

# VisitScotland Group Annual Report and Accounts

for the year ended 31 March 2022

# Our highlights

## OMICRON BUSINESS SUPPORT

- Top-up grants paid out across **10 of our business support funds**
- 2 new funds** launched
- 2,257 businesses** supported
- £27.51m** paid out to businesses



## SCOTTISH TOURISM RECOVERY PROGRAMME

- 7 projects** delivered by VisitScotland
- 89 inbound businesses** with a combined **£155m** turnover in Scotland supported
- 144 visitor attractions** supported through **Days Out Fund**
- 73 destination organisations** supported
- 100 new EV charge points** funded
- 1,387 adults and children** benefitted from a break in Scotland through **ScotSpirit**



## CONSUMER MARKETING

**£461.7m**  
Gross  
Economic  
Activity



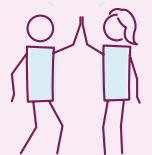
**£17.8m**  
Net  
Economic  
Impact



**£10.6m**  
Gross  
Value  
Added



**220**  
Full  
Time  
Equivalent



# Key events

April 2021	National lockdown begins to ease across Scotland, with hospitality and tourism businesses, including our iCentres, allowed to reopen from 26 April
May 2021	Launch of £3 million Destination & Sector Marketing Fund
June 2021	Glasgow hosts the UEFA Euro 2020
July 2021	East Lothian hosts the 2021 abrdn Scottish Open
August 2021	Angus hosts the 2021 AIG Women's Open
September 2021	Launch of £6.5 million global marketing campaign, Scotland is Calling
October 2021	Launch of Scotland's UNESCO trail Launch of £4 million cross-agency Destination Net Zero programme Launch of £4 million Days Out Incentive Fund
November 2021	Launch of £1.4 million ScotSpirit Holiday Voucher scheme Glasgow hosts COP26
December 2021	Restrictions due to COVID-19 Omicron strain, impacting on events and tourism industry
January 2022	Administration of £27.5 million funding begins to tourism and businesses to mitigate impacts of Omicron Start of Scotland's Year of Stories 2022 Omicron restrictions ease
March 2022	End of Scotland's COVID-19 related travel rules for arrivals from abroad

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# Performance Report - Overview

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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.



# Chairman's foreword

This year our focus has been on recovery. VisitScotland has led in supporting tourism and events across Scotland through the early phase of pandemic recovery and has laid a strong foundation for recovery through collaborative efforts across marketing, industry support and funding activities.

Our role now is to continue to promote that recovery in line with our responsible tourism ambitions and those of the national tourism strategy, Scotland Outlook 2030. We will continue to grow our contribution toward the National Strategy for Economic Transformation (NSET) and its vision of a wellbeing economy.

We know that consumers are hungry for authentic and sustainable travel experiences; interests that Scotland is well-placed to capitalise on. VisitScotland is already proactive in this space, delivering responsibly themed campaigns and developing Scotland as a world leader in responsible tourism.

During November 2021 Glasgow hosted the 26th United Nations Climate Change Conference (COP26) which was a pivotal moment in the global response to the climate emergency. As host, Scotland was front and centre as the conference served as an important catalyst for progressing Scotland's leadership and our industry's transition to net zero.



The Rt Hon. the Viscount Thurso

*Despite all the challenges of the pandemic, the strengths of Scotland's tourism and events industry are still very much alive, with innovative product, entrepreneurial businesses, and great people at the heart.*

I'm particularly proud that VisitScotland was a drafting member and founding signatory of the Glasgow Declaration on Climate Action in Tourism - a global call to action galvanising our industry around a common target and commitments. We cannot tackle climate change alone as we need collaboration at both local and international levels.

Another major event is set for Glasgow and Scotland next year with preparations well under way for the 2023 UCI Cycling World Championships; the world's biggest cycling event and the first of its kind. The event will stimulate the visitor economy and bring people together. Beyond that, ambitious policy aims will encourage behavioural change across Scotland from now until long after the event.

A strong pipeline of events is important for our economy, for communities, and for supporting individual wellbeing. Work undertaken this year to bid for and secure major events and conferences will help to generate these benefits for the future and ensure long-term recovery, whilst further enhancing Scotland's reputation as the perfect stage for events.

Despite all the challenges of the pandemic, the strengths of Scotland's tourism and events industry are still very much alive with innovative product, entrepreneurial businesses, and great people at its heart.

I would like to pay a special tribute to all those people across the industry, and at VisitScotland, who have worked so hard during these uncertain times.

Finally, I am grateful for the support and contribution of my Board colleagues as well as for their commitment and wise counsel. Two members – Stephen Hagan and Cathy Craig – stepped down during this period and I thank them for their expertise and valuable contributions during their time on the Board. With my Board colleagues I would also like to thank Malcolm Roughead, the leadership team, and all the staff at VisitScotland for their tremendous hard work and dedication during this year of rebuilding and recovery.

# Chief Executive's statement

2021/22 was a mixed picture for Scotland's tourism and events industry. There were challenges, including new COVID-19 strains and ongoing international travel restrictions, however some positives also began to emerge, with business resembling something closer to normality. This year's annual report outlines the breadth of work which has contributed towards our core purpose as an organisation: To deliver a strategic and coordinated approach to supporting the rebuilding of the visitor economy in a responsible way, to ensure that tourism thrives. Of course, we haven't been able to do this alone and we have been proud to work so closely with partner organisations, Scottish Government and others to support the response to the pandemic. This has included chairing the Scottish Tourism Emergency Response Group (STERG) where key agencies and sector groups collaborated effectively to drive the recovery.

An important element of VisitScotland's work this year was vital business support funds in response to the Omicron variant which emerged over the winter. These funds provided lifeline support at a time when attendance numbers were capped at events and businesses suffered a slew of cancellations.

Another focus for the organisation was delivery of seven projects as part of the Tourism Recovery Programme, funded by Scottish Government. These provided support in the short term, while accelerating the medium to long term recovery of the industry - all in line with our responsible tourism ambitions.

Major live events resumed during this reporting year, a milestone moment in recovery for Scotland's events industry. The Event Industry Advisory Group (EIAG) was an important forum for the sector during this period, coordinating a collective voice for Scotland's events and festivals. Research this year demonstrated the contribution of events to Scotland's wellbeing, showcasing how they bring people together and contribute to a sense of local pride. These findings will stand the sector's future recovery in good stead, growing its contribution toward the Scottish Government's priority of a wellbeing economy.



Malcolm Roughead OBE

*As both tourism and events restarted, the message that they are a force for good rang truer than ever.*

As both tourism and events restarted, the message that they are a force for good rang truer than ever. Their role in people's wellbeing, supporting the economy, sustaining communities and protecting the environment has been rightly recognised over the past year; and this is why securing the recovery of our industry is so vital for Scotland's future.

My immense thanks go to VisitScotland staff who remained committed to supporting Scotland's tourism and events industry during this unusual year. Many were redeployed to work on new projects, outside of their norm, whilst others continued to deliver their usual roles during very different times.

Colleagues have also worked tirelessly to facilitate the re-opening of our iCentres and offices in a safe way and implement and embrace a hybrid model for office-based staff.

In particular, I want to thank Riddell Graham, who retired as Director of Industry and Destination Development in September after 45 years' service to Scottish tourism. The impact of his work across VisitScotland and the wider tourism industry, including his leadership of STERG throughout the pandemic, is immense.

As we look ahead, recovery will not be smooth or fast, as businesses face new challenges and continue to deal with the impacts of the pandemic. However, our industry is resilient, creative and of huge importance to Scotland's wider recovery from the pandemic. Tourism and events can lead the way in a responsible, green recovery and VisitScotland's work over the past year has laid these foundations.

# Statutory background

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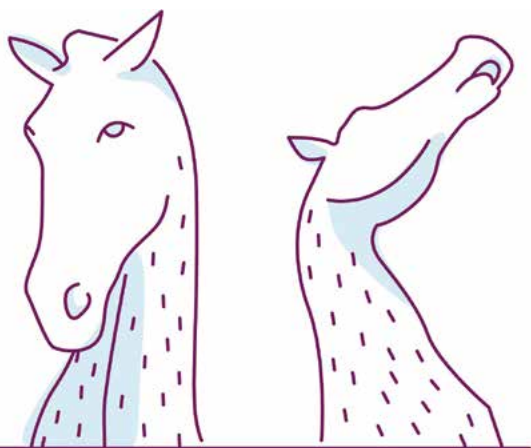
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## STATUTORY BACKGROUND

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

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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. The organisational structure has been summarised on pages 55-58.

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 pillars:

- 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 59-61). At the end of 2021/22, principal risks included:

## IMPACT ON THE INDUSTRY FROM THE PANDEMIC

Supporting the industry through recovering from the Covid-19 pandemic remains the top priority for VisitScotland. During 2021/22, we delivered £27.5m of business support grants through the Omicron funding. In addition to this, we delivered seven projects as part of the tourism recovery programme. Our role now is to continue to promote that recovery in line with our responsible tourism ambitions and those of the national tourism strategy, Scotland Outlook 2030.

## FINANCIAL AND BUDGET

VisitScotland continues to make the case for tourism with Scottish Government. However, in the current economic environment, it is likely that the organisation will see budget cuts in the coming years which will put pressure on our activities. Our focus is on ensuring that we look to futureproof the organisation through effective financial and workforce planning, alongside working with Scottish Government to ensure that the impacts of any future cuts are fully communicated within government.

## 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 61.

The financial statements have been prepared on a going concern basis (page 52).

# Performance Report - Performance Analysis

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Our core purpose is set out in the Strategic Framework and the activities undertaken by VisitScotland is 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

## CONSUMER MARKETING RECOVERY PROGRAMME

Summer 2021 represented a key opportunity for domestic recovery. We continued our Only in Scotland campaign but added Now Is Your Time messaging to convey a sense of immediacy, encouraging people across the UK to enjoy a day out or book a summer break in Scotland. A series of videos were developed and incorporated key themes of Days Out, Short Breaks, City Breaks, Gatherings, Escape and Responsible Tourism. Video distribution activity ran across paid social media and digital channels, delivering 4.6 million video views.

Publishing partnerships with Marie Claire and Conde Nast (GQ and Glamour) allowed us to reach new audiences via trusted lifestyle brands with inspirational Scotland content. Conde Nast delivered 12,308 article views with an average dwell time of 01:21 and Marie Claire delivered 40,267 article views with a strong 03:19 average dwell time, demonstrating high engagement and interest in Scotland.

Partnering with online travel agent Expedia allowed us to drive conversions. Activity delivered strong results with 74,600 room nights and US\$10.5 million bookings as a result of the campaign. The focus was on cities and insight showed 37.5% of bookings were for stays within up to six days. Social activity on Expedia reached 1.2 million with 20,000 engagements and a co-branded video achieved 6,600 views.

In line with our contribution to Scotland’s visitor management strategy, marketing encouraged domestic audiences to enjoy the country responsibly and respectfully. Broadcast activity with STV during peak summer period was successful in raising awareness of the importance of responsible tourism to Scots, via new video adverts featuring industry, visitors and locals,

with the creative hook "I love it, so I look after it". A total of 58% of all Scottish adults saw the activity at least once, with 40% seeing it more than four times. Post-campaign research showed of those who had seen the adverts, 80% of Scots residents agreed that the advertising motivated them to be more responsible when touring Scotland.

## CONSUMER INSIGHT PROGRAMME

To inform all recovery activity, a collaborative approach to research was developed by VisitScotland, VisitBritain, VisitEngland, VisitWales and London & Partners. Research was designed to give an indication of sentiment and travel intention from both UK and international markets. This was carried out frequently and results shared through channels such as VisitScotland.org and to the Scottish Tourism Emergency Response Group (STERG), providing timely insights on the prospects for recovery from key markets.

