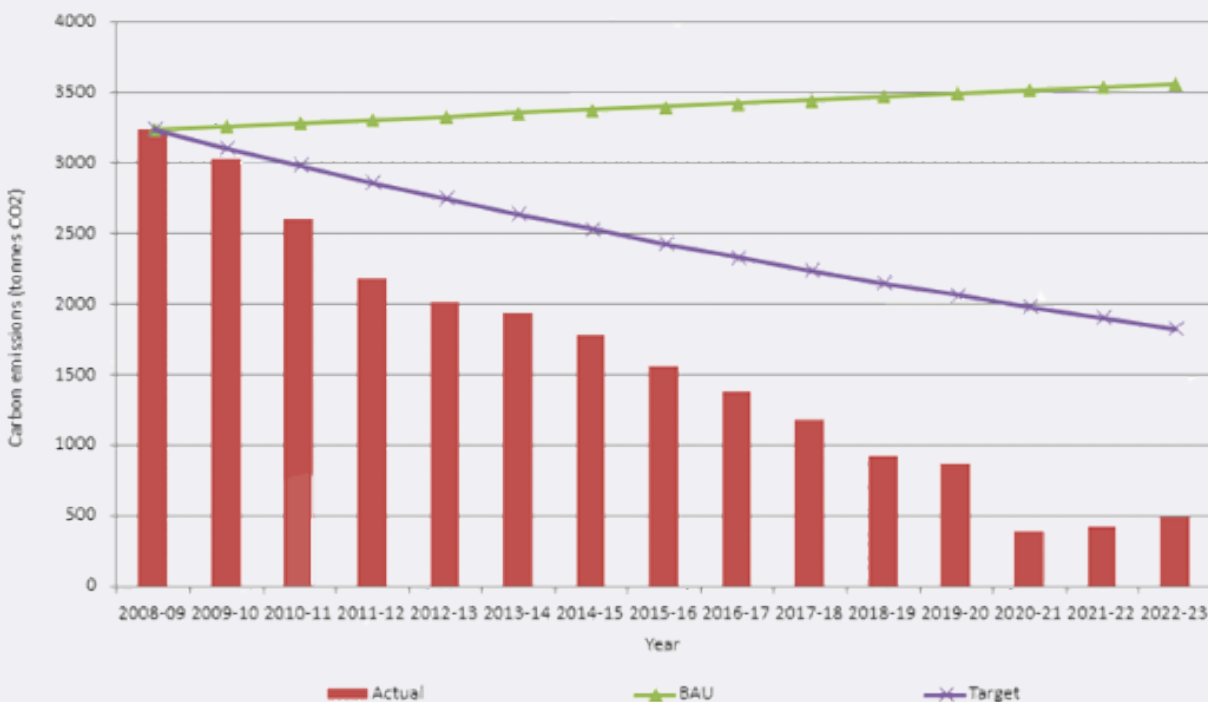
Fort William iCentres where UV film, infrared heaters and light sensors were introduced.

- Engagement with Home Energy Scotland for an energy efficiencies webinar for use at work and at home.

Waste

- Identified waste contractors sending landfill waste to combustion turning waste to energy.
- Internal comms shared energy and food saving tips to encourage staff to switch off at home and in the office, along with packing a lunch and using reusable cups, to cut down on our office waste.
- Electronic information provision in its iCentres has led to a reduction in the need for brochures and printed materials

Comparison of actual emissions with BAU increases and reduction targets predicted

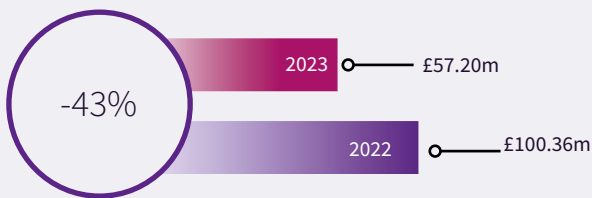


Financial Position

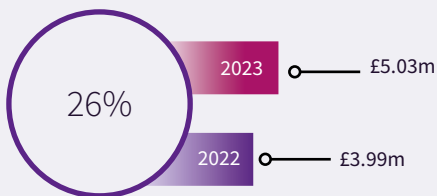
On 29 February 2020 VisitScotland established a wholly owned subsidiary, 2023 Cycling World Championships Limited to plan and deliver the inaugural event (pages 37-38). In line with this, full group accounts have been prepared for VisitScotland Group which include transactions for 2023 Cycling World Championships Limited.

GROUP INCOME

RDEL cash resource (£m)

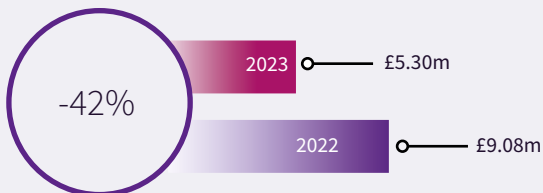


Retail, commercial, and other income (£m)



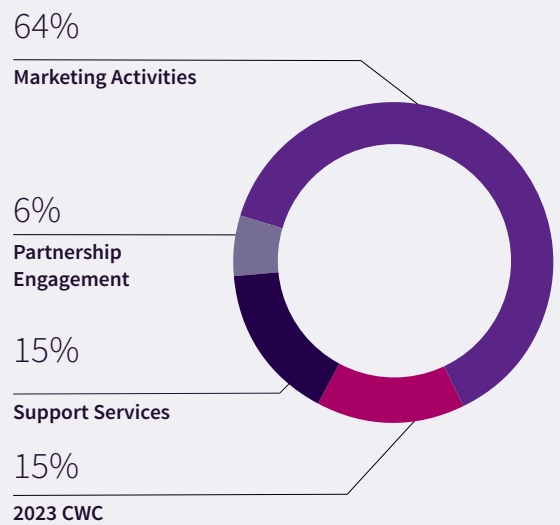
RDEL = Revenue Departmental Expenditure Limit

CDEL CAPITAL (£M)

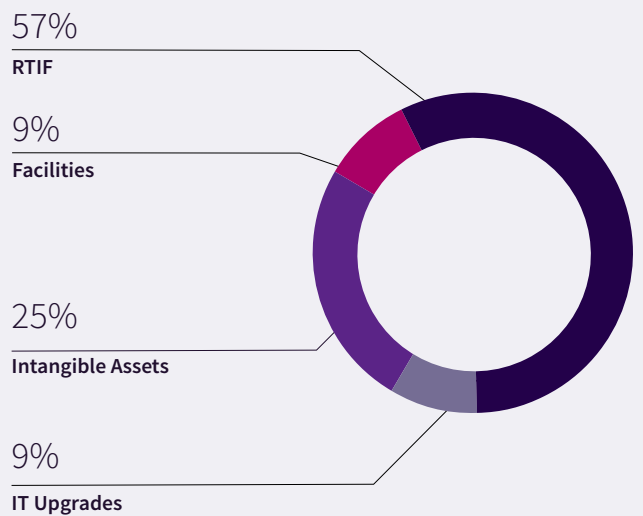


CDEL = Capital Departmental Expenditure Limit

GROUP SPEND BY CATEGORY (RDEL)



VISITSCOTLAND SPEND BY CATEGORY (CDEL)



Grant in aid

The Resource Budget is provided to cover capital (“CDEL”) and revenue expenditure (on an accruals basis) (“RDEL”), and also ‘non-cash’ costs including depreciation, impairment, etc. The Resource Budget is made up of two parts: Core and Ring-fenced.

Core Budget is to cover all day to day running costs of the organisation including staff costs, IT equipment, office premises and delivery of the marketing of Scotland as a place to visit both within the UK and overseas. Ring-fenced Budget is to cover the delivery of specific Government initiatives and projects through direct funding via grants, beyond Core remit of the organisation.

The Scottish Government made available to VisitScotland funding for ringfenced major events of up to £17.4m in 2022/23. £1.5m was not required for the delivery of Scotland's Dandelion project and as such was retained by the Scottish Government.

The Resource Budget is supplemented by the generation of retail and commercial income, local authority funding, and other income.

A further non-targetable budget allocation is made by the Scottish Government to cover volatile costs such as pension, provisions and write-downs, which, by their nature, are not necessarily capable of being controlled to the same extent as items charged to the Resource Budget. This non-cash budget allowance is designated Annually Managed Expenditure (“AME”).

Breakdown of Grant in Aid Budget

RESOURCE

CAPITAL

	Core	Ring-fenced	Core	Ring-fenced
Core activity	40.6	0.7	2.3	-
Tourism Recovery (STERG)	-	-	-	3.0
Major Events	-	15.9	-	-
TOTAL	40.6	16.6	2.3	3.0
	-	57.2	-	5.3
TOTAL				62.5

Reconciliation to RDEL

£m

Marketing activities	43.0
Partnership engagement	4.3
Support services	10.2
2023 UCI Cycling World Championships*	10.0
Total operating expenditure	67.5
Non Cash including Depreciation	(2.0)
AME including Pension	(0.4)
Non cash IFRS amortisation and interest	(1.4)
IFRS 16 rental expenditure in year	1.5
Less: Capital Grants including RTIF	(3.0)
Contribution from Commercial Activities	(5.0)
Net operating expenditure	57.2
Funded by: Grant in aid (RDEL)	57.2

Core cash revenue expenditure

The core revenue 'cash budget' is funded from the Grant-in-Aid provision by Scottish Ministers, through the Scottish Government's Business Directorate for Economic Development. Ring-fenced resource budget receives funding from both the Directorate for Economic Development and the Directorate for Major Events and Themed Years. For 2022/23 this core revenue grant amounted to £57.20m (2022: £100.36m). This included £9.0m (2022: £1.5m) received for 2023 Cycling World Championships Limited.

The decrease in funding in 2022/23 compared to 2021/22 is due to no Covid support grants or STERG support grants during the year.

Retail, commercial, and other income

The supplementary income generated, comprising Retail, Commercial, and Other Income amounted to £3.99m for VisitScotland, an increase of £2.39m. This includes £401,000 from 2023 Cycling World Championships Ltd in relation to services provided by VisitScotland.

A total of £4.4m was received in year for 2023 UCI Cycling World Championships. Of this, £1.5m was received as Grant in Aid with a further £3,000 received from sponsorship income and £2.8m from funding agreements.

Further analysis of areas of income and expenditure can be found in Notes 3 to 6 of these financial statements.

Cash capital expenditure

The core capital expenditure 'cash budget' is also funded from Grant-in-Aid, and for 2022/23 this grant amounted to £5.3m (2022: £9.8m). Following in year adjustments, and capital disposals, total capital expenditure was £5.3m.

The main capital projects for 22/23 were:

- Rural Tourism Infrastructure Fund
- IT hardware and computer equipment upgrades
- Redevelopment of [visitscotland.org](https://www.visitscotland.org)

Non-cash annually managed expenditure

The Annually Managed Expenditure ("AME") is a non-targetable non-cash budget allocation made by the Scottish Government to cover costs that are not necessarily capable of being controlled to the same extent as items charged to the Resource Budget. This covers costs such as pension, provisions, write-downs and depreciation in relation to Right of Use Assets. In the year the movement on the pension schemes provided by VisitScotland experienced significant movement in respect of Current Service Costs and Pension liabilities as detailed in note 19 of these accounts. The movements are calculated using actuarial valuations that follow and apply IAS 19 Accounting Standards. The introduction of the International Accounting Standard IFRS 16 as detailed in note 10 of these accounts gave rise to a depreciation charge in respect of these assets that is funded from AME. AME spend in the year amounted to £6.7m (2022: £5.2m).

Basis of preparation and going concern

The financial statements have been prepared on a going concern basis, which assumes that VisitScotland Group will continue in operational existence for the foreseeable future. To the extent that the net liabilities are not to be met from VisitScotland Group's other sources of income, these liabilities may only be met by future grants or Grant-in-Aid from the Scottish Government. This is because, under the normal conventions applying to the parliamentary control over income and expenditure, such grants may not be issued in advance of need, and insofar as approval for Grant-in-Aid for 2023/24 for both VisitScotland and 2023 Cycling World Championships Limited has already been given, there is no reason to believe that future approvals will not be forthcoming. On this basis, the Board considers it appropriate to prepare the financial statements on a going concern basis.

Cash balances

VisitScotland does not retain any cash reserves, other than monies required to meet authorised expenditure accrued at the year end.

Payment to creditors

VisitScotland Group observes the Scottish Government's policy for prompt payment to creditors and is committed to paying suppliers within 10 days of receipt of a valid invoice. An analysis of invoices received between 1 April 2022 and 31 March 2023 shows that VisitScotland Group paid 85% of valid invoices received within 10 working days (2022: 85%).

Malcolm Roughead OBE

Chief Executive and Accountable Officer
VisitScotland



Accountability Report

Corporate Governance Report

Directors' report

The Board

The Chair and Board Members are appointed by the Scottish Ministers in accordance with the Code of Practice for Ministerial Appointments to Public Bodies in Scotland, issued by the Commissioner for Ethical Standards in Public Life in Scotland. Details of the role of the Board and its membership are provided within the Governance Statement.

Register of board members' interests and code of conduct

All Board Members work to the high standards of conduct outlined in The Ethical Standards in Public Life (Scotland) Act 2000. Each Board member also records publicly details of company directorships and other significant interests held on their Register of Interests.

VisitScotland's Board Member Code of Conduct is published on our corporate website, as are Registers of Interests for each Board Member. www.visitscotland.org/about-us/our-team/board

Auditor

The Auditor General for Scotland appoints auditors to conduct the audit of VisitScotland's Annual Report and Financial Statements, in accordance with Section 6(4) of the Development of Tourism Act 1969. The appointed auditor for the five-year period starting with the year ended 31 March 2023 was announced in May 2022.

The fees payable for audit services provided by the appointed auditors in the year to 31 March 2023 were £97,850 (2022: £74,930), with Audit Scotland re-appointed for this period. There were no fees payable to Audit Scotland for non-audit work during the year (2022: £ Nil)*.

* A rebate against the 2022/23 audit fees was received to the value of £4,432 reducing the total fees to £93,418.

Statement of accountable officer's responsibilities

Under Section 6(1) of the Development of Tourism Act 1969 the Scottish Ministers have directed VisitScotland to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction, which is reproduced on page 82 of these financial statements.

The financial statements are prepared on an accruals basis and must give a true and fair view of the affairs of VisitScotland, and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the financial statements the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- a. observe the Accounts Direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- b. make judgements and estimates on a reasonable basis;
- c. state whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the financial statements;
- d. prepare the financial statements on a going concern basis.

In accordance with section 15 of the Public Finance and Accountability (Scotland) Act 2000, the Permanent Secretary, as the Principal Accountable Officer for the Scottish Administration, has designated the Chief Executive as Accountable Officer of VisitScotland.

The responsibilities of an Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding VisitScotland's assets, are set out in "Managing Public Money" published by HM Treasury.

As the Accountable Officer, as far as I am aware there is no relevant information of which VisitScotland's auditors are unaware, and that I have taken all necessary steps to make myself aware of any relevant audit information and to establish that VisitScotland's auditors are aware of that information.

Furthermore, I can confirm that;

- i. the Annual Report and Financial Statements, are fair, balanced and understandable, and
- ii. I take personal responsibility for the Annual Report and Financial Statements and the judgements required for determining that they are fair, balanced and understandable.

The Board

The Board

Responsibilities

The Board has corporate responsibility for the overall strategy of the organisation, within the strategic and funding framework set by Scottish Ministers, ensuring that VisitScotland fulfils its aims and objectives. Members also provide general oversight of our practices to ensure the proper management of the organisation, and in so doing demonstrate high standards of corporate governance at all times.

The Board Members who held office during the year, were as follows:



The Rt Hon. the Viscount Thurso
Chair

John was appointed as our chairman in 2016, and as such also serves as an Ex-Officio Board member of VisitBritain. He has considerable industry experience: at 27 he became Europe's youngest 5-star hotel manager. He has also served as non-executive director on several public company boards.



Caroline Roxburgh

Caroline is chair of the Audit and Risk Committee. She is a Chartered Accountant, a former partner at PwC, and a Non-Executive Director on other boards including Edinburgh International Festival and Royal Conservatoire of Scotland. Caroline has over 30 years' business experience advising boards in a range of industry sectors.



Professor Anne Anderson

Anne holds a number of non-executive roles including deputy chair of the Commonwealth Scholarship Commission: UNESCO director and advisor to the British Council (Scotland). In 2019, she retired from her executive role as Vice Principal of the University of Glasgow where she was active in building links to, among others, Canada, USA and China.



Dr Keith Nicholson

Keith is a former internationally acclaimed professor with appointments worldwide, including in a UN-funded Institute in New Zealand. He is an award-winning company director and a leading expert in Scotland on Cyber Security and is a member of the Scottish Government's National Cyber Resilience Leaders Board.



Rebecca Brooks

Rebecca is Managing Director of Abbey UK, and a director/owner of the Abbey Group. Rebecca has worked in international inbound tourism since 2001. She is also a non-Executive Director of the Scottish Tourism Alliance and a non-Executive director UK Inbound. Rebecca is also a former chair of the SDMA. Rebecca is a member of the Scottish Government appointed Tourism Recovery Taskforce in response to the Covid-19 pandemic.