## EXPEDIA PARTNERSHIP



Conversions:

**74,600**  
room nights

US\$ **10.5m**  
bookings

Social:

**20,000**  
engagements

**1.2m**  
reach

### GOLF EVENTS RECOVERY

Despite the significant challenges posed by travel restrictions, Scotland lived up to its reputation as the home of golf by hosting four world-class elite tour events across both the men's and women's game, maintaining brand equity and advocacy for Scotland as a global destination and the perfect stage for events.

During summer 2021, our Events Directorate worked with partners to successfully stage three international golf tournaments across three local authority areas and, whilst the size and scale of each event differed, each event was delivered securely and safely in the context of COVID-19 restrictions.

The abrdn Men's Scottish Open took place at the Renaissance Club in East Lothian, with a limited number of spectators (4,000 per day) allowed on course. The event benefitted from Scottish Government exemptions on red list travel, close contact tracing and physical distancing as part of the Gateway Events programme, which allowed a small number of flagship events with COVID-19 protocols in place to take place during the summer period; all of which ensured the strongest player field in the history of the event.

In August, the focus was on two weeks of world-class women's golf with the Trust Golf Women's Scottish Open staged at Dumbarnie Links in Fife, and the AIG Women's Open staged at Carnoustie Golf Links in Angus; the latter welcoming up to 8,000 spectators per day across the four Championship days. This was also held under the Gateway Events programme.

Coverage of all three events was broadcast to more than 30 territories worldwide, including Golf Channel and NBC in USA, Fox Sports in Thailand and across Asia and Australia, and various platforms through China, Japan and South Korea. In

the UK, all three events were broadcast live exclusively by Sky Sports with live coverage of the Women's events provided free to viewers via the Sky Sports App and Sky Sports YouTube channel. Terrestrial highlights of the Men's Scottish Open and AIG Women's Open were on BBC channels One and Two.

### BUSINESS EVENTS RECOVERY

Our Business Events team continued to reinforce Scotland's position as one of the leading destinations for meetings, conferences, congresses and incentives. The Journey to Change campaign sustained momentum within Scotland and across international markets, ensuring Scotland was at the front of a new global perspective for business events. This work demonstrated the role of business events as not only essential contributors to the year-round visitor economy, but also as catalysts for economic and social transformation and a driving force for change.

With the sector broadly inactive until July 2021, we worked alongside venues, clients and stakeholders to ensure delivery of several conferences under the Scottish Government's Gateway Events programme, including the Edinburgh International TV Festival and the British Orthopaedics Society in Aberdeen.

As part of more traditional recovery activity, we exhibited with key strategic stakeholder partners at the first major tradeshows since November 2019 - IMEX America, Las Vegas, The Meetings Show, London and IBTM World, Barcelona.



# Supporting Scotland's Tourism and Events Businesses

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## SCOTTISH TOURISM EMERGENCY RESPONSE GROUP (STERG) LEADERSHIP

Throughout the period, VisitScotland continued to chair fortnightly meetings of STERG, made up of representatives of the three Enterprise Agencies, COSLA, Skills Development Scotland (SDS), the Scottish Tourism Alliance (STA), and the Scottish Government's tourism team.

The group continued to coordinate the COVID-19 response of key public agencies involved in tourism and provided a platform to share the current outlook and challenges facing the tourism industry.

Recovery support delivered by VisitScotland, and other STERG partners, focused on two core elements:

1. coordinating the delivery of the Tourism Recovery Programme, funded by Scottish Government and delivered by Government agencies.
2. administration of business support funds particularly during the Omicron wave in winter 2021/22.

We led on all communications activity for the STERG, working with public sector partners and industry stakeholders to ensure consistent messaging. We published regular updates on the Tourism Recovery Programme to showcase the work under way to provide a foundation for a sustainable recovery of the industry.

Staff from across the organisation were redeployed to work on funding and recovery projects throughout 2021/22, as these were core to our activity throughout the year.

## TOURISM RECOVERY PROGRAMME

The Tourism Recovery Programme was announced by the First Minister in March 2021. This programme represented initiatives over and above the scope of existing public agency funding.

It was the recommendation of STERG and the industry-led Tourism Task Force that projects in the programme would accelerate recovery in the short term, allowing tourism to contribute to communities and to the economy of Scotland once again.

The programme also set out to provide the foundation for a sustainable recovery of Scottish tourism in the medium to long term, setting tourism back on track towards the ambitions of Scotland Outlook 2030.

The recovery projects delivered were as follows (VisitScotland-led projects in bold, detail of projects covered on pp.15-18)

**[International demand building](#)**

**[Destination and sector marketing fund](#)**

**[ScotSpirit Holiday Voucher Scheme – social tourism](#)**

**[Days Out incentive scheme](#)**

**[Visitor management strategic infrastructure planning and delivery](#)**

[Tourism and Hospitality Talent Development Programme 2021/22 \(phase two\)](#)

[Leadership development to boost product innovation](#)

**[Destination Net Zero \[working with Enterprise Agencies\]](#)**

**[Scottish Tourism Observatory](#)**

[Investment models to support Scottish tourism recovery](#)

### INTERNATIONAL DEMAND BUILDING

This project had a two-pronged approach covering a major consumer-facing marketing campaign and administration of a new fund to encourage Scottish based inbound tour operators to promote responsible product internationally.

### GLOBAL CONSUMER MARKETING CAMPAIGN

Following the initial 2020 lockdowns, we needed to build international demand for Scotland in our key markets, providing inspiration to travel as borders began to open.

Using the £6.5 million funding, we launched a global campaign, Scotland is Calling, sending a message to the world that Scotland was open for businesses. Focusing on the unique experiences that visitors could enjoy across the country, and providing an important post-pandemic emotional connection, the campaign aimed to support recovery of tourism businesses as quickly as possible.

The campaign launched in September 2021 across UK, Germany, France, US, Canada and China, with Spain, Italy, Netherlands, Sweden, Norway and Australia incorporated from February 2022, as travel resumed after the Omicron variant restrictions. Inspirational videos of Scotland were shared across digital and social media channels as well as TV. We had 38 content partnerships working with the likes

of National Geographic and inspirational travel platform Matador and five Online Travel Agent (OTA) partners such as Expedia and C-Trip in China.

The campaign has been a huge success with over 101 million videos being viewed to the end. There were over 8.8 million sessions on VisitScotland.com – a significant year on year increase and 1.2 million page views of content articles on partner websites, with higher than usual engagement in the articles. Bookings through OTA partners attributable to the campaign equated to over US\$34 million value and over 151,000 room nights. International markets, in particular North America, are showing high demand for Scotland.

### INBOUND OPERATOR MARKETING FUND

Rebuilding travel from highly valuable international markets was a priority, and responsible tourism was at the heart of this approach for sustainable long-term growth. The Inbound Operator Marketing Fund was developed to encourage Scotland-based inbound operators to promote responsible tourism tours either direct to consumer in priority markets or through work with tour operator partners. In total, £1.4 million in grants was awarded to Scotland-based inbound tour operators to promote Scotland tours in key international markets.

## SCOTLAND IS CALLING



**38 content**  
partnerships

**101m**  
video views

**8.8m**  
sessions on  
visitscotland.com

Contributed to:

**US\$34m**  
engagements

**151k**  
room nights

## SCOTSPIRIT HOLIDAY VOUCHERS



**505 breaks funded**

**1,387 adults & children benefitted from a break in Scotland**

### DESTINATION & SECTOR MARKETING FUND

As COVID-19 restrictions eased, consumer sentiment trackers indicated strong intentions from the UK market to book and take an overnight stay or short break in the UK. Scotland featured strongly as a destination for the UK market and offered a clear opportunity to help support the immediate recovery of the industry. The Destination & Sector Marketing Fund was developed to enable a collaborative sector and destination led approach to facilitating a sustainable recovery to put Scotland front of mind for domestic consumers.

The Destination & Sector Marketing Fund and subsequent top-up supported 73 destination organisations and tourism sector groups across Scotland with over £4.5 million worth of funding to develop and promote unique visitor propositions to a domestic audience. The fund operated across three tiers offering different levels of awards. Tier one was open to the cities and offered the largest level of award, tier two was open to regional destination organisations and national sector groups with tier three available for local destinations and regional sector groups.

As part of the application process applicants were asked to develop visitor propositions and experiences that were unique to their destination or sector, crucially ensuring that they were reflective of responsible tourism principle and post-COVID-19 consumer trends.

Campaigns from groups from across Scotland included Glasgow Life's Music Nonstop, highlighting the huge variety of Glasgow's music offer, Argyll & the Isles Tourism Cooperative encouraging visitors to consider 'pedaddling' around the region taking advantage of the extensive cycling and water-

based activities in the area, and the popular dog friendly Woof Hostelling campaign from Hostelling Scotland. The fund has provided a huge amount of regional and sector focused content that VisitScotland and partners will continue to use and amplify throughout our own activity

### SCOTSPIRIT HOLIDAY VOUCHER SCHEME

For this scheme, £1.34 million was made available to support visitor attractions and accommodation operators to provide subsidised short breaks or day trips to low-income families and unpaid carers in Scotland who have been adversely affected by the pandemic. The trips have taken place since October 2021 and are running to December 2022. From the start of the programme in October 2021 until the end of March 2022, 82 visitor attractions and 138 accommodation providers had signed up to participate in the scheme.

To identify those in the greatest need of a break, we worked in partnership with several charity partners: Family Holiday Association, Shared Care Scotland and a network of 23 regional Carer Centres across Scotland. Up until the end of March 2022, 506 breaks were funded during the period and 1,387 adults and children benefitted from a break or day visit in Scotland.

Case studies and testimonials showcased the impact of the programme on business and on the families and carers. The scheme was positively received by participating businesses which found that it had helped generate additional occupancy and revenue. The beneficiaries reported that the scheme had encouraged them to take a supported break and their health and wellbeing had improved as a result.

## DAYS OUT INCENTIVE FUND

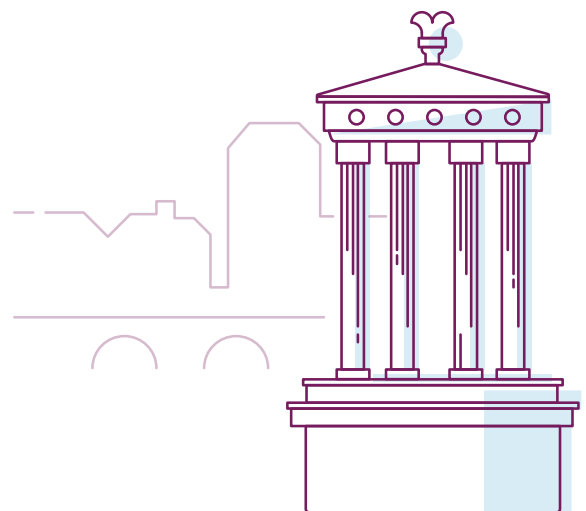
The Days Out Incentive Fund provided support to visitor attractions, outdoor experiences and day tour operators to encourage visits, rebuild consumer confidence, and address the challenge of low demand by stimulating spend on quieter days and encouraging more off-season and non-peak activity uptake. In total, 144 visitor attractions, activity providers and day tour operators across all regions benefitted from £1.6 million grant award funding, with over 240 days out offers featured on VisitScotland.com.

To promote these Great Days Out offers, we delivered a Scotland-targeted marketing campaign reaching over 1.1 million across national and regional media, including paid social, press, radio and digital adverts plus our owned channels promotion. The campaign was positively received by participating businesses who reported that the scheme provided valuable winter trade.

## STRATEGIC TOURISM INFRASTRUCTURE DEVELOPMENT PLANS

A further £1.1 million of funding was provided for the development of 24 Strategic Tourism Infrastructure Development Plans and 16 design grants for projects which will potentially be ready for construction by April 2023. The development and delivery of the Strategic Tourism Infrastructure Development Plans and the associated design work will continue into 2022/23 with 18 Local Authority and National Park areas preparing long term strategic infrastructure plans.