Steven Walker

Steven is currently Executive Chair at Blazing Griffin, a Scottish digital entertainment company. He is a former Managing Director of Scotsman Publications, News International Scotland and The Scottish Children's Lottery. Most recently he was the Director of Corporate Development at STV Group Plc.



Paul Easto

Paul is founder and CEO of Wilderness Scotland, a tour operator specialising in providing active and nature-based travel experiences. Paul has more than 20 years' experience in tourism and has previously held board positions with the Adventure Travel Trade Association and the Cairngorms National Park, where he chaired the Sustainable Tourism Partnership. He has also chaired the Scottish Destination Management Association and the Outdoor Tourism Leadership Group



Shona Marsh

Shona has held roles in sustainable tourism, DMO marketing and membership development and tourism consultancy. She was the first employee of Accomable, a global rental platform for people with disabilities, which was acquired by Airbnb. She later managed commercial growth of Airbnb Experiences in Northern Europe. She is a board member of Disability Snowsport UK and works with universities and start-up programmes to support entrepreneurs.

Governance Statement

As Chief Executive and Accountable Officer I have responsibility for maintaining a robust performance management framework, in accordance with the VisitScotland Management Statement and associated Financial Memorandum, as agreed with the Scottish Government's Directorate for Culture, Tourism and Major Events.

This includes a sound system of internal control that supports the achievement of VisitScotland's policies, aims and objectives set by the Scottish Ministers, whilst safeguarding the public funds and assets.

I am personally answerable to the Scottish Ministers in accordance with section 15 of the Public Finance and Accountability (Scotland) Act 2000. I am responsible for safeguarding the public funds under my charge, for ensuring propriety and regularity in the handling of those funds and for the day-to-day operations and management of VisitScotland. In addition, I have a duty to ensure that arrangements have been made to secure best value, which includes the concepts of good corporate governance, performance management and continuous improvement.

Standing committees

Audit and Risk committee

The VisitScotland Board has established an Audit & Risk Committee to support them in their responsibilities for issues of risk management, control, governance and associated assurance. The committee oversees the arrangements for internal control, risk, corporate governance, internal and external audit and the annual accounts. The audit committee receives the annual accounts, audit reports and a range of other management reports.

The Audit & Risk Committee of the Board normally meets at least four times a year and comprises Chair and three non-executive Board members. Representatives of the Scottish Government, external and independent internal auditors, together with the Director of Corporate Services, the Head of Corporate Governance and Performance, the Head of Financial Services, and myself, attend these meetings.

Remuneration Committee

During 2022/23 all Board members were - de facto – members of the Remuneration Committee.

The purpose of the Committee is to:

- review the annual salary and performance-related bonus proposals of the Leadership Group, in accordance with Scottish Government guidelines
- consider any changes in the terms and conditions of employment of the Leadership Group
- submit any proposed changes to the Scottish Government for approval
- deal with such other matters as may be referred to it by the Board

Attendance

The following table shows the number of meetings the VisitScotland Board and its principal committees held during 2022/23, and the individual attendance by Board and committee members.

¹ Attended one Audit and Risk Committee as a Board member.

² Shona Marsh and Paul Easto were appointed to the Board in September 2022

(A) Audit and Risk Committee member

(B) Board Member

	Board (8)	Audit and Risk Committee (4)
Lord Thurso ¹ (B)	8	1
Caroline Roxburgh (A) (B)	8	4
Professor Anne Anderson (A) (B)	7	4
Rebecca Brooks (A) (B)	6	3
Dr Keith Nicholson (A) (B)	7	4
Steven Walker (B)	7	-
Shona Marsh ²	5	-
Paul Easto ²	5	-

The leadership group

Responsibilities

VisitScotland's Leadership Group is in place to actively support and develop talent for the future across the organisation. The Leadership Group is responsible for the delivery of strategy as set by the Board and the day to day management of VisitScotland's activities and operations. The delivery of VisitScotland's aims and objectives is supported by an operational framework comprising key corporate business processes and a wide range of control mechanisms. Members of the Leadership Group who held office during the year were as follows:

Name	Position
Malcolm Roughead	Chief Executive
Vicki Miller	Director of Marketing and Digital
Ken Neilson	Director of Corporate Services
Paul Bush	Director of Events
Rob Dickson	Director of Industry and Destination Development
Robbie Clyde	Head of EventScotland
Michelle Lavery	Head of Corporate Governance and Performance
Lynn Jack	Head of Human Resources
Mike Slack	Head of IT
Susan Dickie	Head of Insights
Ken Massie	Head of Industry Development
Carolyn Churchill	Head of Corporate Communications

Risk management and control

The Board has overall responsibility for VisitScotland's Risk Management Strategy and Framework.

The Board's Audit and Risk Committee oversees the Risk Management Framework on behalf of the Board. The committee recommends the appointment of our internal auditors and receives our annual accounts and internal audit reports.

The Risk Management Framework includes a Corporate Risk Register where each risk is aligned to our strategic objectives. As a result, all corporate risks are actively managed, reviewed and updated, together with the actions to mitigate them, by the Directors and Heads of Department on a quarterly basis, reported to the Leadership Group, reported at each Audit and Risk Committee meeting, and regularly reported to the Board.

At an operational level, risk management has been fully incorporated into the corporate planning and decision making processes of the organisation. In addition, risks are managed throughout the organisation by the application and review of controls built in to day-to-day working practices, and the use of sub-risk registers (which cover specific matters in greater detail).

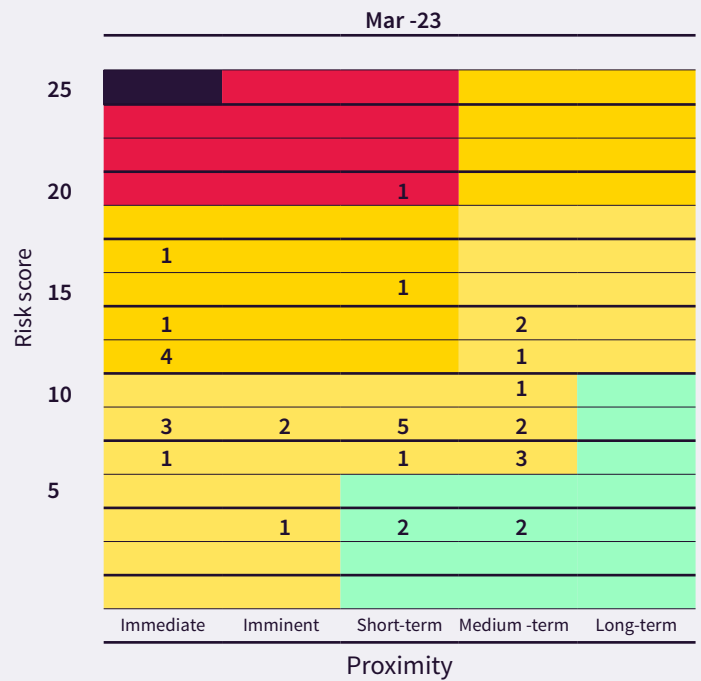
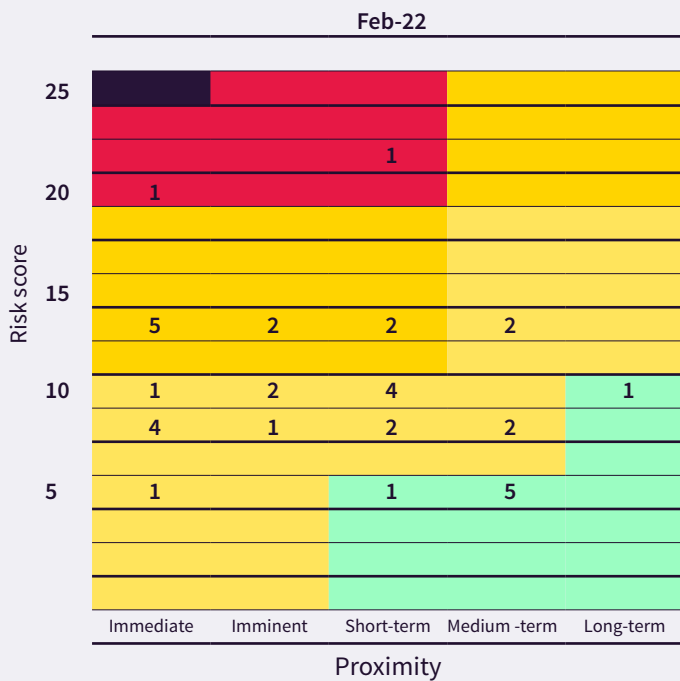
VisitScotland categorises risk by four levels, which are, very high; high; medium; and low. All risks in VisitScotland's risk registers are tracked throughout the year, with scores being updated a minimum of four times per year. These updates are reviewed by the Risk Management Committee within the organisation to ensure appropriateness and consistency, before being submitted at each Audit and Risk Committee meeting.

The system is designed to manage rather than eliminate the risk of failure to achieve VisitScotland's policies, aims and objectives. The process within VisitScotland accords with guidance from the Scottish Ministers provided in the Scottish Public Finance Manual ("SPFM") and has been in place for the year ended 31 March 2023, and up to the date of approval of

the annual report and financial statements.

The organisation also maintains risk registers for all significant projects.

The charts below summarise how risk proximity has moved throughout 2022/23. The numbers within each chart is representative of the number of risks at that level in the reporting period. These charts show how the risk profile has moved within the year, with a reduction in the number of risks in the immediate and imminent categories. This is reflective of the overall risk register position at the end of 2022/23 with the focus on the impacts of financial pressures and the upcoming delivery of Cycling World Championships.



Principal risk and uncertainties identified at the end of 2022/23 are described in the Overview section of this report (page 11). Strategic risks scored at a “high” or “very high” at the year-end rating have been listed below:

There is a risk of:

- Scottish Government funding continuing to reduce
- Commercial income generation plans being insufficient to support changes in Scottish Government funding
- A lack of funding resources within the industry
- The risk of business disruption in the event of an issue with a supplier
- Governance procedures and supporting services in place to support the Cycling World Championships are not sufficient enough
- A Cyber security incident
- Non-compliance with legislation due to inadequate data or records management
- The Tourism 2030 ambition not being achieved.
- Travel links being unable to sustain or acquire access to Scotland, and / or links to London
- The organisation being unable to maintain a highly credible reputation
- Failing to maintain robust, suitable, and sufficient Business Continuity Plans and Disaster Recovery Plans
- Attracting and retaining talent

As Accountable Officer, I am responsible for reviewing the effectiveness of the systems of risk management and internal control. My review is informed by:

- An assurance framework established in accordance with the Scottish Public Finance Manual
- Certificates of assurance from the Leadership Group who are responsible for developing, implementing and maintaining internal controls across their delegated areas
- The work of the internal auditors, which is directed through an audit plan agreed by the audit committee and focuses on identified control risk areas. The internal auditors submit regular reports on the adequacy and effectiveness of the organisation’s systems of internal control together with recommendations for improvement
- Quarterly reviews by the audit committee of the organisation’s corporate risk register and the work of internal audit in assessing the effectiveness of risk management arrangements
- Comments made by the external auditors in their management letters and other reports.

Information and data security

VisitScotland has in place a range of systems and measures which ensure that information held by the organisation and by third parties on behalf of the organisation is secure.

The Data Governance and Security Group monitors the organisation's overall legal and regulatory compliance concerning the release of data from the organisation.

In addition, we have implemented Scottish Government guidance on data security and information risk through the creation of an Information Asset Register, an Information Risk Register, utilisation of risk assessments and awareness training for staff. Cyber security standards continue to develop and we have a Cyber Resilience Group and an action plan in place to continually enhance the level of security and ensure an appropriate level of resilience. This is aligned with the Scottish Government Cyber Action Plan and subsequent Cyber Framework, National Cyber Security Centre guidance and Cyber Essentials.

We carry out regular exercises, audits and post incident reviews, each of which enable us to identify further areas for improvement. Cyber resilience and security is a standing item on the agenda of our Leadership Group as well as our Data Governance and Security Group. An update is provided to the Board at each meeting.

We closely monitor data protection legislation through the Data Governance and Security Group, the Legal Counsel and the Data Protection Officer. Training on data protection and information security is included in the induction process for new staff. All staff receive mandatory training and are provided with security and data protection updates. Staff with specific data protection responsibilities have these responsibilities built into their job descriptions, which are subject to review at annual performance appraisals.

Fraud, corruption and bribery

We produce annual reports on fraud and bribery. These are considered by the audit committee and this forms part of the annual assurance process. The 2022/23 report confirms there were no instances of fraud (2021/22: 1). The suspected fraud under investigation in 2021/22 remains under investigation with the maximum financial loss remaining unchanged at £56,000.

Assessment of effectiveness of internal control and risk management

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control and risk management.

My review is informed by:

- the work and views of the Audit and Risk Committee;
- the documented assurances of executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework;
- the work of the internal auditors, who submit to VisitScotland's Audit & Risk Committee regular reports on the adequacy and effectiveness of internal control together with recommendations for improvement;
- comments made by the external auditors in their management letters and other reports;
- the outcome and feedback of external auditors during their annual statutory audit.

Audit & risk committee

The Audit & Risk Committee reviews the reports from both internal and external auditors. In addition, members agree the annual internal audit plan, review the Corporate Risk Register reports, as well as carrying out ad-hoc reviews of departmental/project Risk sub-registers that underpin the principal Corporate Risk Register and seeking assurances from management on any matters arising.

Management assurance statements

Annually, management is required to review the internal control systems throughout the organisation, and to provide assurances and comments via completion of a detailed Internal Control Checklist.

Independent internal audit

For 2022/23, Visit Scotland internal audit work has been carried out by the contracted services of independent auditors. Their role is to report on the adequacy and effectiveness of VisitScotland's systems of internal control and make any recommendations for improvement. For 2022/23 the overall conclusion of the independent internal auditor in respect of the areas reviewed was: "In our opinion VisitScotland has a framework of governance, risk management and controls that provides reasonable assurance regarding the effective and efficient achievement of objectives."

Statutory external audit

During the year Audit Scotland conducted an interim and year-end audit. Audit Scotland has given unqualified audit opinions on the financial statements for the year ended 31 March 2023 and on the regularity of transactions reflected in the financial statements.

Conclusion

In summary, on the basis of the above processes, I confirm that I am content with the effectiveness of such procedures that enable VisitScotland to maintain appropriate best practice standards of governance and effective risk management, and my overall review has not highlighted any significant internal control weaknesses within VisitScotland. As a consequence, I have confirmed for 2022/23 that controls have been, and are, working well within VisitScotland, and that there are no significant matters arising which would require to be raised.

Malcolm Roughead OBE

Chief Executive and Accountable Officer
VisitScotland

The Remuneration and Staff Report

Board and leadership group report

Remuneration policy

Under the terms of the financial memorandum with the Scottish Government, an annual pay remit for all staff is submitted to the Scottish Government for approval. The pay remit must be within the terms of the Scottish Government's public sector pay policy.

Board Members: Remuneration for the Chair and Board Members is set by the Scottish Government and is reviewed annually. The Chair and Board Members of VisitScotland is appointed by Scottish Ministers normally for an initial period of three years, with the option of re-appointment for a second term.

Chief Executive: The Chief Executive's performance is appraised by the Chair in consultation with the Board, in session as the Board Remuneration Committee ("BRC"). His annual pay award and non-consolidated performance payments of up to 10% of base salary are considered by the BRC, and approved by the Scottish Government. This is in accordance with the Scottish Government's pay policy for senior appointments.

Directors: Performance is appraised by the Chief Executive in consultation with the BRC. Their annual pay award, and non-consolidated performance payments of up to 10% of base salary, are considered by the BRC, and approved by the Chief Executive. Appointments of the Chief Executive and Directors are made on merit, and the appointments are on a permanent basis. The notice periods range between 3 to 12 months for both Directors and the Chief Executive. Early termination, other than for misconduct, would result in payments under agreed contractual, or severance, arrangements.

Wider Leadership Group: Individual performance is appraised by the Line Manager. Appointments of the Leadership Group are made by the Chief Executive and are reviewed on an annual basis. Their pay award is in line with VisitScotland's pay award to all staff members. For 2022/23 this was between 1%-3% dependent upon salary.

Remuneration includes gross salary, benefits in kind and any other allowance to the extent that it is subject to UK Taxation.

This section is subject to audit.

	2023	2022
Board Members' Remuneration	£'000	£'000
Lord Thurso	35-40	35-40
Caroline Roxburgh	10-15	5-10
Professor Anne Anderson	5-10	5-10
Rebecca Brooks	5-10	5-10
Dr Keith Nicolson	5-10	5-10
Steven Walker	5-10	5-10
Shona Marsh*	0-5	-
Paul Easto*	0-5	-

*Shona Marsh and Paul Easto were appointed to the Board in September 2022.

The FTE remuneration for Shona Marsh and Paul Easto would be shown in the banding £5k-£10k.

Board members remuneration represents only fees paid for their services. No Board members receive any non-cash benefits or pension benefits.

This section is subject to audit.

Leadership Group Remuneration		22/23	22/23	22/23	22/23	22/23
		Salary	Car Allowance	Non-cash benefits	Pension Benefit	Total
		£'000	£'000	£	£'000	£'000
Malcolm Roughead	Chief Executive	160-165	-	7,300	-	165-170
Ken Neilson	Director of Corporate Services	110-115	-	6,900	-	120-125
Paul Bush	Director of Events	110-115	5-10	100	-	120-125
Rob Dickson	Director of Industry Destination Development	105-110	5-10	100	38	150-155
Vicki Miller	Director of Marketing and Digital	105-110	5-10	600	5	115-120
Ken Massie	Head of Industry Development	80-85	-	100	5	85-90
Lynn Jack	Head of HR	80-85	-	100	-	80-85
Susan Dickie	Head of Insights	80-85	-	100	-	80-85
Michelle Lavery	Head of Corporate Governance and Performance	75-80	-	100	16	95-100
Carolyn Churchill	Head of Corporate Communications	70-75	-	100	25	95-100
Mike Slack	Head of IT	80-85	-	100	2	80-85
Robbie Clyde	Head of EventScotland	80-85	-	100	17	100-105

Leadership Group Remuneration		21/22	21/22	21/22	21/22	21/22
		Salary	Car Allowance	Non-cash benefits	Pension Benefit	Total
		£'000	£'000	£	£'000	£'000
Malcolm Roughead	Chief Executive	160-165	-	6900	34.7	200-205
Ken Neilson	Director of Corporate Services	110-115	-	5100	16.8	130-135
Paul Bush	Director of Events	110-115	0-5	100	-	115-120
Rob Dickson	Director of Industry Destination Development	65-70	0-5	100	9.9	80-85
Vicki Miller	Director of Marketing and Digital	100-105	-	7100	29.7	140-145
Ken Massie	Head of Industry Development	75-80	-	100	16.9	95-100
Lynn Jack	Head of HR	75-80	-	100	12.9	90-95
Susan Dickie	Head of Insights	75-80	-	100	11.1	85-90
Michelle Lavery	Head of Corporate Governance and Performance	70-75	-	100	22.2	95-100
Carolyn Churchill	Head of Corporate Communications	45-50	-	100	6.6	50-55
Mike Slack	Head of IT	75-80	-	100	15.6	90-95
Robbie Clyde	Head of EventScotland	75-80	-	100	20.7	95-100

- a. From 1.4.14, Malcolm Roughead no longer contributes to the BTB Pension Scheme, nor any other VS scheme
- b. Non-cash benefits are for medical cover and car benefit and are disclosed to the nearest £100
- c. The value of pension benefits accrued during 2022-23 is calculated as the real increase in pensions and applying the HMRC methodology multiplier of 20, less the contributions made by the individual. The real increase in pension excludes increases due to inflation, or any increase due to transfer of pension rights

Additional Notes: No performance pay or bonuses were paid or payable during 2022/23 (2021/22: Nil).
Non-cash benefits (Benefits in Kind) disclosed to the nearest £100

In accordance with the Scottish Government's pay policy, the Chief Executive and the Leadership Group members received a pay increase in 2022/23, in line with Scottish Government's pay policy but did not receive any bonus award.

Pension Entitlements

This section is subject to audit.

As at 31 March 2023		Accrued	Real increase	Opening	Closing	CETV: Increase
		pension	in annual			
		£'000	£'000	£'000	£'000	note (c) & (e)
Leadership Group						
Malcolm Roughead	Chief Executive	40-45	-	1,005	772	-
Ken Neilson	Director of Corporate Services	35-40	-	899	702	-
Paul Bush	Director of Events	-	-	-	-	-
Rob Dickson	Director of Industry Destination Development	0-5	0-2.5	12	33	14
Vicki Miller	Director of Marketing and Digital	25-30	0-2.5	483	337	-
Ken Massie	Head of Industry Development	15-20	0-2.5	266	190	-
Lynn Jack	Head of HR	25-30	-	503	323	-
Susan Dickie	Head of Insights	30-35	-	775	634	-
Michelle Lavery	Head of Corporate Governance and Performance	10-15	0-2.5	108	51	-
Carolyn Churchill	Head of Corporate Communications	0-5	0-2.5	6	13	3
Mike Slack	Head of IT	15-20	0-2.5	313	211	-
Robbie Clyde	Head of EventScotland	5-10	0-2.5	80	58	-

As at 31 March 2022		Accrued	Real increase	Opening	Closing	CETV: Increase
		pension	in annual			
Leadership Group		£'000	£'000	£'000	£'000	note (c) & (e)
			(d)		note(b)	note (c) & (e)
Malcolm Roughead	Chief Executive	35-40	0-2.5	1,072	1,005	(100)
Ken Neilson	Director of Corporate Services	30-35	0-2.5	929	899	(65)
Paul Bush	Director of Events	-	-	-	-	-
Rob Dickson	Director of Industry Destination Development	0-5	0-2.5	-	12	9
Vicki Miller	Director of Marketing and Digital	25-30	0-2.5	478	483	(15)
Ken Massie	Head of Industry Development	10-15	0-2.5	262	266	(8)
Lynn Jack	Head of HR	20-25	0-2.5	526	503	(43)
Susan Dickie	Head of Insights	25-30	0-2.5	804	775	(57)
Michelle Lavery	Head of Corporate Governance and Performance	5-10	0-2.5	101	108	-
Carolyn Churchill	Head of Corporate Communications	0-5	0-2.5	-	6	4
Mike Slack	Head of IT	15-20	0-2.5	314	313	(15)
Robbie Clyde	Head of EventScotland	0-5	0-2.5	64	80	10

Notes:

a) Pension calculations are based on the pensionable salary at 31 March.

(b) Cash Equivalent Transfer Value (CETV) is a lump sum value in today's terms of the benefits accrued by a member of the pension scheme. The sum is assessed by an actuary and is the amount which would be offered by the scheme to transfer benefits into another scheme when the member leaves. Within BTPS, CETV is computed by reference to factors agreed by the Trustees of the BTPS.

(c) CETV: Increase net of members' contributions. This reflects the increase in CETV effectively funded by the employers over the year. It takes account of the change in accrued pension due to additional accrual and salary growth, excluding inflation, and uses common market factors for the start and end of the period. It does not include any increase in value that arises from contributions paid by the employee or the value of any benefits transferred from another pension scheme.

(d) The real increase in annual pension excludes any increase in inflation or any increase due to a transfer of pension rights.

(e) The assumptions used include future long-term interest rates and inflation. Certain members of the British Tourist Boards' Pension Scheme can choose to retire from age 60.

(f) Paul Bush transferred out the pension scheme in May 2020

The Chair and Board members are not members of the pension schemes. However, pensions are paid to two previous Chairs, and a provision has been made for this in these financial statements (Note 21).

Compensation and post employment payments

VisitScotland is required to disclose any compensation payments made on early retirement or for loss of office for senior members of staff, and any payments made to past directors. No payments were made in year (2021/22: Nil)

Fair pay disclosure (this information is subject to audit)

The highest paid member of the Leadership Group was the Chief Executive. His annualised salary before Pension benefits was 5.06 times the £33,109 median earnings of the organisation's workforce in 2022/23 (2021/22: 4.99 x £32,180).

The Median Total Remuneration calculation continues to be impacted by adoption of the living wage recommendations.

	22/23	21/22
Highest-Paid Director's Salary	£160k-£165k	£160k-£165k
Median Total remuneration	33,109	32,180
Ratio	5.06	4.99
Ratio (25th Percentile)	7.03	7.50
Ratio (75th Percentile)	3.92	4.11
Percentage Changes in Highest Paid Directors:	-	-
Salary and Allowances	0.00%	2%
Performance Pay and Bonuses Payable	N/A	N/A
Average % Changes from Previous Financial Year of Salary and Allowances:		
Salary and Allowances	9.42%	N/A
Performance Pay and Bonuses Payable	N/A	N/A

Staff costs

(this information is subject to audit)

	VS		CWC	
	2022/23	2021/22	2022/23	2021/22
	£'000	£'000	£'000	£'000
Salaries	19,677	18,483	1,903	1,287
Social Security costs	1,960	1,895	250	144
Voluntary Service - in year	60	-	-	-
Voluntary Service - accrued	266	-	-	-
Pension Contributions	4,054	4,021	205	82
Staff seconded from VS to CWC salaries recharged	(255)	-	255	-
Total RDEL staff cost	25,763	24,399	2,613	1,513

IAS 19 charges to the P&L (AME adjustments):

Pension Current Cost of Service (AME adjustments)	8,539	9,111	-	-
Pension Interest (Income)/costs (AME adjustments)	483	754	-	-
Pension contributions deducted (RDEL)	(4,054)	(4,021)	-	-
IAS 19 charges to the P&L (AME adjustments)	4,968	5,844	-	-

See also note 3 to the accounts.

Staff composition

(this information is subject to audit)

	VS FTE (at 31/3/23)	VS FTE (as at 31/3/22)	CWC FTE (at 31/3/23)	CWC FTE (as at 31/3/22)
Leadership Group	12.0	12.0	8.0*	6.4
Operational and support staff:				
Directors	5.0	5.0	5.0	4.0
Heads of department	19.0	21.0	7.0*	4.0
All other staff (including Seasonal and Youth Employment Schemes)	477.7	517.6	60.6	18.4
Fixed term contract (including Seasonal & Youth Employment Schemes)	56.4	53.4	63.6	26.4
Fixed term contract (excluding Seasonal & Youth Employment Schemes)	23.3	32.8	63.6	26.4
Seconded from VS to CWC	-9.0	-	9.0	-
Total FTE Perm	436.2	489.2	9.0	-
Total FTE FTC	56.4	53.4	63.6	26.4
Total FTE	492.7	542.6	72.6	26.4
Total average number of full-time equivalents	522.3	525.3	42.7	20.5

* includes 3 staff from VS on secondment to CWC.

Sickness absence data and employment statistics

	VS FTE (at 31/3/23)	VS FTE (at 31/3/22)	CWC FTE (at 31/3/23)	CWC FTE (at 31/3/22)
Staff Turnover	11.56%	9.00%	28.75%	10.30%
Sickness Absence	2.20%	0.91%	0.38%	0.19%
Sickness Absence days/person	5.73	2.35	0.98	0.49
Male:Female Ratio – Total Workforce	31:69	36:66	40:60	52:48
Male:Female Ratio – Board Members	50:50	50:50	57:43	50:50
Male:Female Ratio – Leadership Group	58:42	58:42	37:63	57:43
Male:Female Ratio – Heads of Department	37:63	38:62	43:57	50:50
Staff Salary range (excluding Leadership Group)	£20K-82K	£19K-80K	£20K-65K	£19K-61K

Equity, equality and diversity and inclusion

In our **People Strategy** we aim to fully meet our public sector equalities duties to position ourselves as an employer of choice, increasing our diversity representation in staffing levels, senior management, and Board, with the aim of being a “world class” employer. Our **Interim Equality Mainstreaming Report** provides detailed information on the steps we are taking to meet our responsibilities to deliver equality outcomes agreed with the Equality and Human Rights Commission (EHRC).

In our aim to increase the level of employees from black and ethnic minority backgrounds from 1% to 4% by 2025, we have consulted with Council for Ethnic Minority Voluntary Sector Organisations (CEMVO) to advise on our recruitment strategy, offer flexibility in our recruitment process and vacancies are advertised Scotland-wide.

We have a gender balance on our Board and when recruiting for two new Board members in 2022, we were able to support the public appointment process with the delivery of a seminar in partnership with ‘Changing the Chemistry’. The webinar had over 190 views and was aimed at encouraging people from various backgrounds. A letter from the Chair was also sent out to a wide range of organisations in Scotland including minority groups.

Within our Equal Opportunities policy we ensure that colleagues with disabilities face no discrimination or obstacles in relation to job applications, training, promotion and career development. Reasonable adjustments are also made to train and enable employees who become disabled to allow them to continue and progress in their career. We offer candidates the ability to make adjustments to our recruitment procedures in order to accommodate disabilities. We want to provide information that will make Scotland an accessible tourist destination for tourists from the UK and all over the world. This includes quality information for seniors, disabled people, and families with young children.

As part of this, we have worked on highlighting a selection of accessible venues in four regions of Scotland by creating a series of itineraries and linking to detailed accessibility information in the form of individual venue access guides.

Industrial relations

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The disclosures required by these regulations are within the tables below:

Percentage of time spent on facility time	No. of Employees
0%	-
1% - 50%	4
51% -99%	-
100%	-
Time spend on paid trade union activities in hours	149.5hrs
Time spend on trade union activities as a percentage of total paid facility time hours	2.05%
Time spend on trade union activities as a percentage of total staff costs	0.003%
Total cost of time	£813

Expenditure on consultancy

(this information is subject to audit)	2022/23	2021/22
Consultancy	5,940	1,479

Exit packages

(this information is subject to audit)

Voluntary severance costs

Ongoing business re-organisation during the year has meant that the opportunity for voluntary departure by staff, in accordance with VisitScotland's approved voluntary severance scheme, was taken up by 8 members of staff in 22/23 at a total cost of £326,038 (£ Nil in 21/22).

	2022/23	2021/22
£0 - £20,000	2	-
£20,001 - £40,000	1	-
£40,001 - £60,000	3	-
£60,001 - £80,000	1	-
£80,001 - £100,000	1	-
Total number of exit packages	8	-

There were no compulsory redundancies (2022: None)

Malcolm Roughead OBE

Chief Executive and Accountable Officer,
VisitScotland

Parliamentary Accountability Report

Regularity of expenditure

VisitScotland is held to account by the Scottish Ministers, in accordance with the requirements of Section 6(1) of the Development of Tourism Boards (Scotland) Act 2006. The main financial objective for 2022/23 is to ensure that the financial outturn for the year is within the Resource Budget allocated by the Scottish Ministers. VisitScotland achieved this objective. The Statement of Resource Outturn is on page 55.

Remote contingent liabilities

There is the remote possibility that a proportion of grants previously received may need to be repaid. This will remain until official timelines expire in relation to specific grants. Details are within Note 24 to the Financial Statements.

Statement of losses and special payments

Losses: None during 2022/23 (2021/22: None) other than trade debts written off during the year (see Note 22 to the Financial Statements).

Special Payments: Voluntary severance paid in year amounted to £315,526 (21/22:None).

These were the only special payments made during the year.

Gifts: No gifts were made during the year.

Fees and charges income

		2023	2022
		£'000	£'000
Retail Sales			
Product Income	I	2,100	954
Cost of Sales		(984)	(504)
Gross Profit		1,116	450
GP percentage		53%	47%
Business Promotion and Advertising income			
Exhibitions and Promotional advertising	II	818	320
Joint Promotional Campaigns	III	-	-
Quality Assurance	IV		
Award Scheme fees	V	627	-
Less: Direct Costs of Service		669	633
Net Cost of Service Delivery		(42)	(633)

- I. Sales of information and visitor products through the network of VisitScotland Information centres
- II. Exhibitions/promotions supported during the year. Partners are charged on a cost recovery basis
- III. Joint promotional campaigns with business partners
- IV. The Quality Assurance programme is aimed at promoting the many accommodation providers across Scotland by awarding a grading of their respective establishments in accordance with approved standards as laid down by the BHA
- V. VisitScotland charges a nominal fee based on the size of establishment and the number of rooms

Malcolm Roughead OBE

Chief Executive and Accountable Officer,
VisitScotland

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VISITSCOTLAND, THE AUDITOR GENERAL FOR SCOTLAND AND THE SCOTTISH PARLIAMENT

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of VisitScotland and its group for the year ended 31 March 2023 under the Development of Tourism Act 1969, as amended by the Tourist Boards (Scotland) Act 2006. The financial statements comprise the VisitScotland and Group Statement of Comprehensive Net Expenditure, Statement of Financial Position, Cash Flow Statement, Statement of Changes in Taxpayers' Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Government Financial Reporting Manual (the 2022/23 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of the body and its group as at 31 March 2023 and of the net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 FReM; and
- have been prepared in accordance with the requirements of the Development of Tourism Act 1969, as amended by the Tourist Boards (Scotland) Act 2006 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the **Code of Audit Practice** approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 3 April 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the body and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ability of the body and its group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the body and its group. However, I report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

I report in my separate Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the ability of the body and its group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud.

Procedures include:

- using my understanding of the central government sector to identify that the Development of Tourism Act 1969, as amended by the Tourist Boards (Scotland) Act and directions made thereunder by the Scottish Ministers are significant in the context of the body;
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Accountable Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Reporting on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited part of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Development of Tourism Act 1969, as amended by the Tourist Boards (Scotland) Act 2006 and directions made thereunder by the Scottish Ministers.