These plans will provide the priorities for the Rural Tourism Infrastructure Fund (RTIF) investment over the next five years. RTIF is managed by us and funded by the Scottish Government to support projects focused on improving the visitor experience in places facing pressure because of visitor numbers. RTIF will support the aims of the National Strategy for Economic Transformation (NSET) by providing essential visitor infrastructure which will support the development of regional businesses and economies.



**£1.1m funding provided**  
**24 plans developed**  
**16 design grants**  
**Across 18 Local Authority & National Park areas**

### DESTINATION NET ZERO (DNZ)

Supporting the transition to a low carbon economy and achieving Scotland’s target to reach net zero by 2045 is a key objective in VisitScotland’s Responsible Tourism Strategy. The DNZ programme was a core piece of activity to deliver the strategy this year.

Our DNZ projects used £700,000 of the total programme budget and consisted of research to develop robust evidence and a baseline for the sector, developing advice on taking climate action and providing funding to support our businesses and destinations.

The £325,000 EV charge point fund will contribute to around 100 new charge points, improving the visitor experience, future-proofing the businesses and Scotland as a destination.

The £60,000 Sustainability Certification Scheme Fund for Tourism Recovery has encouraged around 150 businesses to join sustainable tourism certification schemes. This will help increase their sustainability activity and promotion to their increasingly green conscious customers, enhancing Scotland’s reputation as a responsible tourism destination.

Our Insights department also undertook research in relation to the carbon reduction strand of responsible tourism.

One project researched Scottish tourism businesses’ views, to gain an understanding of their attitudes and actions towards a carbon neutral economy.

Another project, a report titled The Economic Cost of Carbon Emissions within Scottish Tourism, aimed to establish a baseline measurement of carbon emissions and impact with an established and trusted model. This could then be applied in future to measure the change in impact as policies and strategies to reduce the carbon footprint of tourism take effect.

### SCOTTISH TOURISM OBSERVATORY

The aim of the Observatory was to provide a resource where data relevant to Scottish tourism could be easily found and used.

Following in-depth research into the data needs of partners, tourism businesses and organisations, a website was designed and built, backed up by data pipelines to process, analyse and visualise data for sharing on the website. The initial phase up to March 2022 focused on using data that was already available. The continuation of the project will focus on increasing the breadth of data made available through the website.

Stakeholder engagement is a key part of the project. An Industry Advisory Group provided advice and guidance on development choices, together with the Steering Group comprising ourselves, the enterprise agencies and Scottish Government. The project was delivered by a small group, led by our Insight team, who continue to work on the next phase.



**100 new charge points**

**150 businesses joined sustainable tourism certification schemes**



### OMICRON BUSINESS SUPPORT FUNDS

In addition to the recovery projects, a vital source of support for industry in 2021/22 was the delivery of lifeline funding directly to businesses.

In December 2021, the Scottish Government provided emergency funding for businesses in the tourism and events sector that were experiencing cancellations due to the rapid spread of the Omicron variant. This provided vital financial support for businesses, helping them manage the significant impact of the new guidelines and limitations on the number of people attending events.

### TOP-UP FUNDING | TOURISM

The businesses directly affected by the COVID-19 restrictions put in place in December 2021 due to the Omicron variant, and who had previously received funding from the funds detailed below during 2020/21, received top-up payments from the funding allocated by Scottish Government:

- Inbound International Fund
- Day Tours Fund
- Coach Fund
- Destination and Sector Fund
- Hostels Fund
- Marine and Outdoor Fund
- Visitor Attraction Fund
- Events Industry Support Funds 1 & 2
- Pivotal Events Business Fund

Over 2,160 top-up payments to a total value of £26.85 million were made across the above funds.

### OMICRON BUSINESS SUPPORT FUND | TOURISM

Following feedback from tourism industry sectors and recognising a funding gap for a small number of tourism businesses in these six sectors, this fund was established to support those businesses who missed out on former 2021 funding and therefore could not receive top-up payments.

In total, £448,000 was paid out to 74 businesses.

**Top up grants paid out across 10  
of our business support funds**

**2 new funds launched**

**2,257 businesses supported**

**£27.51m paid out to businesses**

### EVENTS INDUSTRY SUPPORT FUND 3 | EVENTS

In March 2022 a new fund also launched which provided support to events businesses who had previously not had access to COVID-19 event funding support and who had to cancel or postpone events between 8 December and 31 March 2022. This fund awarded 14 business support grants totalling £211,500, further protecting the livelihoods of many working within the sector.

### INDUSTRY COMMUNICATION

Our industry-facing channels were a key source of information for tourism and events businesses throughout the year.

This ranged from COVID-19 information, guidance and support to funding information to advice on becoming a more responsible business. To communicate this we used a combination of channels: VisitScotland.org, which provides information and guidance to almost 400,000 users, e-newsletters, events and webinars and targeted social media.

**Over the year, we sent 37 dedicated COVID-19 Tourism Insider e-newsletters to 14,000 recipients.**

We also focused on regional activity, sharing blogs from our Regional Directors and running takeovers on our social media channels, to demonstrate how VisitScotland is supporting regions. These covered 11 regions, including a spotlight on Glasgow, the South of Scotland, the Highlands and Ayrshire and Arran.

### THE RETURN OF LIVE EVENTS

The gradual easing of COVID-19 restrictions and the vaccine roll-out enabled an opportunity for a return of live events in summer 2021, reinforcing the importance of human interaction, connection and shared experiences.

In 2021, our EventScotland team worked in collaboration with the Scottish Government, and event sector partners to deliver a programme of nine flagship Gateway events which demonstrated that Scotland was still functioning as a host for world class events. This included Edinburgh International Festival, Trust Golf Women's Scottish Open, TRNSMT, and UEFA Euro 2020.

The return of the Edinburgh Festivals, albeit with reduced programmes, during August 2021 was a significant moment, signalling the resumption of events and showing that there was a strong appetite to attend live events once again.

In addition to the COVID-19 recovery programmes which included Scotland's Events Recovery Fund (SERF), we continued to support events through its existing International programme, and its National Events programme which relaunched in January 2022, offering both visitors and locals the opportunity to enjoy a diverse portfolio of events encompassing music, culture and sport. As well as helping to drive domestic tourism, the events also provided social and economic benefits to local communities across the country.

### CASE STUDY: EVENT INDUSTRY ADVISORY GROUP (EIAG) LEADERSHIP

Over the reporting period, the EIAG met on 15 occasions and during that time it continued to represent the sector and highlight its value across both the economic and health and wellbeing agendas. The group had a particular focus on securing continued support for events and advocating for their safe and sustainable return.

Additional meetings were also held across a range of different priority workstreams and working groups including Innovation and Good Practice, Event Sector Stimulus, and Health and Wellbeing, with this workstream taking a lead role in The Contribution of Events to Scotland's Wellbeing research project. Developed with our Insights department and published in October, the research reinforced the important role that events play in Scotland's social fabric.

The diverse membership of the EIAG allowed it to collectively represent the views of the wide-ranging industry, communicate the challenges facing businesses and advocate the importance of the sector to Scotland, particularly at a government level through regular dialogue with Ministers. This focused on a range of topics including COVID-19 vaccination certification, financial support, best practice, baseline mitigations and guidance, event insurance, Standard Industry Classification (SIC) codes, and workforce and supply chain challenges. There were significant achievements for the group over the year, including working with Scottish Government to support the return of in-person events, assisting with the development of relevant guidance for this return, and running free industry webinars to ensure that best practice was shared across the wider sector.

### SCOTLAND RECONNECT 2021

Following the cancellation of VisitScotland Expo 2020 and the success of virtual B2B events, VisitScotland delivered Scotland Reconnect 2021 on 27 -29 April 2021. This virtual event brought together Scottish tourism businesses and international buyers to discuss product development and contracting to support longer term growth and recovery. This is the only travel trade series that exclusively promotes Scotland as a visitor destination and enables Scottish businesses to connect with key buyers to help rebuild Scotland's valuable tourism industry.

This event had strong attendance with over 298 Scottish suppliers and 341 international buyers connecting in a series of one-to-one meetings, panel sessions and networking over the course of the three-day event generated over 7,000 engagements. The event programme included virtual experiences featuring The Real Mary King's Close, Deanston Distillery, Once Upon a Whisky, Kitchen, Coos and Ewes alongside regional destination showcases.

**3 day event**

**341 international buyers**

**7,000 engagements**

# COP 26



## Planned and delivered Scotland's Climate Ambition Zone

60  
events

2,400  
in-person  
attendees

3,000  
virtual  
attendees

### RESPONSIBLE TOURISM

Responsible tourism focuses on a collaborative approach for re-building and growing the value of tourism, in a way that makes better places for people to live and visit. In line with Scotland Outlook 2030, our vision is for Scotland to be a globally recognised leader in 21st century tourism.

Our approach to developing Scotland as a responsible destination focuses on four key objectives, outlined in our responsible tourism strategy developed this year:

- Supporting Scotland’s transition to a low carbon economy
- Ensuring tourism and events in Scotland are inclusive
- Ensuring tourism and events contribute to thriving communities
- Supporting the protection and considerate enjoyment of Scotland’s natural and cultural heritage

### COP26

The United Nations’ COP26, hosted in Glasgow in November 2021, provided a clear opportunity for us to increase engagement and accelerate the development of low carbon responsible tourism and events practices. It allowed us to collaborate with key national and international partners and increase the global profile of the organisation and showcase Scottish tourism’s leadership.

In the run up to and during COP26, several events and activities were delivered by teams across the organisation, addressing internal, national and international audiences.

### GLASGOW DECLARATION

The Glasgow Declaration on Climate Action in Tourism is a global initiative launched at COP26. As a member of the committee which drafted the Declaration, VisitScotland is a signatory to the Declaration which commits us to cutting tourism emissions at least in half over the next decade and reach net zero as soon as possible before 2050.

The Declaration builds on the commitment made in 2020 when we signed up to the Tourism Declares initiative. And it has further boosted collaboration with strategic partners nationally and internationally to share ideas and best practice, and find, influence, and promote solutions together.

### SCOTLAND’S CLIMATE AMBITION ZONE

For COP26 itself, VisitScotland’s Events and Exhibitions team planned and delivered Scotland’s Climate Ambition Zone (SCAZ), based out of The Lighthouse in Glasgow. This was the Scottish Government’s principal stakeholder hub outside of the COP26 Blue Zone, with the purpose of showcasing Scotland’s best practice and empowering stakeholders to take climate action. Events took place virtually and in-person, with 60 events over the course of COP26 involving 2,400 in-person and 3,000 virtual attendees.

As well as the delivery of SCAZ, teams across the organisation presented events at The Lighthouse and online:

- **Scotland: Destination NetZero:** launched and promoted the Net Zero tourism recovery programme to a national audience, with speakers including our Chairman, key delivery partners and advisors and best practice industry examples.
- **Catalysing A Decade of Climate Action in Travel and Tourism:** delivered in collaboration with international partners Travel Foundation, Tourism Declares and the NECSTouR. The event followed the launch of the Glasgow Declaration and showcased the work of VisitScotland and the partners, as well as a panel of six further senior destination representatives. The event had a global reach, attracting 185 attendees from 50 countries.
- **The Journey to Change: The Role of Business Events in Sustainability & Social Sustainability:** highlighted the role business events have in creating positive change in society to tackle the climate crisis and drive equality.
- **Shaping a Responsible Future with Scotland's Tourism Industry:** targeted at global travel trade with focus markets of North America (East) and Europe. Four Scottish industry speakers showcased trade ready, responsible products.

## INCLUSIVE TOURISM

Developing and implementing the inclusive tourism strategy was a priority during 2021/2022. Through an industry engagement programme and sharing presentations with

organisations such as Fife Conference, Association of Visitor Attractions and Association of Scottish Self-Caterers, we identified opportunities to inform and share best practice on reassuring, and welcoming, disabled visitors post pandemic. Through collaboration with Euan's Guide, Tourism for all and the Carer's Charity, VOCAL in June 2021, insights from customer research helped to shape the advice and support offered to businesses across our engagement channels.