Other information

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited part of the Remuneration and Staff Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Development of Tourism Act 1969, as amended by the Tourist Boards (Scotland) Act 2006 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Development of Tourism Act 1969, as amended by the Tourist Boards (Scotland) Act 2006 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Pauline Gillen
Audit Director
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

DIRECTION BY THE SCOTTISH MINISTERS

The Scottish Ministers, in pursuance of Section 6(1) of the Development of Tourism Act 1969, as amended by the Tourist Boards (Scotland) Act 2006, hereby give the following direction:

- i. The statement of accounts for the financial year ended 31 March 2008, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.
- ii. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
- iii. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 11 January 2006 is hereby revoked.



John A. Brown

Signed by the authority of the Scottish Ministers
Dated 30 July 2008

VisitScotland and Group statement of comprehensive net expenditure for the year ended 31 March 2023

		Group		VS	
	Note	2023	2022	2023	2022
		£'000	£'000	£'000	£'000
Resource Expenditure					
Marketing activities		42,972	65,930	42,972	65,930
Partnership engagement		4,298	4,205	4,298	4,205
Support services		10,247	8,382	10,247	8,382
Covid Business Support Grant		-	30,529	-	30,529
2023 UCI Cycling World Championships		10,034	3,915	9,000	1,500
	2	67,551	112,961	66,517	110,546
Non-Resource Expenditure					
Pension Costs - IAS 19 adjustments	19.2	4,968	5,844	4,968	5,844
Unfunded Pension costs		2	-	2	-
Gross expenditure	3, 4	72,521	118,805	71,487	116,390
Income					
Retail and commercial	5	(2,606)	(770)	(2,606)	(770)
Other income	6	(874)	(435)	(1,385)	(836)
2023 UCI Cycling World Championships		(1,545)	(2,816)	-	-
Net expenditure		67,496	114,784	67,496	114,784
Finance costs	7	51	2	51	2
Net operating expenditure before taxation		67,547	114,786	67,547	114,786
Corporation tax		4	-	3	-
Net operating expenditure		67,551	114,786	67,550	114,786
Other Comprehensive Expenditure/(Income)					
Net actuarial (surplus)/deficit on valuation of retirement benefit schemes		21,256	(25,652)	21,256	(25,652)
Transfer for Implementation IFRS16		212	-	212	-
(Surplus)/deficit arising on revaluation of property, plant and equipment		(31)	(42)	(31)	(42)
Balance on revaluation reserve arising on lease disposal		-	(60)	-	(60)
Total other comprehensive expenditure		21,437	(25,670)	21,437	(25,670)
Total other comprehensive net expenditure		88,988	89,032	88,987	89,032

VisitScotland and Group statement of financial position as at 31 March 2023

		Group		VS	
	Note	2023	2022	2023	2022
		£'000	£'000	£'000	£'000
Assets					
Non-Current					
Tangible fixed assets	9	4,525	4,499	4,514	4,487
Intangible assets	8	2,900	2,901	2,900	2,901
Right of Use of Asset	10	4,655	-	4,655	-
Retirement Benefit Asset	19	2,401	-	2,401	-
Total non-current assets		14,481	7,400	14,470	7,388
Current					
Inventories	12	502	413	502	413
Trade and other receivables	13	4,351	3,548	1,408	2,488
Cash and cash equivalents	14	11,782	11,908	1,223	9,636
Total current assets		16,635	15,869	3,133	12,537
Non-Current assets classified as held for sale	-	-	-	-	-
Total Assets		31,116	23,269	17,603	19,925
Liabilities					
Current					
Other borrowings	17	-	(38)	-	(38)
Current obligations under IFRS16 Right of Use of liability	10	(1,025)	-	(1,025)	-
Trade and other payables	16	(19,726)	(19,131)	(6,213)	(15,787)
Total current liabilities		(20,751)	(19,169)	(7,238)	(15,825)
Non-current liabilities					
Other borrowings	17	-	(13)	-	(13)
Non-current obligations IFRS 16 Right of Use of Liability	10	(3,506)	-	(3,506)	-
IFRS 16 Dilapidations Provision	10,21	(73)	-	(73)	-
Provisions	21	(536)	(104)	(536)	(104)
Retirement benefit obligations	19	(1,470)	(15,357)	(1,470)	(15,357)
Total non-current liabilities		(5,585)	(15,474)	(5,585)	(15,474)
Total Liabilities		(26,336)	(34,643)	(12,823)	(31,299)
Net Assets		4,780	(11,374)	4,780	(11,374)
Taxpayers' equity					
General reserve		3,583	3,489	3,583	3,489
Pension reserve		931	(15,357)	931	(15,357)
Revaluation reserve		266	494	266	494
Total Equity		4,780	(11,374)	4,780	(11,374)

The Accountable officer authorised these financial statements for issue
 Malcolm Roughead OBE
 Chief Executive and Accountable Officer, VisitScotland

VisitScotland and Group cash flow statement year ending 31 March 2023

		Group		VS	
	Note	2023	2022	2023	2022
		£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net operating expenditure before taxation		67,547	114,786	67,547	114,786
Items not involving the flow of cash					
Depreciation of tangible fixed assets		(700)	(845)	(695)	(845)
Depreciation of ROU assets		(1,370)	-	(1,370)	-
Loss on disposal of assets		-	(47)	-	(47)
Amortisation of intangible fixed assets		(1,302)	(987)	(1,302)	(987)
Loss of disposal of ROU assets		(3)	-	(3)	-
Net pension service costs and return on assets		(4,968)	(5,844)	(4,968)	(5,844)
Miscellaneous		(17)	(93)	(16)	(93)
Net financing costs		(51)	(2)	(51)	(3)
Movements in working capital					
Increase/(Decrease) in inventories		89	(92)	89	(92)
(Decrease)/ Increase in receivables		803	31	(1,080)	596
Decrease/ (Increase) in payables		(341)	24,489	9,828	25,504
Movements in provisions					
(Increase)/ Decrease in provisions		(432)	618	(432)	618
Net cash flow from operations		59,255	132,014	67,547	133,593
Interest paid		-	2	-	2
Interest received		(13)	-	(13)	-
Net cash outflow from operating activities		59,242	132,016	67,534	133,595
Cash flows from investing activities					
Payments to acquire tangible fixed assets		750	732	745	721
Payments to acquire intangible fixed assets		1,301	928	1,301	928
Net cash flows used in investing activities		2,051	1,660	2,046	1,649
Cash flows from financing activities					
Grant-in-Aid from Scottish Government		(62,465)	(109,434)	(62,465)	(109,434)
Decrease in other borrowings - obligations under finance leases		-	57	-	57
Cash receipts to be reinvested/(released)		(38)	-	(38)	-
Payments for IFRS 16 rents		1,336	-	1,336	-
Net cash flows from financing activities		(61,167)	(109,377)	(61,167)	(109,377)
Net (increase)/ decrease in cash and cash equivalents		126	24,299	8,413	25,867
Cash and cash equivalents as at 1 April		11,908	36,207	9,636	35,503
Cash and cash equivalents as at 31 March		11,782	11,908	1,223	9,636

VisitScotland and Group statement of changes in taxpayers' equity
for the year ended 31 March 2023

	Group			
	General Reserve	Pension Reserve	Revaluation Reserve	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2021	2,937	(35,165)	512	(31,716)
Net operating expenditure	(114,786)	-	-	(114,786)
Transfer between reserves	5,844	(5,844)	-	-
Transfer on disposal	60	-	(60)	-
Surplus/(deficit) arising on revaluation of property, plant and equipment	-	-	42	42
Net actuarial gains/(losses) in retirement benefit schemes	-	25,652	-	25,652
Total recognised income and expense	(108,882)	19,808	(18)	(89,092)
Grant in aid from Scottish Government	109,434	-	-	109,434
Balance at 31 March 2022	3,489	(15,357)	494	(11,374)
Net operating expenditure	(67,551)	-	-	(67,551)
Transition to IFRS 16 loss on transfer of finance lease asset	-	-	(47)	(47)
Transition to IFRS 16 removal of revaluation balance on finance lease assets	212	-	(212)	-
Transfer between reserves	4,968	(4,968)	-	-
Transfer on disposal	-	-	-	-
Surplus/(deficit) arising on revaluation of property, plant and equipment	-	-	31	31
Net actuarial gains/(losses) in retirement benefit schemes	-	21,256	-	21,256
Total recognised income and expense	(62,371)	16,288	(228)	(46,311)
Grant in aid from Scottish Government	62,465	-	-	62,465
Balance at 31 March 2023	3,583	931	266	4,780

The Statement above has been shown as an overall Group position. This also reflects the VisitScotland position

The notes on pages 87 to 136 form part of these financial statements

Notes to the financial statements

1

Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with the 2022/2023 Government Financial Reporting Manual (FReM) issued by the Scottish Government. The accounting policies contained within the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context, and without limiting the information given, the financial statements meet the relevant disclosure requirements, so far as those requirements are appropriate, and in accordance with the Accounts Direction given by Scottish Ministers.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of VisitScotland for the purpose of giving a true and fair view has been selected.

As of 28 February 2020, VisitScotland incorporated a new fully owned subsidiary, 2023 Cycling World Championships Limited. 2023 Cycling World Championships Limited is a private company limited by guarantee without share capital. The liability is limited to £1. All transactions in the financial year have been consolidated into this set of financial statements. The accounting policies for 2023 Cycling World Championships Limited have been aligned to VisitScotland.

The particular policies adopted by VisitScotland covering these financial statements for the year ended 31 March 2023 are described below. They have been applied consistently in dealing with the items that are considered material to the financial statements.

Basis of accounting

Under Section 6(1) of The Development of Tourism Act 1969, VisitScotland is required to prepare an annual Statement of Accounts in such form, and containing such particulars as Scottish Ministers may from time to time direct. A copy of the Accounts Direction, at present in force, is set out on page 82.

These financial statements are presented in £ sterling, which is the organisation's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Going concern

The terms of the management statement between the Scottish Ministers and VisitScotland require that VisitScotland Group shall conduct its affairs so as to remain solvent within the total resources made available to it by funding bodies. These financial statements have been prepared on this basis. VisitScotland Group has net assets as at the date of the statement of financial position of £4.78m (2022: £11.38m net liability), arising from its benefits in respect of the inclusion of retirement benefit asset falling due in future years, in accordance with the accounting treatment required by IAS 19 'Employee Benefits'.

To the extent that they are not to be met from VisitScotland's other sources of income, these liabilities may only be met by future grants or Grant-in-Aid from the Scottish Government. This is because, under the normal conventions applying to the parliamentary control over income and expenditure, such grants may not be issued in advance of need.

In 2019/20, VisitScotland received formal guarantee from the Scottish Government for the BTB pension scheme. This stated that in the event the BTB Pension Fund and VisitScotland were unable to meet the cost of paying the pensions promised to members, the government stands behind the Fund and will meet these obligations.

Grant-in-Aid for both VisitScotland and 2023 Cycling World Championships Limited in 2023-24, taking into account the amounts required to meet the VisitScotland's liabilities falling due have already been included in the Scottish Government's estimates which have been approved by the Scottish Parliament. There is no reason to believe that the Scottish Government's future sponsorship and parliamentary approval will not be forthcoming. It is therefore appropriate to adopt a going concern basis for the preparation of these financial statements. Details of VisitScotland's liquidity position is given in Note 20.

Accounting convention

These financial statements have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangibles, inventories, and assets classified as held for sale

Funding

Much of the expenditure incurred by VisitScotland is met from funds advanced by the Scottish Government within an approved allocation of Grant-in-Aid (“GIA”). Cash drawn down to fund expenditure within this approved allocation is credited to the general fund.

Income

Income receipts are accounted for in line with the requirements of IFRS 15: revenue is recognised when (or as) it satisfies a performance obligation, when control of the promised good or service has been passed over.

Where applicable, income is shown exclusive of Value Added Tax (VAT).

Government grants

Where assets are financed by government grant or donation, the funding element is recognised as income and taken through the statement of comprehensive net expenditure. Deferral of this income will only occur when a condition has been imposed by the funder to the extent that it must be a requirement that the future economic benefits embodied in the grant/ donation are consumed as specified by the grantor/ donor or must be returned to them.

Grant-in-Aid, whether for revenue or capital purposes, are treated as contributions from controlling parties giving rise to a financial interest in the residual interest of the reporting entity and are credited to general reserves.

Expenditure

Marketing activities

Marketing activities incorporate all expenditure, direct and indirect, associated with the marketing, selling, support, and delivery of the principal function of VisitScotland, i.e. the development of tourism in Scotland.

The expenditure is recorded in the period in which the goods are received, or the services are carried out.

Partnership engagement

Partnership engagement includes all expenditure related to the development of partnership arrangements to promote tourism in Scotland. It also includes all expenditure associated with the provision of direct support in the maintenance, and monitoring, of quality standards within the network of providers of tourist accommodation and facilities across Scotland.

The expenditure is recorded in the period in which the goods are received, or the services carried out.

Support services

Support services include the remaining administrative costs of running the organisation.

Where applicable, all categories of expenditure are shown exclusive of Value Added Tax (VAT).

Grants paid

Grants awarded to third parties are accounted for on an accruals basis, subject to the grantee meeting specific terms and conditions attached to each grant.

Covid business support grants

Expenditure is accounted for on an accruals basis. Grants payable or paid to third parties are recorded as expenditure in the period that the underlying event or activity giving rise to the grant occurs. Where necessary, obligations in respect of grant awards are recognised as liabilities. Goods and services expenditure is recognised in the period to which it relates.

Intangible assets

In accordance with IFRS 3 an intangible asset acquired in a business combination is deemed to have a cost to VisitScotland of its fair value at the acquisition date. Intangible assets, arising upon acquisition, are recognised separately from goodwill.

Under IAS 38 “Intangible Assets”, VisitScotland use the cost model and assess for impairment.

Other intangible assets are stated at fair value determined at the date of acquisition of the related underlying business, or at cost if they are separately acquired or represented internally developed software, less accumulated amortisation and impairment losses.

Direct costs related to the development of software for internal use are capitalised only if the costs can be measured reliably, technological feasibility has been established, future economic benefits are probable and VisitScotland intends to use the software. All other costs are expensed as incurred.

Amortisation is computed, and charged to the statement of comprehensive net expenditure, using the straight-line method based on the estimated useful lives, which are as follows:

Information technology	2-4 years
Software licences	4-6 years
Web site development	1-6 years

Software licenses are capitalised when they are capable of being used in VisitScotland activities for more than one year, can be valued, and have a cost of at least £2,000.

The useful lives are reviewed, and adjusted if appropriate, at the date of each statement of financial position.

An impairment review of other intangible assets is carried out annually by directors, and any impairment charged to the statement of comprehensive net expenditure.

Impairment

The carrying value of VisitScotland’s assets is reviewed at the date of each statement of financial position to determine whether there is any indication of impairment. If such an indication exists, the asset’s recoverable amount is estimated. The recoverable amount of an asset is the higher of fair value less costs to sell and value in use.

Non-current assets

Non-current assets are assessed at fair value. An impairment loss is recognised in the statement of comprehensive net expenditure for the amount by which the asset’s carrying amount exceeds its recoverable amount.

In subsequent years, impairment losses recognised in respect of non-current assets other than goodwill may be reversed and recognised immediately in the statement of comprehensive net expenditure. The carrying amount is increased to the revised estimate of the recoverable amount.

Property, plant and equipment

Property - land and buildings

Land and buildings are carried at fair value.

The fair value of all land and buildings is assessed by performing a full valuation at least every five years, and an interim valuation in year three. Interim valuations are carried out in years one, two and four where it is deemed likely that there has been a material change in value. The valuations are carried out by professionally Qualified Valuers, in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuations Standards, insofar as these Standards are consistent with the agreed requirements of the FReM.

Land is regarded as having unlimited useful life and there is not depreciated.

Buildings are depreciated on a straight-line basis over their expected useful lives between 30-50 years.

Buildings under construction are valued at current cost. At first valuation after being brought into use, any write down of the cost is treated as impairment and charged to the statement of comprehensive net expenditure.

Upon revaluation gains are credited to the statement of comprehensive net expenditure to the extent that they reverse previous impairment on that asset. All other gains are credited to the revaluation reserve.

Losses on revaluation are first charged against the surplus previously credited to reserve for that property, with the balance of any loss being charged to the statement of comprehensive net expenditure.

An annual review takes place to consider losses in value (impairment) due to a change in the consumption of economic benefits, with such losses being charged to the statement of comprehensive net expenditure.

The valuation report has been used to inform the measurement of assets in these financial statements.

Non-property

Leasehold building improvements

Refurbishments are carried at fair value using appropriate indices, and depreciated straight line over the expected life of the building, or the term of the relevant lease, when shorter.

Plant, equipment, fixtures and fittings

Items of plant, equipment, fixtures and fittings are stated at cost, or valuation, less accumulated depreciation and impairment losses.

Costs includes expenditure that is directly attributable to the acquisition or construction of an asset and includes borrowing costs incurred during construction.

Depreciation is computed, and charged to the statement of comprehensive net expenditure, using the straight-line method based upon estimated useful lives, taking into account the estimated residual value, together with any provision for permanent diminution in value.

All other subsequent expenditure represents repairs and maintenance and is expensed as incurred.

The estimated useful lives of plant, equipment, fixtures and fittings are:

Vintage railway carriage	25 years
Fixtures and fittings	5-10 years
Plant & equipment	4-6 years
Computer equipment	2-6 years
Leasehold improvements	5-10 years

Only plant and equipment and computer hardware costing in excess of £2,000 are capitalised.

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Leases

IFRS 16 leases

For government bodies reporting under the FreM, IFRS 16 has been brought into effect on 1 April 2022 and replaces IAS 17 (Leases). IFRS 16 provides a single lessee accounting model with the emphasis on control of the use of an asset, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 month or less, or where the underlying asset is of low value.

IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. VisitScotland does not have any leasing activities acting as a lessor.

IFRS 16 Lease – Transition Method

VisitScotland has adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 April 2022), without restatement of comparative figures which continue to be reported under IAS 17 “Leases” and IFRIC 4 “Determining whether an arrangement contains a lease”. On adoption of IFRS 16 VisitScotland recognized the right-of-use assets and lease liabilities. The section Impact on financial statements below shows the reconciliation of lease commitments disclosed in the 31 March 2022 annual financial statements at note 18 to the amount of lease liabilities recognised on 1 April 2022.

The option to reassess whether a contract is, or contains, a lease at the date of initial application has not been used, VisitScotland has used the practical expedient detailed in IFRS 16 (C3).1.

The definition of a contract is expanded to include intra-UK government agreements where non-performance may not be enforceable by law. This includes, for example, Memorandum of Terms of Occupation (MOTO) agreements.

Where applicable VisitScotland will expand the definition of a lease to include arrangements with nil consideration. Peppercorn leases are examples of these, they are defined by HMT as lease payments significantly below market value. These assets are fair valued on initial recognition. On transition any differences between the discounted lease liability and right of use asset are included through cumulative catch up. Any difference between the lease liability and right of use asset for new leases after implementation of IFRS 16 are recorded in income in the Statement of Comprehensive Net Expenditure.

VisitScotland has elected not to recognise right of use assets and lease liabilities for the following leases:

- Intangible assets
- Non-lease components of contracts where applicable
- Low value assets (these are determined to be in line with capitalisation thresholds on Property, Plant and Equipment except vehicles which have been deemed to be not of low value and specific examples as provided for under IFRS 16); and
- Leases with a lease term of 12 months or less

Previous treatment

In the comparative period, as a lessee VisitScotland classified leases that transfer substantially all the risks and rewards of ownership as finance leases. The leased assets were measured at an amount equal to lower of the fair value and the present value of minimum lease payments. This fair value cap has been removed under IFRS 16. Leases other than finance leases are classified as operating leases. Assets previously held as operating leases were not recognised in the Statement of Financial Position. Payments were recognised in the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease. Lease incentives were recognised as an integral part of the total lease expense, over the term of the lease.

Policy applicable from 1 April 2022

At inception of a contract, VisitScotland assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time. This includes assets for which there is no consideration. To assess whether a contract conveys the right to control the use of an identified asset, VisitScotland assesses whether:

- The contract involves the use of an identified asset;
- VisitScotland has the right to obtain substantially all of the economic benefit from the use of the asset throughout the period of use; and
- VisitScotland has the right to direct the use of the asset.

The policy is applied to contracts entered into, or changed, on or after 1 April 2022.

At inception or on reassessment of a contract that contains a lease component, VisitScotland allocates the consideration in the contract to each lease component on the basis of the relative standalone prices. VisitScotland assesses whether it is reasonably certain to exercise break options or extension options at the lease commencement date. VisitScotland reassesses this if there are significant events or changes in circumstances that were not anticipated.

VisitScotland as a lessee

Right of use assets

VisitScotland recognises a right of use asset and lease liability at the commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs, prepayments or incentives, and costs related to restoration at the end of a lease. The right of use assets are subsequently measured at either fair value or current value in existing use in line with property, plant and equipment assets. The cost measurement model in IFRS 16 is used as an appropriate proxy for current value in existing use or fair value for the majority of leases (consistent with the principles for subsequent measurement of property, plant and equipment) except for those which meet one of the following:

- A longer-term lease that has no provisions to update lease payments for market conditions or if there is a significant period of time between those updates; and;
- The fair value or current value in existing use of the underlying asset is likely to fluctuate significantly due to changes in market prices.

The right of use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis of those of property plant and equipment assets.

VisitScotland applies IAS 36 Impairment of Assets to determine whether the right of use asset is impaired and to account for any impairment loss identified.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that cannot be readily determined, the rate provided by HM Treasury (HMT). The HMT discount rates were 0.95% for leases entered into prior to 31 December 2022, or 3.51% after 1 January 2023.

The lease payment is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in the index or rate, if there is a change in VisitScotland's estimates of the amount expected to be payable under a residual value guarantee, or if VisitScotland changes its assessment of whether it will exercise a purchase, extension or termination option.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price under a purchase option that VisitScotland is reasonably certain to exercise, lease payments in an optional renewal period if VisitScotland is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless VisitScotland is reasonably certain not to terminate early.

When the lease liability is re-measured, a corresponding adjustment is made to the right of use asset or recorded in the Statement of Comprehensive Net Expenditure if the carrying amount of the right of use asset is zero.

VisitScotland as a lessor

Assets leased out under operating leases are included within their respective asset designation and depreciated over their useful lives. Rental income, including the effect of lease incentives, is recognised on a straight-line basis over the lease term.

Any lease incentives are paid to lessees to enter into operating leases, such incentives are initially recorded as an asset and recognised as a reduction of rental revenue in the statement of comprehensive net expenditure on a straight-line basis over the term.

Where VisitScotland transfers substantially all the risks and benefits of ownership of the asset, the arrangement is classified as a finance lease and a receivable is recognised for the initial direct costs of the lease and the present value of the minimum lease payments.

As payments fall due, finance income is recognised in the statement of comprehensive net expenditure.

Impact of Financial Statements

As at 31 March 2022, VisitScotland had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	VisitScotland
	2022	2022
	£'000	£'000
Within one year	1,398	1,398
In the second to fifth year inclusive	2,965	2,965
More than five years	1,159	1,159
	5,522	5,522

The lease liabilities as at 1 April 2022 can be reconciled to the operating lease commitments as at 31 March 2022 as follows:

	Group	VisitScotland
	£'000	£'000
Operating lease commitments as at 31 March 2022	5,522	5,522
Effect of discounting	(251)	(251)
Effect of review of lease payments	292	292
Effect of review of lease periods	368	368
Effect of non IFRS 16 leases	(119)	(119)
Lease liabilities recognised on adoption of IFRS 16 at 1 April 2022	5,812	5,812

The lease commitments disclosed in 2022 were not discounted, whilst the IFRS 16 obligations have been discounted based on the HM Treasury borrowing rate with a weighted average of 0.95%.

A review of the lease payments due as at 31 March 2022 noted that the 2022 disclosure should have been reduced by £33,600.77 to account for prepayment of lease liabilities.

Financial instruments

Financial liabilities

VisitScotland has classified its financial instruments in accordance with IFRS 9.

Trade and other payables

Trade and other payables are initially recognised at fair value, which represent the invoiced amounts, less adjustment for estimated revenue deductions and subsequently measured at amortised cost.

Financial assets

Cash and cash equivalents

Cash and cash equivalents with regard to GIA and all expenditure are held within the Government Banking Service (“GBS”) nominated accounts, and miscellaneous receivables within other commercial bank balances.

At initial recognition, VisitScotland classifies all other financial assets at fair value through the statement of comprehensive net expenditure. Financial assets are initially recognised at fair value (plus/net of transaction costs).

Receivables

This category comprises trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market. Trade receivables are initially recognised at fair value that represent the invoiced amounts, less adjustments for estimated revenue deductions such as rebates and cash discounts. Other receivables are carried at amortised cost (plus/net transaction costs) using the effective interest method, less any impairment losses. They are included in current assets, except for receivables with maturities greater than 12 months after the date of the statement of financial position.

Critical accounting estimates and judgements

The preparation of the financial statements requires the Board and Accountable Officer to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the course of preparing the financial statements, one judgement has been made in the process of applying the Group's accounting policies in relation the retirement benefit obligations. When there is a surplus in the defined benefit plan the net defined benefit is measured at the lower of the surplus in the defined benefit plan

and the asset ceiling. Judgement has been made to determine the asset ceiling, defined as the present value of the economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

VisitScotland has made judgement that it does not have an unconditional right to a refund and does not recognise economic benefit in that regard. It has made judgment that the economic benefit through a reduction in future contributions is the present value of employer future service costs less the present value of future employer contributions, over the future working lifetime of the active scheme members, using assumptions consistent with those used to determine the defined benefit obligation at the end of the reporting period in accordance with IAS 19 Employee Benefits.

Estimates have been used during the course of preparing the financial statements. Estimates applied are detailed as follows:

Retirement benefit obligations

The present value of retirement benefit obligations depends upon a number of factors that are determined on an actuarial basis using a number of assumptions.

The assumptions used in determining the net cost or income for pensions include discount rate, salary growth, inflation rate, etc. Any changes in these assumptions will impact the carrying amount of retirement benefit calculations.

VisitScotland determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligations.

In determining the appropriate discount rate, VisitScotland considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement benefit obligations.

VisitScotland determines the appropriate rate for salary inflation based on consideration of inflation and long-term assumptions in respect of salary increases.

Other key assumptions for retirement benefit obligations are based, in part, on current market conditions.

VisitScotland has incorporated actuarial assumptions which are unbiased, mutually compatible and represent the best estimate of the variables which are used to measure the scheme liabilities. At 31 March 2023, after recognising the effect of the asset ceiling, the Group's pension schemes had a net asset of £ 0.9m (2022: net liability £15.4m).

Additional information is disclosed in Notes 19.1 and 19.2.

Valuation of assets

Intangibles

For all intangible assets, direct costs relating to the development of the asset are capitalised only if the costs can be measured reliably, technological feasibility has been established, and future economic benefits are probable. Management assesses the business case prior to project initiation, at stages throughout the project, and on completion to ensure this criteria has been met.

The discounted cash flow model used to assess the impairment of intangible and tangible assets includes a number of assumptions, including estimates of future cash flows, discount rate, and other variables.

VisitScotland determines the appropriate discount rate at the end of each year that reflects current market assessments of the time value of money, and the risks specific to the asset.

The carrying value at 31 March 2023 is £2.9m (2022: £2.9m).

Additional information is disclosed in Note 8.

Property Valuations

The fair value of all land and buildings is assessed by performing a full valuation at least every five years, and an interim valuation in year three. Interim valuations are carried out in years one, two and four where it is deemed likely that there has been a material change in value. The valuations are carried out by professionally Qualified Valuers, in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuations Standards, insofar as these Standards are consistent with the agreed requirements of the FReM.

An annual review takes place to consider losses in value (impairment) due to a change in the consumption of economic benefits. Management have accepted the valuations as provided from the valuers.

The carrying value at 31 March 2023 is £1.0m (2022: £1.1m).

Should it be determined that an impairment review is required VisitScotland would appoint professionally Qualified Valuers to provide current valuations and action the outcome of their work as appropriate at the time.

Additional information is disclosed in Note 9.

IFRS 16 Leases – Dilapidations

For all new leases entered into after 1 April 2022 under IFRS 16 a provision for dilapidations should be accounted for where dilapidations are noted in the contract or expected to occur. Where

the dilapidations value has been agreed within the contract this is provided for, however where this is not VisitScotland have made an estimate of expected value of dilapidations based on knowledge of the operational function of the property, anticipated alterations VisitScotland would normally undertake in similar circumstances, duration of lease, square footage of properties and apply an appropriate estimate of cost for dilapidations for the location of that office. This is then discounted through the IFRS 16 model at the same rate as that of the lease. Throughout the life of the leases VisitScotland review the appropriateness of the provision created and revise accordingly.

Additional information is disclosed in Note 10.

Comparative amounts

Comparative amounts are provided in accordance with IAS 1 'Presentation of Financial Statements', except where a Standard or Interpretation permits otherwise and includes narrative and descriptive information when this is relevant to the understanding of the financial statements.

If it is necessary to re-classify comparative amounts, but deemed impractical so to do, in accordance with IAS 1 re-classification is not adopted, and a note shown in the financial statements to that effect.

Changes in accounting policy, accounting estimates and mis-statements

Changes in accounting policy, accounting estimates and mis-statements, are recognised in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Provisions

Provisions are recognised when;

- i. VisitScotland has a present (legal or constructive) obligation as a result of past events;
- ii. it is more likely than not that an outflow of resources will be required to settle the obligation, and
- iii. the amount can be reliably estimated.

The amount recognised is the best estimate of the expenditure required to settle the obligation. Provisions are discounted (at a rate prescribed by HM Treasury) whenever the effect of the time value of money is significant.

Related party transactions

Related party transactions are identified, considered and disclosed in line with the requirements of IAS 24 'Related Party Disclosures' (Note 25).

Employee benefits

a. Retirement benefits

VisitScotland employees are members of either Scottish Local Government Pension Schemes ("LGPS") or the British Tourist Boards' Pension Scheme ("BTBPS"). All existing and new members of staff have the option of joining either the Lothian local government pension scheme or the BTBPS.

Local Government Pension Schemes, and the British Tourist Boards' Pension Scheme ("the Schemes")

The Schemes are defined benefit pension schemes providing benefits based on final pensionable pay, which are contracted out of the State Earnings-Related Pension Fund. Assets and liabilities of the Schemes are held separately from those of VisitScotland.

Defined benefit obligations are actuarially calculated at least annually at the date of the statement of financial position using the projected unit credit method. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds in the currency in which the benefits will be paid, and that have an average duration similar to the expected duration of the related pension liabilities.

Contributions to the Schemes are calculated so as to spread the cost of pensions over employees' working lives with VisitScotland. The contributions are determined by independent actuaries on the basis of triennial valuations using the Age Attained Method. The actuaries also review the progress of the Schemes in each of the intervening years. Variations from regular cost are spread over the expected average remaining working lifetime of members of the Schemes after making allowances for future withdrawals.

The expected cost of providing staff pensions to employees contributing to the Schemes is recognised in the statement of comprehensive net expenditure on a systematic basis over the expected average remaining lives of members of the funds in accordance with IAS 19 'Employee Benefits' and recognises retirement benefits as the benefits are earned and not when they are due to be paid.

All actuarial gains and losses so determined are recognised through the statement of comprehensive net expenditure.

b. Short-term employee benefits

A liability and an expense are recognised for holiday days, holiday pay, bonuses and other short-term benefits when the employees render service that increases their entitlement to these benefits. As a result, an accrual has been made for holidays earned, but not taken. Accruals are recognised for material amounts in respect of holiday days, holiday pay, bonuses and other short-term benefits earned but not taken or paid at the date of the statement of financial position. .

Losses and special payments

Net operating cost includes certain losses which would have been made good through insurance cover had VisitScotland not been bearing its own risks. Losses and special payments are disclosed in Note 22 to the financial statements

Accounting standards issued but not yet adopted

All International Financial Reporting Standards, Interpretations and Amendments to published standards, effective at 31 March 2023, have been adopted, where applicable to VisitScotland.

Certain new accounting standards and interpretations have been published that are not applicable by VisitScotland until later accounting periods. Guidance has yet to be issued to government departments on the interpretation of these standards, however these standards are not expected to have a material impact to VisitScotland in future reporting years and on foreseeable future transactions.

2

Segmental Reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the chief operating decision maker in order to allocate resources. At the start of 2022-23, the in-year reports of expenditure to the Chief Executive and Executive Leadership Team were updated and operating expenditure was reported and monitored by strategic pillar rather than organisational directorate. Accordingly, the 2021-22 comparatives of operating expenditure have been revised into strategic pillars. The analysis of Operating expenditure by strategic pillar is as follows:

	Marketing	Partnership	Support	CWC	Total 2023
2022-23					
Enhancing our organisation insight, capability, planning & compliance	2,654	-	8,418	-	11,072
Stimulating global demand	19,509	-	66	-	19,575
Supporting & enabling our people	332	4,116	1,715	-	6,163
Supporting Scotland's tourism & events businesses	10,637	111	23	-	10,771
Working collaboratively with community, sector & destination organisations towards a responsible recovery	9,840	71	25	-	9,936
2023 UCI Cycling World Championship	-	-	-	9,000	9,000
	42,972	4,298	10,247	9,000	66,517
	Marketing	Partnership	Support	CWC	Total 2022
2021-22					
Enhancing our organisation insight, capability, planning & compliance	3,775	-	3,655	-	7,430
Stimulating global demand *	30,360	-	17	-	30,377
Supporting & enabling our people	420	4,117	4,676	-	9,213
Supporting Scotland's tourism & events businesses *	23,224	8	15	-	23,247
Working collaboratively with community, sector & destination organisations towards a responsible recovery	8,151	80	19	-	8,250
2021 UCI Cycling World Championship	-	-	-	1,500	1,500
	65,930	4,205	8,382	1,500	80,017

2021-22 does not include Covid Support Funding as part of segmental reporting.