In October 2021, in support of Glasgow's ambition to become the most accessible destination and to assist in the creation of specific content highlighting the availability of accessible product, a pilot project was undertaken with AccessAble. Detailed access guides for a selection of venues in the city were produced and then used to create an accessibility itinerary and publish on to VisitScotland.com. The pilot has been well received and plans are under way to expand the project to cover four regions of Scotland.

For the first time, VisitScotland and VisitEngland were hospitality sponsors for the Purple Tuesday event in November 2021. Purple Tuesday focuses on driving customer service improvements for disabled people in the UK.

We introduced a new feature within individual business listings on VisitScotland.com to improve information provision, supporting those with specific access requirements to plan their holiday. Through collaboration with AccessAble, an icon and link has been added to the individual business' access guides and this is featured within a predominate area on the business' web listing. Users of the site can now search for venues which have a detailed access guide and over 500 guides were added to the site in 2021/22.



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

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

## VISITOR MANAGEMENT MARKETING AND COMMUNICATIONS

We work in collaboration with national partners to deliver a Scotland-wide cross-agency, strategic and coordinated approach to visitor management. This formal joint working was set up in 2020, in response to an increase in issues in rural and coastal areas, such as irresponsible camping and unsafe parking.

To address the challenges, during 2021/22 we delivered a series of dedicated campaigns to inspire and educate ‘novice’ outdoor adventurers and visitors in how to enjoy Scotland responsibly through social media, out of home (including petrol pump and billboard advertising), influencer, TV, radio, and publishing activity. It is estimated that at least 83% of adults in Scotland saw or heard this responsible tourism activity.

A second phase of activity was launched before Easter 2022 to continue to encourage visitors – particularly younger audiences - to explore Scotland responsibly. Keep Scotland Unspoiled uses social media, radio, and influencer activity to educate, inspire and inform visitors about issues such as water safety, fire safety, dog control and the need to adhere to the Scottish Outdoor Access Code – all in a humorous way.

We worked with top travel influencers who created content for their channels, allowing us to relay the responsible messaging in an authentic way to their audiences. We also ran paid activity on TikTok and other Gen-Z-focused channels.

## TOURISM AS A FORCE FOR GOOD

We launched Tourism as a Force for Good (TFFG), through press and social media activity on a new insights research paper into the emotional benefits of tourism. This received widespread coverage in national and regional print and broadcast media.

As part of the activity, we added a new VisitScotland.org page with some excellent case studies illustrating TFFG in action as well as regional stat factsheet e-postcards. We published a LinkedIn blog from our Chief Executive and covered this within our e-newsletter. VisitScotland.org has seen more than **8,400 views of this content, LinkedIn had more than 8,000 impressions across two posts and the hashtag has seen more than 4.8 million impressions.**

We worked with partners on STERG to promote support for tourism, particularly during Scottish Tourism Month in March. This included opinion pieces from our Chief Executive in The Herald and from Regional Directors in a further 10 media outlets recognising the resilience of the industry and encouraging the public to support its recovery.

This was supported by spokesperson interviews with national and regional broadcast outlets including BBC Scotland and STV. We launched Working in Tourism as part of our activity around TFFG to support measures to address the continued staffing crisis across Scotland’s tourism industry. This included a series of case studies showcasing the range of jobs, told by individuals who work in the sector.

We launched a series of stakeholder engagement meetings with MSPs to highlight tourism as a force for good. These provided an opportunity for politicians to meet business owners and our own teams in a bid to enhance understanding of the value of tourism, to the economy, to wellbeing and to communities.

Research among Scotland residents provided useful findings for the TFFG activity. Our Insights department carried out three waves of research amongst residents in Scotland to understand their attitudes to major strategic issues in the context of COVID-19. These covered holidays in Scotland, climate change and responsible tourism, and attitudes to tourism in their area.

### RURAL TOURISM INFRASTRUCTURE FUND (RTIF)

The Rural Tourism Infrastructure Fund was established by the Scottish Government and the fund is managed by VisitScotland on its behalf. RTIF supports the responsible tourism agenda by providing sustainable long-term solutions to infrastructure issues resulting from increasing visitor numbers in conjunction with local partners and communities.

In 2021/22 **£7.1 million of funding was awarded to 10 new projects** including the sustainable Transport Hub at Doune, Port Ellen Motorhome Facilities on Islay and the Gairloch Beach Toilets on the North Coast 500 route. **This brings the total level of investment by RTIF to £16.3 million supporting 66 projects across 16 rural Local Authorities and both**

### National Park Authorities.

During 21/22, ten RTIF projects were completed, including the following:

- Viewpoints on the NC500 Bealach Na Ba route to improve access and pressures on this key stretch of the NC500.
- Storr Toilets and visitor facilities on Skye to meet the needs of visitors.
- Toilets and Waste Disposal point at Mallaig and Traigh where the local community has worked with VisitScotland and the Council to address visitor management issues along the Morar Corridor.
- The footpaths and bridge at Doune linking the village to Doune Castle which will improve the accessibility of the site and bring added economic benefit to the local businesses.
- Footpaths for walkers and cyclists at Criffell in Dumfries and Galloway and the Lochindaal Way from Port Charlotte to Bruichladdich in Islay.



## CASE STUDY: UNESCO TRAIL

The world's first ever UNESCO trail, bringing together some of Scotland's most iconic, diverse and culturally significant sites, was launched in October 2021.

Scotland's UNESCO Trail brings the country's 13 place-based UNESCO designations, including World Heritage Sites, Biospheres, Global Geoparks and Creative Cities, together to form a dedicated digital trail. It aims to take visitors on a cultural journey across the country experiencing everything from history to science, music, design and literature to nature and cityscapes.

Scotland is the first nation in the world to create such a pioneering initiative. It was developed through a unique partnership between VisitScotland, the Scottish Government, the UK National Commission for UNESCO, Historic Environment Scotland, NatureScot, the National Trust for Scotland and Scotland's 13 UNESCO designations.

Designed specifically to support ambitions to make Scotland a world-leading responsible tourism destination, Scotland's UNESCO Trail encourages visitors to stay longer, visit all year round, make sustainable travel choices, explore more widely and at the right time of the year. In turn, visitors contribute to the sustainable quality of life of those communities surrounding the designated sites.

The digital trail, available on our consumer site VisitScotland.com, showcases the breadth of culturally astounding UNESCO designations on offer across Scotland, providing information and inspiration to visitors across the world. It also celebrates businesses and communities that are committed to responsible tourism business practices and sustainable travel options. A partnership with Green Tourism will see tourism operators based within the UNESCO designations given the offer of reduced membership fees over a three-year period.

The trail has been promoted across VisitScotland and partner channels with plans for a targeted marketing campaign to potential UK, French and German visitors being developed for autumn 2022.

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## INFORMATION STRATEGY

On 26 April we reopened the iCentre network for the second time during the pandemic and began data gathering to ensure we could support local business and attractions and deliver accurate visitor information on what was open and ready to accept visitors.

Our retail team began working with local entrepreneurs and crafters again to help them rebuild and encourage sustainable working practices. We promoted and sold their products through our ShopLocal initiative across the iCentre network.

Those staff who were not redeployed onto funding administration continued to deliver business as usual, supporting growing visitor numbers with their information enquiries. The iCentre teams kept in touch with local business and industry to ensure latest information was continually shared and from this created stronger working relationships.

Our online messenger enquiry team kept up to date with the changing Covid restrictions, keeping our visitors informed and helping them to understand the new rules on arrival and during their trip to Scotland. Along with the iCentre staff, they also supported local business promoting the Days Out campaign, encouraging new and local visitors to take up the discount opportunity to explore the local area, guiding them to the attraction websites to book tickets.

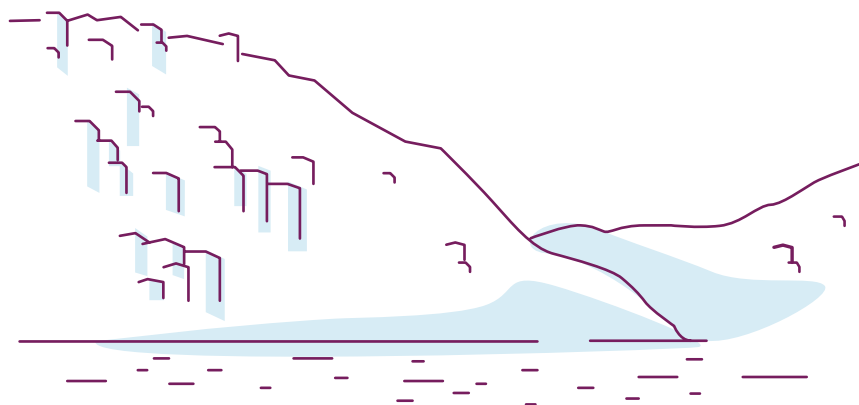
### THEMED YEARS

The collaborative platform provided by Themed Years has proved to be a strong tool for recovery across the tourism and events sectors. The decision to roll our Year of Coasts and Waters (YCW) into 2021 was important, allowing us to maintain excellent engagement with grantees and partner organisations who were able to continue to maximise the potential of YCW to support recovery. Twenty eight out of 35 supported events were delivered, with strong attendances and engagement reported despite the ever changing, complex and restricted event delivery environment. As a result, over 617,000 attendances were reported at in- person events, with over 165,000 attending online.

Working collaboratively, the YCW marketing and communications campaign continued to promote responsible tourism with positive nature-based images of Scotland at home and internationally. Our National Geographic campaign delivered a global reach of 7.82 million; the Water Wellness campaign engaged both industry and consumers with the videos achieving over two million views and destination and sector groups actively engaged across the themes of the year with dedicated campaigns from West Coast Waters and Sail Scotland and YCW themed content created by groups including Welcome to Fife and The Coig.

Year of Stories 2022 was launched in September 2021 with a focus on showcasing the diversity of Scotland's stories. It has achieved extensive engagement across communities, providing a platform for recovery for tourism and related businesses to work together, multiplying their efforts by using the shared thematic in their own campaigns and activity – key partners include Publishing Scotland, Literature Alliance Scotland, Creative Scotland, Scottish Tourism Alliance, Association of Scottish Visitor Attractions and The Scottish Tourist Guides Association. Working in partnership with National Lottery Heritage Fund and Museums Galleries Scotland the events programme has funded over 200 events: 181 community projects, supported through the £740,000 Community Stories Fund and 21 larger events funded through the £600,000 Open Fund.

**28 events delivered**  
**617,000 in-person attendees**  
**165,000 virtual attendees**





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## UNBOXED: CREATIVITY IN THE UK

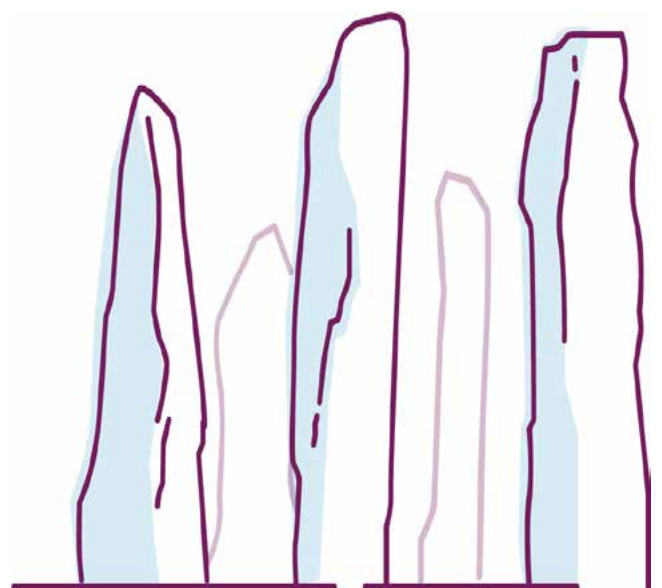
UNBOXED: Creativity in the UK is a UK-wide programme of creativity and innovation delivered throughout 2022. It features ten major, multi-site and digital creative projects that share new ideas and possibilities for the future. Planning took place during 2021/22 with events and activities taking place from 1 March to 2 October 2022. Five of the creative projects are presenting work across Scotland.