*Includes STERG funding

Income is not reported internally across pillars and as such it has not been provided within segmental reporting disclosure.

Through strategic leadership and industry partnerships, VisitScotland's mission is to encourage a responsible approach to re-building and growing the value of tourism highlighting the benefits of tourism and events across Scotland in delivering the very best for our visitors, our businesses, our people, our communities and our environment.

In-year reports of expenditure to the Chief Executive and Executive Leadership Team are presented via regular Board reports, with operating expenditure being reported and monitored by strategic pillar.

A description of each of VisitScotland's strategic pillars is as follows:

Enhancing our organisation insight, capability, planning & compliance: Maintaining the momentum of our transformation programmes, enhancements to organisational processes and value from our insight programme.

Stimulating global demand: Positioning Scotland as a responsible destination driving short-term business and longer-term awareness and propensity to visit.

Supporting & enabling our people: Building internal advocates: A diverse, informed, empowered, agile and engaged team.

Supporting Scotland's tourism & events businesses: Supporting industry helping to stabilise and re-build the sector in a responsible and inclusive way.

Working collaboratively with community, sector & destination organisations towards a responsible recovery: Establishing new mechanisms and capability to ensure a truly collaborative and community-led approach.

3

Staff costs (included within gross expenditure)

	Group		VS	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Salaries	21,580	19,770	19,677	18,483
Social Security costs	2,210	2,039	1,960	1,895
Voluntary severance - in year	60	-	60	-
Voluntary severance - accrued	266	-	266	-
Pension Contributions	4,259	4,103	4,054	4,021
Staff seconded from VS to CWC salaries recharged	-	-	(255)	-
Total RDEL staff costs	28,375	25,912	25,762	24,399
IAS 19 charges to the P&L (AME adjustments):				
Pension Current cost of service (AME adjustments)	8,539	9,111	8,539	9,111
Pension Interest (Income)/ costs (AME adjustments)	483	754	483	754
Pension contributions deducted (RDEL)	(4,054)	(4,021)	(4,054)	(4,021)
IAS 19 charges to the P&L (AME adjustments)	4,968	5,844	4,968	5,844

Further details on Total Staff Costs can be found within the Remuneration and Staff Report (see page 73).

4

Admin costs (included within gross expenditure)

	Group		VS	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Travel and hospitality	729	318	624	293
Property, information technology, and office expenses	4,959	6,524	4,102	5,848
Depreciation of tangible fixed assets	700	845	695	845
Amortisation of intangible assets	1,302	987	1,302	987
Depreciation of Right of Use assets	1,370	-	1,370	-
Impairment of tangible fixed assets	-	-	-	-
Net interest cost and return on pension assets	483	754	483	754
Loss on Sale of Property	-	48	-	48
Trade bad debts				
Loss on Disposal of ROU	3	-	3	-
Written off	-	141	-	141
Increase/(decrease) in provision	-	(20)	-	(20)
(Decrease)/ increase in past pension provision	2	(4)	2	(4)
(Decrease)/ increase in dilapidations provision	430	(614)	430	(614)
(Decrease)/ increase in ROU dilapidations provision	73	-	73	-
	10,051	8,979	9,084	8,278
Administration overheads also includes:				
Audit Fees	124	90	98	75
Total audit fees	124	90	98	75

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Retail and commercial income

	Group		VisitScotland	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Retail				
Products income	2,100	954	2,100	954
Cost of sales	(984)	(504)	(984)	(504)
	1,116	450	1,116	450
Commercial				
Business promotion and advertising	818	320	818	320
Quality assurance	627	-	627	-
Miscellaneous income	45	-	45	-
	1,490	320	1,490	320
Total retail and commercial income	2,606	770	2,606	770

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Other income

	Group		VisitScotland	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Local authority income	192	383	192	383
Sundry income	682	52	1,193	453
Total other income	874	435	1,385	836
2023 UCI Cycling	1,545	2,816	-	-

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Finance Costs

	Group		VisitScotland	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Finance Costs				
Interest charge - leases	-	2	-	2
Interest charge - IFRS 16	51	-	51	-
Total finance cost	51	2	51	2
Finance Income*				
Bank interest receivable	13	-	13	-
Total finance income	13	-	13	-
Net financing costs	38	2	38	2

*Finance income is netted off against Administration costs

8 Intangible assets

Group	Development Costs	Acquired Technology	Software Licences	Total
	£'000	£'000	£'000	
At 1 April 2021	5,402	1,704	1,270	8,376
Additions	925	-	3	928
At 31 March 2022	6,327	1,704	1,273	9,304
At 1 April 2022	6,327	1,704	1,273	9,304
Additions	1,301	-	-	1,301
At 31 March 2023	7,628	1,704	1,273	10,605
Amortisation				
At 1 April 2021	2,928	1,517	971	5,416
Charge for the year	753	99	135	987
At 31 March 2022	3,681	1,616	1,106	6,403
At 1 April 2022	3,681	1,616	1,106	6,403
Charge for the year	1,126	87	89	1,302
At 31 March 2023	4,807	1,703	1,195	7,705
Net book value				
At 31 March 2023	2,821	1	78	2,900
At 31 March 2022	2,646	88	167	2,901
Asset Financing				
Owned/ beneficially owned	2,821	1	78	2,900
Finance Lease	-	-	-	-
Net book value	2,821	1	78	2,900
At 31 March 2023				

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Non-current assets

Freehold property

All Freehold Land & Buildings, and those held under beneficial ownership, were valued at 31 March 2023 by Graham & Sibbald - Chartered Surveyors, on a fair value basis as defined in the Valuation Standards 2022 (Red Book Global Standards) issued by The Royal Institution of Chartered Surveyors.

Leasehold finance lease property

All Finance Leasehold properties were removed from Non-Current Assets at 1 April 2022 on adoption of IFRS 16 (detailed in Note 10).

Group	Land & Buildings	Leasehold Improvements	Fixtures Fittings and Equipment	Computer Equipment	Vintage Railway Carriage	Total
	£'000	£'000	£'000			£'000
At cost of valuation						
At 1 April 2021	1,312	6,849	5,196	3,679	497	17,533
Additions	-	-	412	320	-	732
Revaluation	(7)	-	-	-	-	(7)
Disposals	(139)	-	-	-	-	(139)
At 31 March 2022	1,166	6,849	5,608	3,999	497	18,119
At 1 April 2022	1,166	6,849	5,608	3,999	497	18,119
Additions	-	-	508	496	-	1,004
Revaluation	-	-	-	-	-	-
Transfer to ROU assets	(179)	-	-	-	-	(179)
Disposals	-	-	-	(99)	-	(99)
At 31 March 2023	987	6,849	6,116	4,396	497	18,845
Depreciation						
At 1 April 2021	-	5,057	4,769	2,739	260	12,825
Charge for the year	131	231	95	368	20	845
Revaluation	(47)	-	-	-	-	(47)
On Disposal	(3)	-	-	-	-	(3)
At 31 March 2022	81	5,288	4,864	3,107	280	13,620
At 1 April 2022	81	5,288	4,864	3,107	280	13,620
Charge for the year	31	120	237	406	18	812
Revaluation	(31)	-	-	-	-	(31)
Transfer to ROU assets	(81)	-	-	-	-	(81)
On Disposal	-	-	-	-	-	-
At 31 March 2023	-	5,408	5,101	3,513	298	14,320
Net book value						
At 31 March 2023	987	1,441	1,015	883	199	4,525
At 31 March 2022	1,085	1,561	744	892	217	4,499
Asset Financing						
Owned/ beneficially owned	987	1,441	1,015	883	199	4,525
Finance Lease	-	-	-	-	-	-
Net book value	987	1,441	1,015	883	199	4,525
At 31 March 2023						

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Right-of-use assets

VisitScotland enters into lease contracts for buildings with normal lease terms of 10 years with a break clause at 5 years. As at 31 March 2023, remaining life on current leases ranges from <1 to 10 years.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Group	VisitScotland
	2023	2023
	£'000	£'000
At 1 April 2022 at point of application of standard	5,885	5,885
Additions during year	345	345
Depreciation expense	(1,370)	(1,370)
Disposals during the year	(205)	(205)
At 31 March 2023	4,655	4,655

Set out below are the carrying amounts of lease liabilities recognised and the movements during the period:

	Group	VisitScotland
	2023	2023
	£'000	£'000
At 1 April 2022 at point of application of standard	5,748	5,748
Additions during year	271	271
Accretion of interest	51	51
Payments	(1,336)	(1,336)
Disposals during the year	(203)	(203)
At 31 March 2023	4,531	4,531

Set out below are the carrying amounts of ROU dilapidations provision recognised and the movements during the period:

	Group	VisitScotland
	2023	2023
	£'000	£'000
At 1 April 2022 at point of application of standard	-	-
Additions during year	73	73
Accretion of interest	1	1
Payments	-	-
At 31 March 2023	74	74

	Group	VisitScotland
	2023	2023
	£'000	£'000
Obligations under finance leases for the following periods comprise:		
Not later than one year	1,025	1,025
Later than one year and not later than five years	2,738	2,738
Later than five years	978	978
Less interest element	(210)	(210)
Present Value of obligations	4,531	4,531
Current	1,025	1,025
Non-current	3,506	3,506

The following amounts recognised in the statement of net expenditure

	Group	VisitScotland
	2023	2023
	£'000	£'000
Depreciation expense of right-of use assets	1,370	1,370
Interest expenses on lease liabilities	51	51
Expense related to short-term leases	23	23
Expense relating to leases of low value assets (included in administration expenditure)	4	4
ROU loss on disposal	3	3

	Group	VisitScotland
	2023	2023
	£'000	£'000
Cash outflows for leases under IFRS 16	1,336	1,336
Short-term leases not accounted under IFRS 16	23	23
Low value leases not accounted under IFRS 16	4	4
Total cash outflows for leases in year	1,363	1,363

For leases commencing, transitioning or being remeasured in the 2022 calendar year, lease obligations have been discounted based on the HM Treasury weighted average incremental borrowing rate of 0.95% for that year. For leases commencing in the 2023 calendar year, the relevant HM Treasury weighted average incremental borrowing rate of 3.51% has been applied. The weighted average incremental borrowing rate applied across the year is 0.95%. The weighted average remaining lease term for all leases accounted for under IFRS 16 at 31 March 2023 is 6.232 years.

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VisitScotland Group Structure

SUBSIDIARY COMPANIES

VisitScotland has seven subsidiary companies. As at 31 March 2023, the only active subsidiary is 2023 Cycling World Championships Limited. The remaining wholly owned subsidiaries, detailed below, are classified as non-trading and dormant:

Scottish Tourist Board Limited

Etourism Limited

TourCo Limited

Tourist Board Training Limited - Limited by guarantee

VisitScotland Limited

Visit Shetland Limited

The total cost of shareholdings held by VisitScotland in the subsidiaries as at 31 March 2023 is £100 (2022:£100).

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Inventories

Group	2023 £'000	2022 £'000
Retail stock	502	413
At 31 March	502	413

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Trade and other receivables

	Group		VisitScotland	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Current				
Trade receivables	183	2,741	66	841
less: Provision for impairment (see note 15)	(35)	(35)	(35)	(35)
Trade receivables - net	148	2,706	31	806
Prepayments	2,793	601	1,203	601
Accrued income	1,371	-	69	-
Other receivables	39	241	34	59
Intercompany	-	-	71	1,022
At 31 March	4,351	3,548	1,408	2,488

Trade and other receivables reported above include:

Receivables - Public sector balances

	Group		VisitScotland	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Current				
Local Authorities	252	-	-	-
Other Central Government bodies	6	165	-	165
At 31 March	258	165	-	165

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Cash and cash equivalents

	Group		VisitScotland	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Balance at 1 April	11,908	36,207	9,636	35,503
Net change in cash and cash equivalent balances	(126)	(24,299)	(8,413)	(25,867)
At 31 March	11,782	11,908	1,223	9,636
The balances at 31 March were held at:				
Commercial banks and cash in hand	11,361	2,003	802	2,003
Government Banking Service	421	9,905	421	7,633
At 31 March	11,782	11,908	1,223	9,636

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Receivables - provision for impairment

Impairment provisions are used to record impairment losses unless VisitScotland is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and written off directly against the financial asset:

Impairment provisions are as follows:

Group	Trade receivables	Total
	£'000	£'000
At 1 April 2021	196	196
Utilised during year	(141)	(141)
Movement in Provision	(20)	(20)
At 31 March 2022	35	35
At 1 April 2022	35	35
Utilised during year	-	-
Movement in Provision	-	-
At 31 March 2023	35	35

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Trade and other payables

	Group		VisitScotland	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
a. Current				
Trade payables	3,244	7,035	2,450	6,590
Social security and other taxes	614	758	527	684
Accruals	4,480	6,677	2,279	6,231
Deferred income	10,469	4,661	620	2,283
Other payables	919	-	337	-
Intercompany	-	-	-	-
At 31 March	19,726	19,131	6,213	15,788

a. Public sector balance

Current				
Local Authorities	5,107	1,936	353	1,936
Other Central Government bodies	3,064	758	527	684
At 31 March	8,171	2,694	880	2,620

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Other borrowings

Group	Minimum lease payments	Future finance charges	Present value of lease obligations
Within one year	38	-	38
Between one and five years	13	-	13
After five years	-	-	-
At 31 March 2022	51	-	51
Within one year	-	-	-
Between one and five years	-	-	-
After five years	-	-	-
At 31 March 2023	-	-	-

Finance lease obligations are principally for buildings. Terms range from 20 to 25 years and include renewal options if reasonably certain, at the inception of the lease, that they will be exercised.

At the time of entering into finance lease agreements, the commitments are recorded at amounts equal to the fair value of the leased property, or, if lower, the present value of value of the minimum lease payments, using the interest rate implicit in the lease, if this is practicable to determine; if not, the Scottish Government advised interest rate for long-term borrowings is used.

As at 31 March 2023, all finance lease obligations are reported under IFRS 16 and are disclosed within note 10 of these accounts "Right of Use Assets".

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Operating leases

Operating lease agreements where VisitScotland is the lessee

VisitScotland has entered into commercial leases on certain properties, motor vehicles, and items of office equipment. The leases have a duration of between 1 and 15 years.

Future minimum rentals payable under non-cancellable operating leases are as follows:

Group	2023	2022
	£'000	£'000
Leasehold properties		
Not later than one year	-	1,398
After one year but not more than five years	-	2,965
After five years	-	1,159
At 31 March	-	5,522
Leasehold plant and equipment		
Not later than one year	1	12
After one year but not more than five years	-	4
After five years	-	-
At 31 March	1	16

19.1

Post-retirement benefits – BRITISH TOURIST BOARD'S PENSION SCHEME (BTBPS)

VisitScotland is a participant in the British Tourist Boards' Pension Scheme ("BTBPS) providing benefits and life assurance for staff based upon final pensionable salary. The scheme is a multi-employer defined benefit scheme, contracted out of the State Second Pension Scheme, with the principal Employer (also a participating Employer) being VisitBritain, VisitEngland together with the other participating Employers, namely VisitScotland, and the Welsh Assembly Government (accrual ceased with effect from 1 February 2009) (VisitLondon ceased to be a participating employer in 2011/12). In April 2017, the BTB Scheme was closed to new VisitEngland and VisitBritain employees and from April 2020 it was fully closed to future accrual moving all current members to a deferred member status. VisitScotland is the only employer within the scheme which remains open for new staff to join.

Qualified independent actuaries XPS Pension Group estimated the liabilities of the Section by updating the results of the 2021 actuarial valuation to allow for the passage of time, benefits paid out of the Scheme and changes in actuarial assumptions over the period from 31 March 2022 to 31 March 2023.

The rate for employee and employer contributions for 2023 is 29.1% (2022: 29.1%). This included employees' contributions of 5% (2022: 5%) and employer's contributions of 24.1% (2022: 24.1%). Employer contributions paid by VisitScotland for the year to 31 March 2023 amounted to £2,495,000 (2022: £2,836,000). The deficit contributions were paid in accordance with the recovery plan.

VisitScotland's share of the Scheme assets, as disclosed at fair value, amounts to £79,283,000 (2022: £97,004,000), as compared to its share of Scheme liabilities of £80,753,000 (2022: £111,877,000) results in the funded status of VisitScotland's share of the Scheme reflecting a liability of £1.471 million as at 31 March 2023 (2022: £14.873 million).

Early retirement and enhanced pension liabilities are accounted for under International Accounting Standard 37 'Provisions, Contingent liabilities and Contingent assets' (IAS37, and are disclosed in Note 21).

Assumptions

BTBPS

After consultation with actuarial advisors the Directors advise that the principal actuarial assumptions used are as follows:

Financial:	2023	2022
	% p.a	% p.a
As at 31 March 2023		
Inflation assumption - Pre 2030	2.45 CPI	2.7 CPI
Inflation assumption - Post 2030	2.85 CPI	3.0 CPI
Principal rate of increase in pensionable salaries	2.95	3.2
<hr/>		
Rate of increase in pensions in payment - Pre 2030	2.45 CPI	2.7 CPI
Rate of increase in pensions in payment - Post 2030	2.85 CPI	3.0 CPI
<hr/>		
Liability discount rate	4.85	2.75
Expected return on employer Assets	4.85	2.75

Mortality:

Pre- and post-retirement assumptions are based on the following criteria:

Male Life expectancy is derived from 98% SAPS S2PXA table 2021 CMII projections trending to 1.25%

Female Life expectancy is derived from 98% of SAPS S2PXA table with 2021 CMI projections trending to 1.25%

Expected age at death of current pensioner at age 65		
Male aged 65 at year end	86.80 years	86.80 years
Female aged 65 at year end	88.90 years	88.80 years
<hr/>		
Expected age at death of future pensioner at age 65		
Male aged 45 at year end	88.2 years	88.1 years
Female aged 45 at year end	90.4 years	90.4 years

Commutation:

It is assumed that 100% of active and deferred members will commute 10% of their pensions for a cash sum.

Assumptions

BTBPS

Sensitivity Analysis:

The degree of sensitivity to each of the actuarial assumptions is linked to the maturity profile of the liabilities, and the duration of VisitScotland's liabilities within the Scheme as at 31 March 2023 amounts to approximately 19 years. (2020: 22 years). Under IAS 19 because the liabilities are discounted by reference to bond yields, whereas the Scheme invests a significant proportion of its assets in equities and other return seeking assets, scheme valuations, as required, are likely to remain volatile in future years.

The approximate impact of a 0.5% change in the respective RPI inflation and discount rate assumptions on the Scheme liabilities is as follows:

a. RPI Inflation

These calculations take into account an appropriate variance in the assumptions for the increases to pensions in payment, for the revaluation of deferred pensions before retirement and for salary growth to ensure consistency with the revised RPI inflation assumption. with the revised RPI inflation assumption.

	Central Assumptions		
	2.40%	2.45%	2.50%
Liabilities	75.9 m	80.8 m	86.3 m

b. Discount rate

	Central Assumptions		
	4.80%	4.85%	4.90%
Liabilities	88.5 m	80.8 m	74.1 m

c. Life expectancy

	-1 year	Central Assumptions	+1 year
Liabilities	78.1 m	80.8 m	83.4 m

Movement in fair value of plan asset, defined benefit obligation, and net liability for the year ended 31 March 2023 - BTBPS

BTBPS

Group	Assets	Obligations	Net (liability)/ asset
	£'000	£'000	£'000
Fair value of employer assets	97,004	-	97,004
Present value of funded liabilities	-	111,877	(111,877)
Present value of unfunded liabilities	-	-	-
Opening position as at 1 April 2022	97,004	111,877	(14,873)
Service cost			
Current service costs	(286)	4,361	(4,647)
Past service cost (including curtailments)	-	-	-
Effect of settlements	-	-	-
Total service cost	(286)	4,361	(4,647)
Net interest			
Interest income on plan assets	2,676	-	2,676
Interest cost on defined benefit obligation	-	3,111	(3,111)
Impact of asset ceiling on net interest	-	-	-
Total net interest	2,676	3,111	(435)
Total defined benefit cost recognised in statement of comprehensive net expenditure	2,390	7,472	(5,082)
Cashflow			
Plan participants' contributions	503	503	-
Employer contributions	2,725	-	2,725
Transfers in	-	-	-
Benefits paid	(2,346)	(2,346)	-
Expected closing position	100,276	117,506	(17,230)
Remeasurements of net defined benefit obligations			
Change in demographic assumptions	-	(155)	155
Change in financial assumptions	-	(47,090)	47,090
Other experience	-	10,492	(10,492)
Return on assets excluding amounts included in net interest	(20,993)	-	(20,993)
Changes in asset ceiling	-	-	-
Total remeasurements recognised in other comprehensive income	(20,993)	(36,753)	15,760
Fair value employer assets	79,283	-	79,283
Present value of funded liabilities	-	80,753	(80,753)
Closing position as at 31 March 2023	79,283	80,753	(1,470)

Movement in fair value of plan asset, defined benefit obligation, and net liability for the year ended 31 March 2022

BTBPS

	Assets	Obligations	Net (liability)/ asset
	£'000	£'000	£'000
Fair value of employer assets	90,765	-	90,765
Present value of funded liabilities	-	119,257	(119,257)
Present value of unfunded liabilities	-	-	-
Opening position as at 1 April 2021	90,765	119,257	(28,492)
Service cost			
Current service costs	(225)	5,245	(5,470)
Past service cost (including curtailments)	-	-	-
Effect of settlements	-	-	-
Total service cost	(225)	5,245	(5,470)
Net interest			
Interest income on plan assets	1,826	-	1,826
Interest cost on defined benefit obligation	-	2,422	(2,422)
Impact of asset ceiling on net interest	-	-	-
Total net interest	1,826	2,422	(596)
Total defined benefit cost recognised in statement of comprehensive net expenditure	1,601	7,667	(6,066)
Cashflow			
Plan participants' contributions	497	497	-
Employer contributions	2,836	-	2,836
Transfers in	-	-	-
Benefits paid	(2,045)	(2,045)	-
Expected closing position	93,654	125,376	(31,722)
Remeasurements of net defined benefit obligations	-	-	-
Change in demographic assumptions	-	-	-
Change in financial assumptions	-	(14,175)	14,175
Other experience	-	676	(676)
Return on assets excluding amounts included in net interest	3,350	-	3,350
Changes in asset ceiling	-	-	-
Total remeasurements recognised in other comprehensive income	3,350	(13,499)	16,849
Fair value employer assets	97,004	-	97,004
Present value of funded liabilities	-	111,877	(111,877)
Closing position as at 31 March 2022	97,004	111,877	(14,873)

Fair value of employer assets

BTBPS

Asset category	31 MARCH 2023				31 MARCH 2022			
	Quoted Prices	Prices not	Total	%	Quoted Prices	Prices not	Total	%
	in Active	quoted in			in Active	quoted in		
	Markets	Active markets	Markets	Active markets				
£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	
Equity Securities:								
Consumer	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-
Energy & Utilities	-	-	-	-	-	-	-	-
Financial Institutions	-	-	-	-	-	-	-	-
Health & Care	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Debt securities:								
Corporate Bonds (investment grade)	-	-	-	-	-	-	-	-
Corporate Bonds (non-investment grade)	-	-	-	-	-	-	-	-
UK Government	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Private Equity:								
All	-	-	-	-	-	-	-	-
Real Estate:								
UK and Overseas Property	14,690	-	14,690	18.5%	7,412	-	7,412	7.6%
Investment funds and unit trusts:								
Equities	18,225	-	18,225	23.0%	32,031	-	32,031	33.0%
Corporate Bonds	1,952	-	1,952	2.5%	2,152	-	2,152	2.2%
Hedge Funds	19,890	-	19,890	25.1%	26,743	-	26,743	27.6%
Commodities	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Other - LDI repo	17,426	-	17,426	22.0%	14,206	-	14,206	14.6%
Other - Insurance Annuities	860	-	860	1.1%	1,066	-	1,066	1.1%
Derivatives:								
Inflation	-	-	-	-	-	-	-	-
Interest rate	-	-	-	-	-	-	-	-
Foreign exchange	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Cash and cash equivalents:								
All	6,240	-	6,240	7.9%	13,394	-	13,394	13.8%
Totals	79,283	-	79,283	100.0%	97,004	-	97,004	100.0%

The Scheme has no investments in the Employer, or in property occupied by the Employer(s)

Fair value of employer assets

BTBPS

History of experience gains and losses

As at 31 March

	2023 £'000	2022 £'000	2021 £'000
Fair value of employer assets	79,283	97,004	90,765
Present value of defined benefit obligation	(80,753)	(111,877)	(119,257)
Net pension (liability)	(1,470)	(14,873)	(28,492)
Experience: (Losses)/gains on assets	(20,719)	3,350	14,233
Experience: (Losses)/gains on liabilities	36,364	13,499	(18,800)
	15,645	16,849	(4,567)
Experience: Cumulative actuarial (losses)/gains recognised	27,417	11,772	(5,077)

19.2

Post-retirement benefits

LOCAL GOVERNMENT PENSION SCHEMES (LGPS)

VisitScotland participates in one Local Government Pension Scheme (“LGPS”), which is a defined benefit statutory scheme and is administered in accordance with Local Government Pension Scheme (Benefits, membership and Contributions) (Scotland) Regulations 2008, the Local Government Pension Scheme Administration (Scotland) Regulations 2008, and also the Local Government Pension Scheme (Transitional Provisions) Regulations 2008.

All the LGPS have been contracted out of the State Second Pension Scheme (now ceased) and the consolidated figures from the scheme are detailed in the tables below. The latest triennial formal valuations of LGPS Fund, in which VisitScotland participates, was carried out as at 31 March 2020.

The LGPS Scheme in which VisitScotland participates is the Lothian Pension Fund. Employer contribution rates for the year are 17.8% (2022: 15.2%).

Employee contributions are applied in tiers ranging from 5.5% to 12% depending upon the employee’s pensionable pay on 31 March.

Employer’s principal contributions paid by VisitScotland for the year to 31 March 2023 amounted to £1,329,000 (2022: £1,185,000). VisitScotland’s share of the LGPS Scheme assets, as disclosed at fair value, as at 31 March 2023, amounts to £89,769,000 (2022: £87,681,000) which, when compared to its share of Scheme Liabilities of £58,268,000 (2022: £88,165,000), results in the funded status of VisitScotland’s share of the Scheme as at 31 March 2023 standing at an asset of £31,501,000 (2022: £484,000).

The net defined benefit asset at 31 March 2023 has been measured to the lower of the surplus in the defined benefit plan and the asset ceiling. In deriving the asset ceiling, assumptions have been made on the present value of the economic benefits available in the form of refunds from the plan and reductions in future contributions to the plan. No economic benefit has been recognised with regards to a refund as it is an entitlement which is not wholly within VisitScotland’s control. The economic benefit associated with a reduction in future contributions, recognising a minimum funding requirement for future service, has been estimated as the present value of employer future service costs less the present value of future employer contributions. This economic benefit, however, cannot be reduced below zero where the present value of future employer contributions exceed the present value of future service costs.

Using assumptions consistent with those used to determine the defined benefit obligation at 31 March 2023, the asset ceiling has been valued at £2,401,000, recognising the following:

- Net present value of employer future service costs: £ 15,059,000
- Net present value of employer future contributions: £12,658,000

The assets split at the accounting date, as shown on page 126, is based on the split of each Fund’s asset as at the most recent date this information was available and, particularly, the division between those assets with prices quoted in active markets and those where prices are not quoted in active markets is an estimated based on the allocation as provided last year.

Assumptions

LGPS

After consultation with actuarial advisors the Directors advise that the principal actuarial assumptions used are as follows:

Financial:

As at 31 March 2023	2023 % p.a.	2022 % p.a.
Inflation assumption - Pre 2023		-
Inflation assumption - Post 2030		-
Principal rate of increase in pensionable salaries	3.45	3.70
Pension Increase Rate (CPI)	2.95 CPI	3.20 CPI
Rate of increase in pensions in payment		3.20
Liability discount rate	4.75	2.70
Expected return on employer Assets	2.20	2.70

Mortality:

The mortality tables adopted are those applied at CMI 2018 model.

Based on these assumptions, the average future life expectancies at age 65 are summarised below:

Expected age at death of current pensioner at age 65		
Male aged 65 at year end	84.9 years	85.3 years
Female aged 65 at year end	87.9 years	88.1 years
Expected age at death of future pensioner at age 65		
Male aged 45 at year end	86.2 years	86.6 years
Female aged 45 at year end	89.7 years	90.0 years

The life expectancies shown are those in respect of the Lothain Pension Fund and these reflect the average life expectancies across all the members of the Fund.

Assumptions

LGPS

Commutation:

The allowance for commutation is consistent with the assumptions used at the formal valuations carried out as at 31 March 2023.

Major categories of plan assets as a percentage of total plan assets

The split of assets at 31 March 2023 between those with prices quoted in active markets and those where prices are not quoted in active markets is an estimate based on the equivalent split provided for the 31 March year end position.

Sensitivity Analysis

The degree of sensitivity to each of the actuarial assumptions is linked to the maturity profile of the liabilities, and the duration of VisitScotland's liabilities within the Scheme.

The approximate impact of a 0.5% change in the respective RPI inflation and discount rate assumptions on the Scheme liabilities, if all other assumptions remain unchanged is as follows:

	% Increase in Liabilities	Approximate amount £m'000
0.1% decrease in 'Real' Discount Rate	2%	1,238
0.1% increase in Salary Increase Rate	0%	191
0.1% increase in the Pension Increase (CPI)	2%	1,065
1 year increase in member life expectancy	4%	2,331

These figures are provided for illustration purposes only; they are not intended to be regarded as a recommendation for this or for future accounting disclosures.

Movement in fair value of plan asset, defined benefit obligation, and net liability for the year ended 31 March 2023

	Assets £'000	Obligations £'000	Net (liability)/asset £'000
Fair value of employer assets	87,681	-	87,681
Present value of funded liabilities	-	86,908	(86,908)
Present value of unfunded liabilities	-	1,257	(1,257)
Opening position as at 1 April 2022	87,681	88,165	(484)
Service cost			
Current service costs	-	3,892	(3,892)
Past service cost (including curtailments)	-	-	-
Effect of settlements	-	-	-
Total service cost	-	3,892	(3,892)
Net interest			
Interest income on plan assets	2,368	-	2,368
Interest cost on defined benefit obligation	-	2,416	(2,416)
Impact of asset ceiling on net interest	-	-	-
Total net interest	2,368	2,416	(48)
Total defined benefit cost recognised in statement of comprehensive net expenditure	2,368	6,308	(3,940)
Cashflow			
Plan participants' contributions	467	467	-
Employer contributions	1,264	-	1,264
Contributions in respect of unfunded benefits	65	-	65
Benefits paid	(1,553)	(1,553)	-
Unfunded benefits paid	(65)	(65)	-
Expected closing position	90,227	93,322	(3,095)
Remeasurements of net defined benefit obligations			
Change in demographic assumptions	-	(592)	592
Change in financial assumptions	-	(38,720)	38,720
Other experience	-	4,258	(4,258)
Return on assets excluding amounts included in net interest	(458)	-	(458)
Changes in asset ceiling	-	-	0
Total remeasurements recognised in other comprehensive income	(458)	(35,054)	34,596
Fair value employer assets	89,769	-	89,769
Present value of funded liabilities	-	57,261	(57,261)
Present value of unfunded liabilities	-	1,007	(1,007)
Closing position as at 31 March 2023	89,769	58,268	31,501
Effect of asset ceiling limitation on net asset			
Net asset/(liability)			31,501
Effect of asset ceiling limitation on net defined benefit asset			(29,100)
Reported closing position as at 31 March 2023			2,401

*The current service cost includes an allowance for administration expenses of 0.3% of payroll together with any other costs arising.

Movement in fair value of plan asset, defined benefit obligation, and net liability for the year ended 31 March 2022

LGPS

	Assets £'000	Obligations £'000	Net (liability)/asset £'000
Fair value of employer assets	79,120	-	79,120
Present value of funded liabilities	-	85,793	(85,793)
Present value of unfunded liabilities	-	-	-
Opening position as at 1 April 2021	79,120	85,793	(6,673)
Service cost			
Current service costs	-	3,641	(3,641)
Past service cost (including curtailments)	-	-	-
Effect of settlements	-	-	-
Total service cost	-	3,641	(3,641)
Net interest			
Interest income on plan assets	1,581	-	1,581
Interest cost on defined benefit obligation	-	1,739	(1,739)
Impact of asset ceiling on net interest	-	-	-
Total net interest	1,581	1,739	(158)
Total defined benefit cost recognised in statement of comprehensive net expenditure	1,581	5,380	(3,799)
Cashflow			
Plan participants' contributions	410	410	-
Employer contributions	1,122	-	1,122
Contributions in respect of unfunded benefits	63	-	63
Benefits paid	(1,553)	(1,553)	-
Unfunded benefits paid	(63)	(63)	-
Expected closing position	80,680	89,967	(9,287)
Remeasurements of net defined benefit obligations			
Change in demographic assumptions	-	(557)	557
Change in financial assumptions	-	(1,766)	1,766
Other experience	-	521	(521)
Return on assets excluding amounts included in net interest	7,001	-	7,001
Changes in asset ceiling	-	-	-
Total remeasurements recognised in other comprehensive income	7,001	(1,802)	8,803
Fair value employer assets	87,681	-	87,681
Present value of funded liabilities	-	88,165	(88,165)
Closing position as at 31 March 2022	87,681	88,165	(484)

* The current service cost includes an allowance for administration expenses of 0.3% of payroll together with any other costs arising.