UNBOXED is funded by the four governments of the UK, and VisitScotland was appointed by the Scottish Government as is responsible for directly commissioning and managing Scotland's contribution to the programme, the Dandelion project, alongside supporting the four other UNBOXED projects visiting Scotland during 2022.

Dandelion is a new initiative, inviting people all over the country to get growing, sharing and celebrating food, music, and ideas, in and with their communities. Rooted in Scotland, with sustainability at its heart, Dandelion follows the arc of the growing season from April to September 2022, featuring events, festivals and community engagement all across the country.

In 2021/22, our activity across UNBOXED included oversight of Dandelion's constitution as a limited company, the growth of its team, and development of its programme and strategic direction.

Other core activity included input into the strategic planning, brand development and consumer-facing launch of the UNBOXED programme in October 2021, and the successful promotion and delivery of its first event, About Us, which welcomed audiences of approximately 50,000 to Paisley, in March 2022.



Enhancing our organisation insight,  
capability, planning and compliance

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# Enhancing our organisation insight, capability, planning and compliance

Through our activity this year, we've sought to maintain the momentum of our transformation programmes, make enhancements to our organisational processes and gain value from our insight programme.

## MARKETO IMPLEMENTATION AND NEW CAPABILITY

We know that trip planning is non-linear and that people spend a long time searching for, watching and clicking on content to help with their planning. When people use third party (non-VisitScotland) platforms, they generate data which we can use, but the best way we can assist them is by building a relationship directly. Marketing automation provides ways for customers to give us data directly, so we can better assist them in the moment to solve their problems faster.

Since March 2019 we have been rolling out our new marketing automation platform – integrating our email, website and paid social marketing. Social media users who opt-in to our email marketing now receive their first personalised email in minutes, down from days.

Customers can review and update the personal information they have provided us, and if it looks like we can help someone more, we can ask them a specific question then tailor their social newsfeed, email content and even the VisitScotland.com website to suit them better. Tests with personalised emails saw customers 60% more likely to click on links. We can use artificial intelligence to analyse the journeys our customers take around our content and then make recommendations to people who are at the start of one of these journeys.

Throughout the implementation process, brand and accessibility standards have been baked into new content templates, compliance with the Data Protection Act has been ensured with the provision of templates and documented processes, and personnel have been empowered with greater access and freedoms through more structured governance.

The coming year will see us begin scaling the ways we seek to understand and respond to customer needs, applying a methodical test and learn approach to steadily grow the return on investment from the platform.

## CONSUMER DATABASE (CCRM) SYSTEMS

Work to update our CCRM systems has continued with the project split into multiple phases to expedite progress.

Current elements are the format, transfer, and load of data from supplier files into CCRM (ETL) and the Data Warehouse build - to store email behaviour data to allow for long term trends analysis. Work on ensuring cookie compliance of digital channels has also continued.



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### VISITSCOTLAND.ORG ONGOING DEVELOPMENT

As restrictions changed in response to the evolving pandemic, the VisitScotland.org content team continued to develop, curate and consolidate the latest industry information and guidance on critical topics such as funding and recovery support.

This continued to cement the site as the go-to place for tourism and events businesses looking for up-to-date advice, with more than 200,000 views of our COVID-19 section over the period.

As businesses started to look towards recovery, the team worked with colleagues internally to develop our responsible tourism content, creating a new section to support businesses to grow sustainably and rebuild tourism in line with the goals of Scotland Outlook 2030.

We also worked to update our Quality Assurance content and a new enquiry form was developed, simplifying how businesses find out about and apply for Quality Assurance.

We continued to improve usability of the site by making it even easier for assistive technology such as screen readers to navigate the content and worked on ensuring businesses could find this content easily through search engines like Google.

Our investment in the site meant that demand remained well above pre-pandemic levels, with traffic 35% higher than 2019-20 (398,000 vs 296,000 users).

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### BUILDING RESILIENCE

As a public sector organisation, it is essential that we plan effectively and build resilience into every aspect of what we do to ensure best value. Two key elements of planning which have become invaluable over the past few years are business continuity and our investment in IT infrastructure. The work carried out, pre pandemic, to move the organisation to Cloud-based collaborative systems, provide mobile devices to staff, and many years of business continuity planning, enabled staff to transition very quickly to work from home when required.

The business continuity function within VisitScotland is led by our Facilities department and a business continuity group includes representatives from across the organisation including HR, Communications and IT. In 2021/22 the continued focus of this group has been on ensuring that staff are supported as much as possible and have the correct equipment and set-up to allow them to carry out their roles. Over the past year we have ensured that our offices are open and safe for staff to be able to work collaboratively and in line with our new hybrid working policy.

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## SECURITY ENHANCEMENTS

The purpose of cyber resilience is to help prevent cyber-attacks, data breaches, identity theft, to aid risk management and to have processes in place to help incident response. The importance of cyber resilience across Scotland's public sector has never been greater. Digital technologies bring enormous opportunities for organisations, but they also bring new threats and vulnerabilities that we must manage.

This year we continued extensive work to improve our security, which includes recommendations contained in the Scottish Government Cyber Action Plan and subsequent Cyber Framework. We carry out regular exercises, audits and post incident reviews, each of which enable us to identify further areas for improvement.

Vulnerability Management is now in place and processes have been built around this to enable increased visibility of vulnerabilities and effectively investigate and resolve them. An industry leading solution was chosen and has been invaluable in successfully remediating various zero-day critical vulnerabilities.

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## NEW RETAIL SYSTEM

During 2021/22 we implemented a new retail and Electronic Point of Sale (EPoS) system to meet the changing needs in our iCentres. The system has enabled a new approach to retail sales and information provision, allowing staff to move from behind the counter and provide a service to customers anywhere within the iCentre.

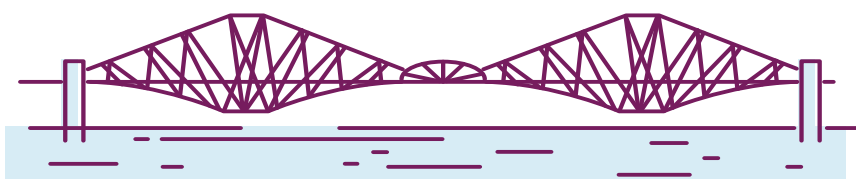
This is achieved using new portable tills and tablet devices for information provision, connected over Wi-Fi. The new system is Cloud-based offering modern front and back-office functionality which is continually refreshed and improved.

## INSIGHTS

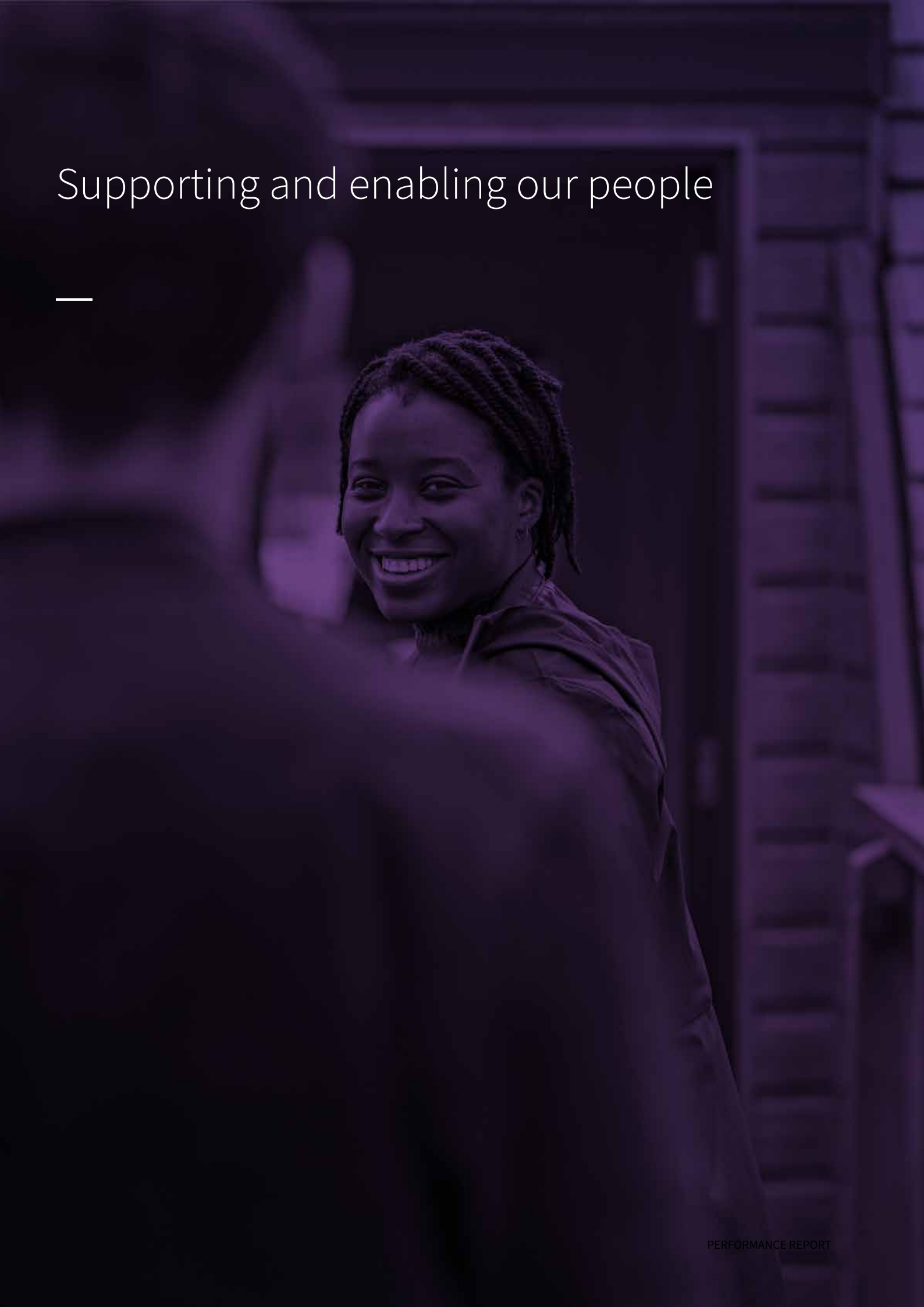
Our Insight Department continued to deliver an ongoing programme of research and analysis to build and share knowledge, to support activities across the organisation.

The Scottish Tourism Observatory was an important part of our work in improving organisation and industry insight in 2021/22. See page 18 for a summary of this project.

The Observatory will continue to develop in 2022/23.



# Supporting and enabling our people





# Supporting and enabling our people

The VisitScotland People Strategy 2021-2024 focuses on building our reputation as a leading, world class employer, offering opportunities for the best talent in Scotland.

Over the last year we continued to deliver a range of services and initiatives that attract exceptional people and provide them with opportunities that continually develop their skills and capabilities. The work we do around our people is aligned to the Strategic Framework and the Scottish Government Fair Work model ensuring we attract, lead, nurture and reward our staff in a way that ensures high levels of engagement, performance and loyalty.

While we continued to balance staff wellbeing and operational needs throughout the COVID-19 pandemic, the business moved to a modern, progressive hybrid work model. This encourages employment opportunities across Scotland with a focus not on where you work but on what you deliver for the business. As a business that needs highly skilled digital and technical skills, international language capabilities and other specialist knowledge, we continued to work hard in a challenging labour market to meet the needs of the business, working in collaboration with academia, recruitment agencies and others to promote, attract and retain staff.

With an increased number of Graduates, the retention of our Modern Apprenticeship programme, a refreshed Future Leaders' Programme and succession planning activities we retained our Gold Investors in Young People award, reflecting the importance we put on growing our own talent for current and future success. We continued to set ourselves ambitious targets in increasing the diversity of the organisation and reaching out to an audience across Scotland, the UK and beyond.

## CASE STUDY: YOUTH EMPLOYMENT

'Growing our own' talent is a core element of our People Strategy. It is important to us that we give those employed in one of our youth development schemes the opportunity to continually develop their skills and experience and ensure they make a valuable contribution to the business. In 2021 our youth employment strategy evolved, recognising the need to combine business priorities and address key challenges in the UK labour market. With a growing demand in-house for digital and technical skills against a backdrop of a competitive and shrinking labour market our newly structured two-year Graduate programme was introduced aimed primarily at candidates seeking a career in digital and IT. This approach has allowed us to work with partners, including academia, to bring young talent into VisitScotland.

In year one of our new youth engagement programme, we employed six graduates and three Modern Apprentices in disciplines including social media, digital delivery and IT user support. Another six graduates will join the programme in 2022. The programme offers participants formal qualifications and accreditations, experiential learning and mentorship. Their experience has been shaped in the hope they can be retained within the business at the end of the programme and continue their career with us.

One of our greatest successes has been the progression of IT graduates and Modern Apprentices, several of whom have completed their programme and moved into permanent roles in VisitScotland where they continue to develop their professional knowledge.

A fantastic example of our ‘grow our own’ approach can be seen in our cyber security team. As a business-critical area for VisitScotland, we created a pipeline of cyber security talent using two graduates to support our Cyber Security Specialist. We hired a graduate in 2018, who has since progressed within the business and is now employed as an IT Infrastructure Engineer, learning about Cyber Security with the experience and mentorship of a more senior member of staff. Our most recent IT graduate hired last year has been shadowing both IT infrastructure and Cyber security specialists to continue to build resilience and create robust succession plans.

### STAFF ENGAGEMENT AND COMMUNICATIONS

The Corporate Communications department works closely with HR and Facilities to ensure clear and consistent messaging particularly on wellbeing and sustainability themes. This has included regular updates on hybrid working and the re-opening of offices. We also focused on our iCentre teams with stories on new starts, property refurbishments and special events like Burns Night.

We have supported wellbeing with online interactive sessions on yoga and mindfulness; articles on support groups and regular emails from our CEO and Chair highlighting the importance of work-life balance.

We posted over 100 stories on our intranet on topics including Equality and Diversity; the Green Car scheme; our work with PawPrint app focusing on carbon footprint awareness; Climate Week and our popular litter pick where 170 staff covered 770 miles. A successful microsite with more than 200 views was set up by the Staff Innovation Group with information and tips for a more sustainable Christmas.

These activities all supported the broader objectives of the organisation and the industry around responsible tourism.

We introduced VS Legends encouraging staff to nominate colleagues who had made lockdown easier and we had 356 nominees (via 86 nominations).

With many staff still unable to have everyday connections, in spring 2022 we created the VS Virtual Watercooler offering staff a 10-minute virtual meeting with colleagues they may not yet know. We set up 300 meetings enabling 92 colleagues to network in a hybrid world. The initiative scored 4.6 out of 5 in feedback from participants.



Over 100 stories posted on our Intranet  
356 nominees for VS legends  
300 Virtual Watercooler meetings

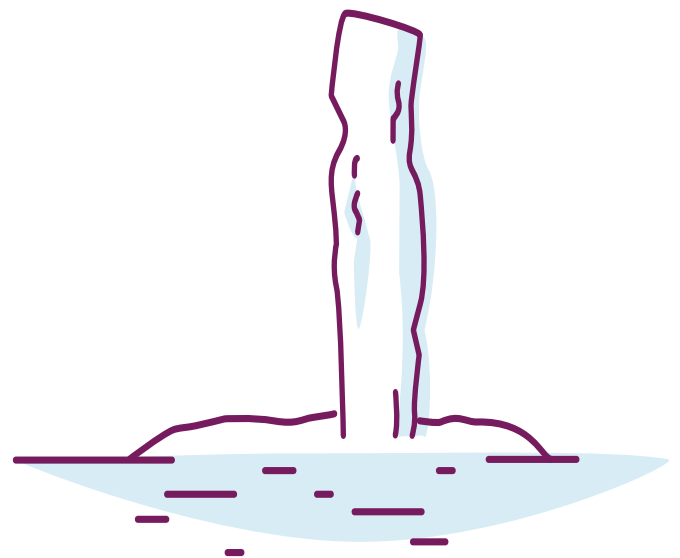
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## INFORMATION ESTATE ENHANCEMENTS

Throughout the year we carried out a range of improvement works to enhance our information estate. The £250,000 investment, from our capital expenditure budget, has allowed us to upgrade interiors and improve our shop fronts in iCentres across the country. This work has resulted in a more consistent look and feel across the estate, improved our facilities for staff and helped them to deliver information and advice using a range of tools from traditional leaflets and guidebooks to handheld tablets. Our new interior layouts, coupled with the increased use of mobile technology, allow staff and visitors to mingle more freely and has helped to deliver a more seamless and modern customer experience.

**East region:** In September our Dundee iCentre relocated to V&A Dundee and now occupies a small space in Locke Hall. In St Andrews we upgraded the lighting, improved the heating system and enhanced all internal signage and graphics. Perth and Pitlochry iCentres benefitted from external signage enhancements and improved internal information displays. Inverness also received some small enhancements to the shop front.

**West region:** In Aberfoyle improvements were made to the staff areas as well as upgrades to the signage and information displays. In Oban and Ullapool our signage was enhanced, and we completed interior upgrades including new information graphics and retail fixtures and fittings. In Balloch we enhanced the shop front, improved the internal signage whilst reflooring, redecorating and upgrading the heating and lighting on the first floor to create a new office area. Our iCentre in Stirling benefitted from new exterior signage and some improvements to the small back-office area



# 2023 UCI Cycling World Championships

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# 2023 UCI Cycling World Championships

The 2023 UCI Cycling World Championships is an opportunity for VisitScotland to lead and deliver the creation, planning and delivery of a brand-new event that will be the biggest celebration of cycling ever held, truly making an impact on the global stage.

Following the signing of the historic Long Form Agreement with the UCI, Scottish Ministers delegated rights and responsibilities for bringing 13 UCI World Championships together into one mega event to VisitScotland.

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.

While 2020-21 established a strong foundation in preparation for the planning and delivery of a world-first event, 2021-22 has been about building momentum. Working with the UCI and principal funding partners (Scottish Government, Glasgow City Council and UK Sport) as well as host partners British Cycling, significant progress has been made across the organisation.

Key milestones include marking the Two Years to Go moment in August 2021 by announcing the five Glasgow-based venues and locations which will host Championships: George Square, Kelvingrove Park, Glasgow BMX Centre, the Sir Chris Hoy Velodrome and Emirates Arena.

In September 2021 Dumfries and Galloway was announced as host of the Para-cycling Road World Championships, while Stirling was unveiled as the location of the Time Trial in March 2022. September also saw the first opportunity to engage all 201 international federations with a presentation at the UCI Congress in Leuven, Belgium.

Inspired By projects continue to be developed, positively impacting local communities such as the £8m Cycling Facilities Fund, made possible through a new £4 million commitment from Scottish Government and £4 million from sportscotland through National Lottery funds.

During COP26 an event was held in Scotland's Climate Action Zone featuring expert speakers including Chris Boardman and panellists from a range of sectors showcasing The Power of the Bike and the impact it can have in tackling climate change. 2023 Cycling World Championships Limited also announced its commitment, as a climate champion, to running the event in a sustainable manner and signed up to the UN Sports for Climate Action Framework.

During the 2021/22 financial year, there were two further appointments to the Board: Rachael McKechnie as the nominated member for the Scottish Government, replacing Bettina Sizeland, and Shanaze Reade extending her tenure as a co-opted independent director for the lifetime of the company. As a truly national event, the Board has also sought to engage with local partners and stakeholders with Board meetings taking place across the country.

The key announcement of our Championships dates was formally made in February 2022, quickly followed by the first visit of UCI President David Lappartient and Director General Amina Lanaya in March to inspect a number of the venues and locations. Sir Chris Hoy was also unveiled as an Event Ambassador to mark 500 Days to Go and to spearhead *Champions of the Worlds*, a key engagement campaign for Scottish cyclists.

The first Scottish Government Gateway Review for 2023 Cycling World Championships Limited took place in March 2022, with ten recommendations identified for implementation to support the successful delivery of the event and its policy ambitions.

Significant progress has also been made with transforming the innovative Hub and Spoke delivery model into a reality through the development of Local Organising Committees for the Championships with Local Authority and multi-agency partners, and the opportunity for local organisations to deliver events taken to market. Formal announcement of successful appointments is expected early in 2022-23.

# Key performance indicators

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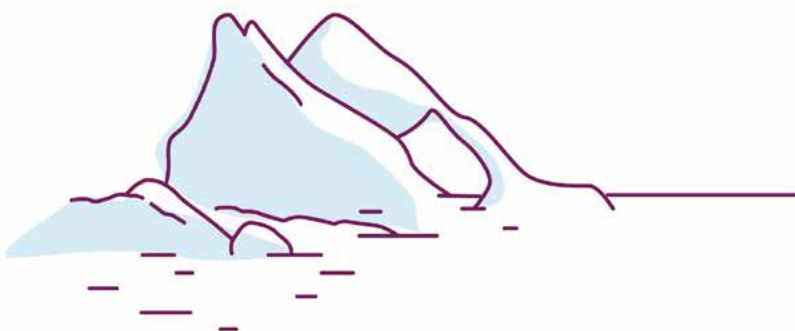
VisitScotland's success in delivering sustained benefits to the Scottish economy is supported by a number of performance measures.

## Economic Performance

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.

A full list of economic indicators for the year would normally be summarised in the table overleaf to demonstrate VisitScotland's performance, however, for 2021/22 only certain activities were measurable in this way.





The table below provides the net economic activity of VisitScotland assisted activities and projects in 2021/22. The assessment has been prepared using VisitScotland's Economic Measurement Framework which accords with best practice economic appraisal and evaluation guidance.

VisitScotland Interventions	2021/22			Pre Covid (2019/20)		
	NEI £m	GVA £m	FTE Jobs	NEI £m	GVA £m	FTE Jobs
International Consumer Marketing - Short Haul/ Europe	N/A	N/A	N/A	14.0	9.1	208
International Consumer Marketing - Long Haul/ Europe	N/A	N/A	N/A	8.8	5.7	132
Rest of UK & Ireland Consumer Marketing	15.0	9.4	194	20.0	13.0	296
Scotland Consumer Marketing	2.0	10.6	220	1.2	0.7	17
<b>Consumer Marketing Total</b>	<b>17</b>	<b>10.6</b>	<b>220</b>	<b>44.0</b>	<b>28.5</b>	<b>653</b>

#### EVENT SCOTLAND

International Programme	N/A	N/A	N/A	80.1	48.0	1,597
Beacon Programme	N/A	N/A	N/A	1.5	0.9	22
National Programme	N/A	N/A	N/A	1.1	0.8	16
Golf Programme	N/A	N/A	N/A	2.9	0.8	54
Clan Events	N/A	N/A	N/A	1.1	0.7	17
Scotland's Winter Festivals	N/A	N/A	N/A	1.4	0.9	21
<b>EventScotland Total</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>88.1</b>	<b>52.1</b>	<b>1,727</b>

#### NATIONAL BID FUND

National Bid Fund	N/A	N/A	N/A	30.0	14.7	389
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#### ROUTE DEVELOPMENT

Route Development	N/A	N/A	N/A	18.8	13.0	295
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#### EXPO

2019 Exhibitor Impact	N/A	N/A	N/A	2.0	1.4	31
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#### SCOTTISH GOLF TOURISM WEEK

2021 Exhibitor Impact	12.1	7.6	157	N/A	N/A	N/A
2019 Exhibitor Impact	N/A	N/A	N/A	1.9	1.2	29

#### QUALITY ASSURANCE SCHEME

Includes investment in: Facilities; Fittings; Staff Development; IT; Marketing & 'Other'	N/A	N/A	N/A	9.1	6.3	142
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# Key policy objective

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## NATIONAL POLICY CONTEXT

VisitScotland provides a significant contribution to Scottish Government's economic development objectives. This section demonstrates how VisitScotland contributes to:

- The National Outcomes in Scotland's National Performance Framework as set out in Scotland's Wellbeing – Delivering the National Outcomes
- The National Strategy for Economic Transformation (NSET), launched on 1 March 2022, sets out the priorities for Scotland's economy as well as the actions needed to maximise opportunities to achieve the Government's vision of a wellbeing economy over the next ten years. We will report against our NSET contribution more fully in 2022/23 given the timings of its launch in relation to the 2021/22 reporting dates

## SCOTLAND'S WELLBEING – DELIVERING THE NATIONAL OUTCOMES (2021/22)

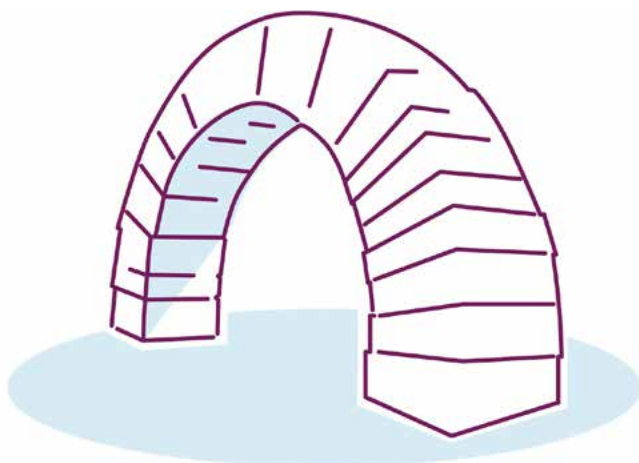
Scotland's National Performance Framework (NPF) sets out the following overall purpose and vision for Scotland:

**Our 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..*

**Our 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 .*

Scottish Government recognises that in light of COVID-19, it is increasingly important to be guided by the vision and values of Scotland's NPF and the UN Sustainable Development Goals. Short-term solutions to the crisis are steered by the longer-term vision in the NPF.

The NPF identifies broad National Outcomes that reinforce the purpose and provides measures on how Scotland can assess progress. Although the work of VisitScotland has been affected enormously by the pandemic, contribution to the NPF has still been made in key areas:



NPF National Outcome	VisitScotland Contribution	Scale of contribution
<p><b>Economy</b> We have a globally competitive, entrepreneurial, inclusive and sustainable economy</p>	<p>Under normal circumstances 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>Though we could resume some business-as-usual activity in 2021/22, the tourism and events landscape and our own core business remained focused on supporting the recovery of the industry. VisitScotland administered £37.5m of funding to support tourism and events businesses across Scotland. This included top-up funding in response to Omicron restrictions along with Scotland's Events Recovery Fund and several recovery projects funded by Scottish Government's Tourism Recovery Programme. This work has helped safeguard the majority of tourism related jobs and businesses throughout the COVID-19 pandemic.</p>	<p>Strong contribution</p>
<p><b>International</b> We are open connected and make a positive contribution internationally</p>	<p>VisitScotland has retained its position on the global stage despite ongoing uncertainty linked to COVID-19. VisitScotland has maintained a global presence through a range of activities, including PR and marketing opportunities, with key international stakeholders, events (virtual and in-person) and showcasing Scotland and B2B activity with intermediaries.</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 actively 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>During the pandemic these relationships have continued both on and offline.</p>	<p>Strong contribution</p>

<sup>1</sup> The scale of contribution has been agreed between management and VisitScotland's economist based on available evidence as at August 2022. The scale provides an indicative indication of VisitScotland's contribution (negligible; appropriate to strategic aims, moderate and strong) and is not based on a technical scoring approach. The assessed contribution has however been reviewed and approved by management.

NPF National Outcome	VisitScotland Contribution	Scale of contribution
<p><b>Poverty</b> We tackle poverty by sharing opportunities, wealth and power more equally</p>	<p>In 2021/22 we launched the ScotSpirit holiday voucher scheme to create a more socially sustainable and inclusive tourism industry while supporting recovery. This enabled operators to provide subsidised 2–3-night breaks or day trips to low-income families and unpaid carers in Scotland who had been adversely affected by the pandemic. 506 breaks were funded during the period up to the end of March 2022 and 1,387 adults and children benefited from a break or day visit in Scotland.</p> <p>VisitScotland also 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. We collaborate with organisations such as Euan’s Guide, VOCAL, Tourism for All and Purple Tuesday.</p> <p>During 2021/22 VisitScotland administered Business Support funds to help safeguard businesses and jobs in the industry. These funds were designed to ensure that financial packages went to businesses facing hardship due to the pandemic.</p> <p>VisitScotland is also a Scottish Living Wage employer.</p>	<p>Strong contribution</p>
<p><b>Fair Work &amp; Business</b> 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>

NPF National Outcome	VisitScotland Contribution	Scale of contribution
<p><b>Health</b> We respect, protect and fulfil human rights and live free from discrimination</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 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><b>Culture</b> 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, including through the recovery funds. Activity includes 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>
<p><b>Children</b> 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. VisitScotland, through it's EventScotland department 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><b>Communities</b> 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 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>

NPF National Outcome	VisitScotland Contribution	Scale of contribution
<p><b>Human Rights</b> 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><b>Education</b> 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>
<p><b>Environment</b> 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"> <li>• Taking action to reduce carbon emissions and encouraging Scotland's tourism industry to consider and address their carbon footprint.</li> <li>• Working collaboratively with the Scottish tourism and events industry to educate and share best practice around effectively reducing carbon emissions.</li> <li>• Playing a lead role in the development of Scotland as a globally recognised responsible destination.</li> <li>• Engaging communities to ensure they are at the heart of our responsible tourism future.</li> </ul> <p>Through our internal sustainability programme, VisitScotland has achieved an 87% reduction on CO2 emissions from its base year, which exceeds the current 2030 target. In addition to this 95% of our properties achieved Gold Green Tourism Awards.</p>	<p>Moderate contribution</p>



# 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 (progress to date – see overleaf).

VisitScotland also supports the work of Zero Waste Scotland and is working with all our sites to reduce waste and increase recycling. 2021/22 reflected a 91% reduction in waste from our baseline year, although as anticipated we showed an increase of 120% on the year prior, as more staff returned to office working.

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 95% of our sites (two remaining relocated offices will be assessed in 2022/23). This was an increase from 56% in the previous report.

In our previous report we mentioned the positive changes that have been carried forward from the impact of the pandemic. These continued into 2021/22:

Transport – our business travel increased during the reporting year reflecting our staff travelling to more events which had not taken place the year prior; however, the organisation is still embracing virtual activities, keeping travel to a minimum, with Teams the preferred way of meeting.

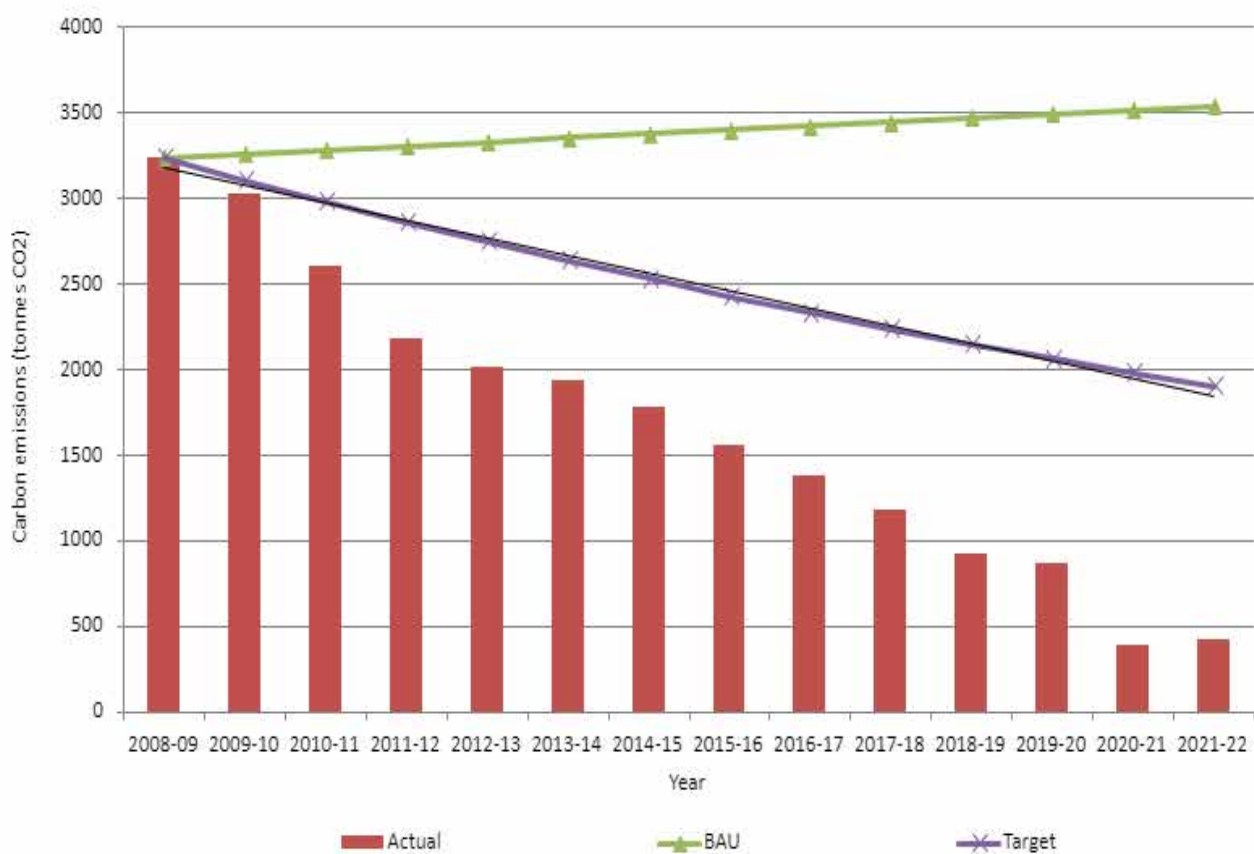
Commuting – with work from home guidance being the norm for most of the reporting year, our commuting emissions were minimal for office workers, although our iCentre workers returned from the end of April 2021. When our office locations reopened to all in March 2022, we returned on a hybrid working model which will continue to positively impact on our commuting emissions in the future.

Sustainable Office Practices - as our offices opened again, we produced a video and “know before you go” guide supporting our staff to enjoy a sustainable return to office working. Our messaging included considering alternative commuting and business travel modes by walking, cycling or using public transport and encouraging staff to bring in their own reusable cups and lunch bags. We also encouraged using online documents at any meetings that did take place to reduce our printing and a switch off campaign for screen, electronics, lights and printers. All these sections contributed to our overall emission reductions.



**91% reduction in waste from our baseline year**  
**95% of our sites achieved Gold Green Tourism Awards**

### Comparison of actual emissions with BAU increases and reduction targets predicted

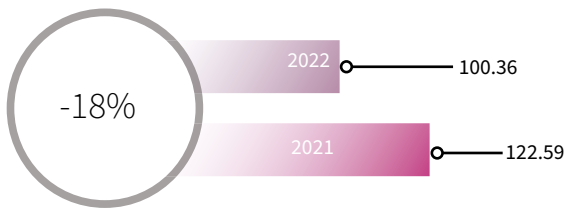


# Financial position

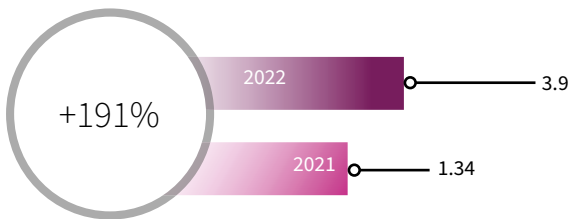
On 29 February 2020 VisitScotland established a wholly owned subsidiary, 2023 Cycling World Championships Limited to plan and deliver the inaugural event (page 39). In line with this, full group accounts have been prepared for VisitScotland Group which include transactions for 2023 Cycling World Championships Limited.

## GROUP INCOME

### RDEL cash resource (£m)

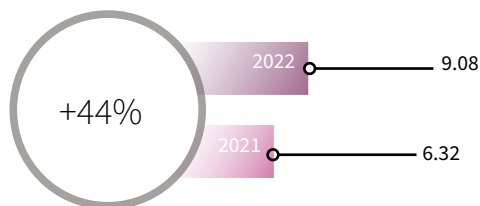


### Retail, commercial, and other income (£m)



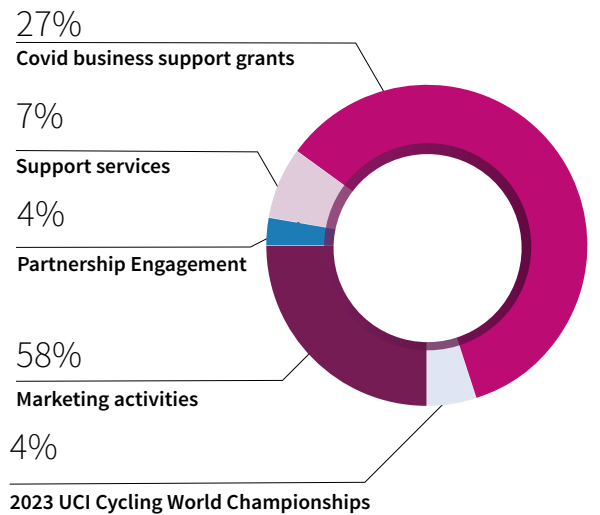
RDEL = Revenue Departmental Expenditure Limit

## CDEL CAPITAL (£M)

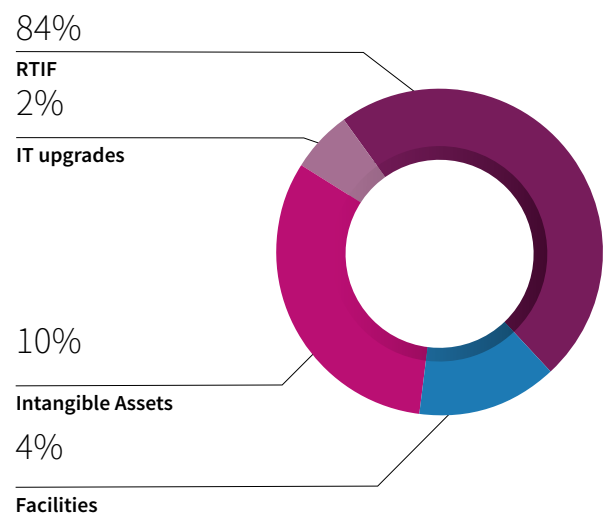


CDEL = Capital Departmental Expenditure Limit  
There was no capital spend in 2021/22 for 2023 Cycling World Championships Limited

## 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.

Throughout the 2021/22 Financial Year VisitScotland was working at pace to ensure adequate funding was provided to organisations in principally the tourism and events sectors to assist with the impact of COVID and specifically the Omicron variant. Scottish Government provided VisitScotland with an approved overspend of up to £25.8m, the demand led nature of these COVID funds meant VisitScotland utilised 76% of these funds with the balance retained by 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	41.5	1.0	1.4	-
Tourism Recovery (STERG)	-	15.4	-	7.6
Major Events	-	11.5	-	-
Sustainable Action Fund	-	0.5	-	-
COVID Emergency Funding	-	30.5	-	-
<b>TOTAL</b>	<b>41.5</b>	<b>58.9</b>	<b>1.4</b>	<b>7.6</b>
	-	100.4	-	109.4

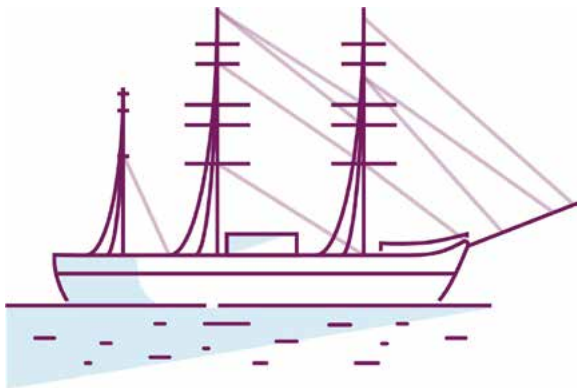
**GROUP RECONCILIATION TO RDEL**

<b>‘Cash’ outturn (RDEL)</b>	2022 VS	2022 CWC	2022 Consol Adj	2022 Group
Marketing activities	65.9	-	-	65.9
Partnership engagement	4.2	-	-	4.2
Support services	8.4	-	-	8.4
Covid Business Support Grants	30.5	-	-	30.5
2023 UCI Cycling World Championships*	1.5	4.3	(1.9)	3.9
<b>Total operating expenditure</b>	<b>110.5</b>	<b>4.3</b>	<b>(1.9)</b>	<b>112.9</b>
Non Cash including Depreciation	(1.9)	-	-	(1.9)
AME including Pension	0.6	-	-	0.6
Non cash RDEL including Holiday pay	0.4	-	-	0.4
Less: Capital Grants including RTIF	(7.6)	-	-	(7.6)
Contribution from Commercial Activities	(1.6)	(2.8)	0.4	(4.0)
<b>Net operating expenditure</b>	<b>100.4</b>	<b>1.5</b>	<b>(1.5)</b>	<b>100.4</b>
Funded by: Grant in aid (RDEL)	100.4	1.5	(1.5)	100.4

\* consolidation adjustments - adjustments that need to be made in the process of consolidation of group accounts (to eliminate intra-group transactions)

# Financial position

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## RESOURCE OUTTURN

### 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 2021/22 this core revenue grant amounted to £100.36m (2021: £122.59). This included £1.5m (2021: £3.6m) received for 2023 Cycling World Championships Limited.

Covid Business support expenditure amounts to £30.5m which represented 27% of gross expenditure for the year.

### RETAIL, COMMERCIAL, AND OTHER INCOME

The supplementary income generated, comprising Retail, Commercial, and Other Income amounted to £1.61m for VisitScotland, an increase of £1.07m. This includes £401k from Cycling Worlds in relation to services provided by VisitScotland.

A total of £4.3m was received in year for 2023 UCI Cycling World Championships. Of this, £1.5m was received as Grant in Aid with a further £3k 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 2021/22 this grant amounted to £9.8m (2021:£6.32m). Following in year adjustments, and capital disposals, total capital expenditure was £9.08m, with savings mainly achieved in respect of the delivery of the Tourism Data Observatory project.

The main capital projects for 21/22 were:

- Rural Tourism Infrastructure Fund
- Net Zero pathway
- IT hard ware and computer equipment upgrades
- Redevelopment of visitScotland.com

## 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 and write-downs. 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. AME spend in the year amounted to £5.2m (2021: £2.4m).

## 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 2022/23 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 2021 and 31 March 2022 shows that VisitScotland Group paid 85% of valid invoices received within 10 working days (2021: 85%).

*Malcolm Roughead*

**Malcolm Roughead OBE**

Chief Executive

VisitScotland

13 December 2022



# Accountability Report

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## 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

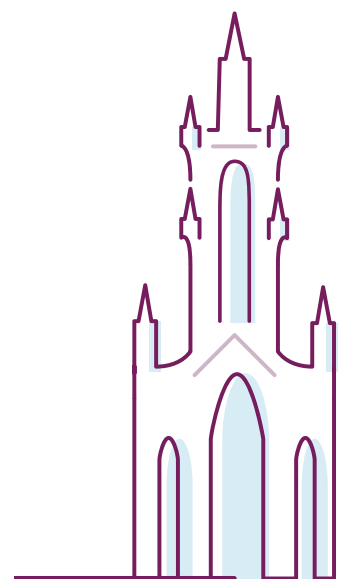
All Board Members work to the high standards of conduct outlined in The Ethical Standards in Public Life (Scotland) Act 2000. Each Board member also records publicly details of company directorships and other significant interests held on their Register of Interests.

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](http://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 2017 was Audit Scotland. The Auditor General has confirmed that, as a result of COVID-19, this appointment has been extended for an additional year, covering the year ended 31 March 2022. In May 2022 it was announced that Audit Scotland had been reappointed as the auditor for VisitScotland Group for a further five years.

The fees payable for audit services provided by the appointed auditors in the year to 31 March 2022 were £74,930 (2021: £75,380). There were no fees payable to Audit Scotland for non-audit work during the year (2021: £ Nil.).



## 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 76 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

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## 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.

NEW BOARD MEMBERS IN 2022



**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.

Note: Both Stephen Hagan and Catherine Craig resigned from the Board in November 2021.

# Governance Statement

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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 2021/22 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 2021/22, and the individual attendance by Board and committee members.

<sup>1</sup> Attended one Audit and Risk Committee as a Board member.

<sup>2</sup> Both Stephen Hagan and Catherine Craig resigned from the Board in November 2021.

<sup>3</sup> Rebecca Brooks was appointed to the ARC in 2022/23.

(A) Audit and Risk Committee member

(B) Board Member

	Board (8)	Audit and Risk Committee (4)
Lord Thurso <sup>1</sup> (B)	8	1
Caroline Roxburgh (A) (B)	8	4
Professor Anne Anderson (A) (B)	8	4
Rebecca Brooks <sup>3</sup> (A) (B)	8	-
Dr Keith Nicholson (A) (B)	7	2
Steven Walker (B)	8	-
Stephen Hagan <sup>2</sup> (B)	4	-
Catherine Craig <sup>2</sup> (A) (B)	5	1

(A) Audit & Risk Committee member (B) Board member

## 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
<b>Malcolm Roughead</b>	Chief Executive
<b>Vicki Miller</b>	Director of Marketing and Digital
<b>Ken Neilson</b>	Director of Corporate Services
<b>Paul Bush</b>	Director of Events
<b>Riddell Graham</b> (resigned Sept 2021)	Director of Industry Destination Development
<b>Barbara Clark</b> (resigned Aug 2021)	Head of Corporate Communications
<b>Robbie Clyde</b>	Head of EventScotland
<b>Michelle Lavery</b>	Head of Corporate Governance and Performance
<b>Lynn Jack</b>	Head of Human Resources
<b>Mike Slack</b>	Head of IT
<b>Susan Dickie</b>	Head of Insights
<b>Ken Massie</b>	Head of Regional Leadership and Development
<b>Rob Dickson</b> (appointed Aug 2021)	Director of Industry Destination Development
<b>Carolyn Churchill</b> (appointed Aug 2021)	Head of Corporate Communications



## RISK MANAGEMENT AND CONTROL

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

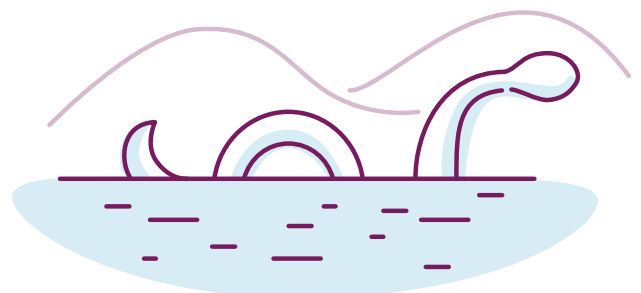
The Board's Audit and Risk Committee oversees the Risk