Fair value of employer assets

LGPS

The Fund's assets are at bid values as required under IAS 19

Asset category	31 MARCH 2023				31 MARCH 2022			
	Quoted Prices	Prices not	Total	%	Quoted Prices	Prices not	Total	%
	in Active	quoted in			in Active	quoted in		
	Markets	Active markets	£'000s	£'000s	Markets	Active markets	£'000	£'000
£'000s	£'000s	£'000s	%	£'000s	£'000s	£'000	%	
Equity Securities:								
Consumer	11,006	-	11,006	12%	10,787	-	10,787	12%
Manufacturing	12,375	-	12,375	14%	11,604	-	11,604	13%
Energy & Utilities	5,415	-	5,415	6%	4,841	-	4,841	6%
Financial Institutions	5,400	-	5,400	6%	5,053	-	5,053	6%
Health & Care	6,594	-	6,594	7%	6,074	-	6,074	7%
Information technology	3,728	-	3,728	4%	3,984	-	3,984	5%
Other	6,130	-	6,130	7%	6,537	-	6,537	7%
Debt Securities:								
Corporate Bonds (investment grade)	1,400	-	1,400	2%	-	-	-	0%
Corporate Bonds (non-investment grade)	-	-	-	0%	-	-	-	0%
UK Government	10,407	-	10,407	12%	7,657	-	7,657	9%
Other	1,875	-	1,875	2%	1,645	-	1,645	2%
Private Equity:								
All	56	295	351	0%	9	403	412	0%
Real Estate:								
UK Property	602	3,442	4,044	5%	816	3,819	4,635	5%
Overseas Property	119	25	144	0%	-	25	25	0%
Investment funds and unit trusts:								
Equities	1,195	70	1,265	1%	1,507	68	1,575	2%
Corporate Bonds	-	2,599	2,599	3%	1,648	2,458	4,106	5%
Hedge Funds	-	-	-	0%	-	-	-	0%
Commodities	-	-	-	0%	-	-	-	0%
Infrastructure	-	12,794	12,794	14%	-	8,890	8,890	10%
Other - LDI repo	-	-	-	0%	-	-	-	0%
Other - Insurance Annuities	-	-	-	0%	-	-	-	0%
Derivatives:								
Inflation	-	-	-	0%	-	-	-	0%
interest rate	-	-	-	0%	-	-	-	0%
Foreign exchange	4	-	4	0%	4	-	4	0%
Other	-	-	-	0%	-	-	-	0%
Cash and cash equivalents:								
All	4,240	-	4,240	5%	9,853	-	9,853	11%
Totals	70,546	19,225	89,771	100%	72,019	15,663	87,682	100%

Fair value of employer assets

LGPS

History of experience gains and losses

As at 31 March

	2023	2022	2021
	£'000	£'000	£'000
Fair value of employer assets	89,769	87,681	79,120
Present value of defined benefit obligation	(58,268)	(88,165)	(85,793)
Net pension (liability)	31,501	(484)	(6,673)
Experience: (Losses)/gains on assets	(458)	7,001	13,146
Experience: (Losses)/gains on liabilities	35,054	1,802	(14,753)
	34,596	8,803	(1,607)
Experience: Cumulative actuarial (losses)/gains recognised	41,303	6,707	(2,096)

Total pension scheme employer's contributions reflected in the statement of comprehensive net expenditure

	2023 £'000	2022 £'000
British Tourist Boards' Pension Scheme	2,725	2,836
Local Government Pension Schemes	1,329	1,185
Other Pension Schemes	-	-
At 31 March	4,054	4,021

a. Total pension scheme actuarial (losses)/gains recognised in other comprehensive income

	2023 £'000	2022 £'000
British Tourist Boards' Pension Scheme	15,760	16,849
Local Government Pension Schemes	34,596	8,803
At 31 March	50,356	25,652

b. Total deficit on retirement benefit obligations

	2023 £'000	2022 £'000
British Tourist Boards' Pension Scheme	(1,470)	(14,873)
Local Government Pension Schemes	31,501	(484)
IFRIC 14 adjustment on Local Government Pension Schemes	(29,100)	-
Local Government Pension Schemes adjusted position	2,401	(484)
At 31 March	931	(15,357)

c. IAS 19 adjustment as disclosed in the performance report

	BTBPS £'000	LGPS £'000
Charges recognised in the statement of comprehensive net income		
Current services costs	(4,647)	(3,892)
Interest costs	(435)	(48)
Employers contributions	2,725	1,329
Annually Managed Expenditure (AME)	(2,357)	(2,611)
Total charge to SoCNE during the year was		(4,968)

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Financial instruments

VisitScotland has exposure to the following risks from the use of financial instruments:

Liquidity risk; Credit risk; Market risk; Currency risk.

This note presents information about VisitScotland's exposure to each of the above risks. Further quantitative disclosures are included throughout these financial statements.

The Board has overall responsibility for the establishment and stewardship of the risk management framework. The Audit & Risk Committee oversees how Management monitors compliance with VisitScotland's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by VisitScotland.

VisitScotland has no derivative financial assets or liabilities.

a. Liquidity risk

Liquidity risk is the risk that VisitScotland will not be able to meet its financial obligations as they fall due. The organisation's approach to managing liquidity is to ensure that it will have sufficient liquid funds to meet its liabilities as they fall due. VisitScotland's primary source of funds is the Grant-in-Aid provision from the Scottish Government. Other borrowings up to 31 March 2022 are representative of the Finance Lease obligations with regard to Leasehold properties reported in accordance with IAS 17 and highlighted in Note 17 of the prior year financial statements. From 1 April 2022 these leases are accounted for under IFRS 16 and disclosed at Note 10 in these financial statements.

VisitScotland manages its liquidity by the monthly drawdown of Grant-in-Aid, and the daily management of cash resources. Regular monitoring of actual performance against budgets and forecasts takes place to ensure alignment with the annual operating plan.

The following tables summarise the maturity profile of VisitScotland's financial liabilities as at 31 March, based on contractual undiscounted payments.

Financial instruments

Financial liabilities	Group				Total £'000
	Net carrying amount £'000	Within 1 year £'000	Between 1 and 5 years £'000	After 5 years £'000	
As at 31 March 2022					
Other borrowings	51	38	13	-	51
Trade and other payables	19,131	19,131			19,131
Total financial liabilities	19,182	19,169	13	-	19,182
As at 31 March 2023					
Other borrowings	-				-
Trade and other payables	19,726	19,726			19,726
Total financial liabilities	19,726	19,726	-	-	19,726

b. Credit risk

Credit risk is the risk of financial loss to VisitScotland if a customer, or counter party, fails to meet its contractual obligations, and arises from the trade receivables.

Credit risk arising from VisitScotland's normal operations is controlled from within the management framework of the Corporate Services directorate, in accordance with the policies and procedures laid down.

Provision is made for doubtful receivables upon the age of the debt and experience of collecting overdue debts. The movement in the impairment provision in respect of financial assets is set out in Note 15.

VisitScotland operates within the Government Banking framework and any remaining cash and cash equivalents are held with AAA rated banks, which are not expected to fail.

	Group	
	2023 £'000	2022 £'000
Current receivables		
Trade and other receivables	4,351	3,548
Cash and cash equivalent		
Government Banking Service	421	9,905
Commercial banks	11,361	2,003
Unapplied capital receipts	-	-
At 31 March	16,133	15,456

Financial instruments

The maximum exposure to credit risk at the reporting date was:

c(i) Market risk

Market risk is the risk that market prices such as interest rates, foreign exchange rates and equity prices will affect the statement of comprehensive net expenditure, or the value of holdings in financial instruments.

GROUP	Within 1 year	Between 1	After 5 years	Total
	£'000	and 5 years £'000	£'000	£'000
Fixed interest rate				
At 31 March 2022				
Financial liabilities				
Other borrowings	(38)	(13)	-	(51)
Total	(38)	(13)	-	(51)
At 31 March 2023				
Financial liabilities				
Other borrowings	-	-	-	-
Total	-	-	-	-
Variable interest rate				
At 31 March 2022				
Financial assets				
Trade and other receivables	3,548	-	-	3,548
Cash and cash equivalents	11,908	-	-	11,908
Financial liabilities				
Trade and other payables	(19,131)	-	-	(19,131)
Total	(3,675)	-	-	(3,675)
At 31 March 2023				
Financial assets				
Trade and other receivables	4,351	-	-	4,351
Cash and cash equivalents	11,782	-	-	11,782
Financial liabilities				
Trade and other payables	(19,726)	-	-	(19,726)
Total	(3,593)	-	-	(3,593)

Financial instruments

Fair values of financial instruments

The following tables present the fair values of financial instruments compared to the carrying amounts for which these instruments are included in the statement of financial position.

	Carrying amount £'000	2023 Fair value £'000	Carrying amount £'000	2022 Fair value £'000
Financial assets				
Trade and other receivables	4,351	4,351	3,548	3,548
Cash and cash equivalents	11,782	11,782	11,908	11,908
Financial liabilities				
Other borrowings	-	-	(51)	(51)
Trade and other payables	(19,726)	(19,726)	(19,131)	(19,131)
At 31 March	(3,593)	(3,593)	(3,726)	(3,726)

VisitScotland's financial assets and liabilities that are valued at fair values are defined as follows:

Estimation of fair values

Level 1	quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	inputs other than quoted prices included within level 1 that are observable for the asset or liability (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3	inputs for the asset or liability that are not based on observable market data (i.e. unobservable market inputs).
	All material VisitScotland financial assets and liabilities are defined as level 3 instruments.

The following methods and assumptions were used to estimate fair values:

Trade and other receivables	The fair value is deemed to be the same as the carrying value, less any provision for impairment.
Cash and cash equivalents	The fair value is deemed to be the same as the carrying value.
Trade and other payables	The fair value is deemed to be the same as the carrying value.
Other borrowings	The fair value is deemed to be equal to the net present value of future lease payments.

Financial instruments

Interest rate sensitivity analyses

Loans

Cash and cash equivalents

VisitScotland operates within the Government Banking framework and by so doing does not engage in depositing monies outwith the framework. As a consequence, there is minimal interest receivable on its daily banking receipts and therefore the sensitivity analysis previously applied to monies held on deposit, and shown for illustrative purposes only, is no longer considered to be necessary.

d. Currency risk

VisitScotland is exposed to currency risk on transactions and balances that are denominated in currencies other than sterling. Where practical, VisitScotland enters into agreements in its functional currency in order to minimise currency risks.

VisitScotland is exposed to currency risk from its activities conducted overseas, but does not enter into any hedge arrangements, and does not consider such currency risk to be material.

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Provisions

GROUP	McCloud provision £'000	Dilapidation provision £'000	ROU Dilapidation provision £'000	Pension provision £'000	Total £'000
At 1 April 2021	37	636	-	49	722
Utilised	-	(614)	-	(4)	(618)
Charged	-	-	-	-	-
At 31 March 2022	37	22	-	45	104
At 1 April 2022	37	22	-	45	104
Utilised	-	-	-	-	-
Charged	-	430	73	2	505
At 31 March 2023	37	452	73	47	609

VisitScotland is liable for the pension associated with past chairmen, and the provision is adjusted, as necessary, to account for the timing of payments, and the resultant annually discounted liability.

The provision for dilapidations is where we have a liability for dilapidations charges and a cessation event within 12 months, however we do not have an exit date confirmed or exit planned.

The McCloud provision is in relation to the June 2019 outcome following the hearing of the UK government appeal against the ruling that transitional protections built into new pension schemes are age discriminatory. This provision has been created as the potential liability has not been reflected in the pension liabilities as presented in the IAS 19 note. VisitScotland has consulted with its actuary and have concluded that the judgement only affected LGPS schemes with a potential liability of £37k. Management have reviewed this and agreed to include a provision for £37k in the Balance Sheet since 31 March 2021.

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Losses

	Group		VisitScotland	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Total losses for the year were:				
Trade bad debts written off	-	141	-	141
At 31 March	-	141	-	141

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Capital commitments

As at 31 March 2023 there were no capital commitments (2022: none).

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Contingent liabilities

The impact of the change in accounting policy in 2012 with regard to the treatment of Government grants etc., was such that the grants will no longer be held in reserve with amounts being released over the life of an asset. However, there remains the possibility that, until the official timeline expires in respect of a number of the grants that have been received, there may be a requirement to repay a proportion of such grants in the event that the associated assets were to be sold or the nature of their use was to be changed.

The valuation of LGPS pension liabilities at 31 March 2023 does not include an allowance for a potential 'past service cost' in light of the Lloyds judgement on guaranteed minimum pension (GMP) equalisation. At this point in time, VisitScotland is unable to reliably quantify an associated contingent liability.

The valuation of pension liabilities at 31 March 2023 do not include an allowance for a potential liability in light of the Goodwin judgment. At this point in time, VisitScotland is unable to reliably quantify an associated contingent liability.

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Related party transactions

VisitScotland is a Non-Departmental Public Body (NDPB) sponsored by the Scottish Government, which in turn, is regarded as a related party. During the year VisitScotland has had various material transactions, excluding Grant-in-Aid, with the Scottish Government, and with other entities for which the Scottish Government is regarded as the parent body. The Highland Council is the entity with which we have had material transactions throughout the year.

Details of material transactions with other Government bodies and companies where Board members, Directors and senior staff have an interest are disclosed as follows:

Representative	Company name	Role	Nature of supply	Sales to £'000	Debt balance £'000	Purchase from £'000	Creditor balance £'000
Carolyn Churchill	Chartered Institute of Public Relations	Member	Events and training	-	-	-	0.98
Malcolm Roughead	SCDI	Board Director	Membership fee	-	-	-	4.00
Malcolm Roughead	University of Strathclyde	Member of Court	Research studentships	5.99	-	-	25.54
Paul Bush	Commonwealth Games Scotland	Chair	Event sponsorship	12.00	-	-	-
Rebecca Brooks	UKInbound Ltd	Non-executive Director	Conference stand	-	-	-	18.17
Rebecca Brooks	Scottish Tourism Alliance	Non-executive Director and Trustee	Conference tickets	-	-	-	0.12
Rob Dickson	Royal Highland Agricultural Society	Member	EventScotland grant award	-	-	-	30.00

With the exception of the transactions described above, none of the other Board Members, key management staff, or other related parties, has undertaken any material transactions with VisitScotland during the year.

The nature of VisitScotland's operations and the composition of its Board make it very likely that transactions will take place with companies or other organisations in which a member may have an interest. All transactions involving companies or organisations in which a member may have an interest are conducted at arm's length in the normal course of business and in accordance with VisitScotland procurement guidelines and expenditure approval limits.

2023 Cycling Worlds Limited

Details of material transactions during the period with related parties, where Board members, directors and senior staff, have an interest, are disclosed, as follows:

Representative	Company Name	Role	Nature of Supply	During year ended 31 March 2023		As at 31 March 2023			
				Expenses from £000	Sales to £000	Included within Trade Debtors £000	Included within Trade Creditors £000	Included within Accrual £000	Included within Deferred Income £000
Colin Edgar	Glasgow City Council	Head of Communications	Funding	-	3,750	-	-	-	4,228
Stuart Turner Steven Elworthy Jon Dutton	UK Sport*	Major Events Specialist/ Funder UK Sport board nominated Directors of company	Funding	-	1,500	6	-	-	2,112
Billy Garrett	Glasgow Life	Director of Sport, Events, Libraries & Communities	Event Partner	1,023	1	2	-	-	-
Shanaze Reade **	Off Limits Entertainment Ltd	Employee	Ambassador Role	18	-	-	-	1	-
Craig Burn*** Tom Bishop	Scottish Cycling	Previous CEO Past President	Supplier	75	-	-	90	-	-
Forbes Dunlop**** Stewart Harris	SportScotland	Chief Executive Officer Former CEO	Supplier	4	-	-	-	4	-
Stuart Turner *****	Sports Consultancy Ltd	Associate	Supplier	20	-	-	-	-	-

* Steve Elworthy represents UK Sport on the board as nominated Director and was succeeded by Jon Dutton.

**In her role as Ambassador, Shanaze Reade has also incurred expenses of £1,475 (year ended 31 March 2022 - £1,165).

***Craig Burn is Director of Strategy and Policy and Impacts within Cycling World Championships. Previously, he was Chief Executive Officer of Scottish Cycling until 31 March 2021. He also resigned as Director of Scottish Cycling Events Limited (a subsidiary of Scottish Cyclists' Union) on 25 May 2022. Additionally, current employee of 2023 Cycling World Championships Limited, Tom Bishop, is immediate Past President.

**** Forbes Dunlop, Director of 2023 Cycling World Championships Limited – succeeding Stewart Harris, is CEO of SportScotland. The company has been supplied medical advice from SportScotland.

***** Stuart Turner, Chief Operating Officer is also a Director of Purple Moon Event Services Ltd. Through this company, he is an associate of The Sports Consultancy Limited.

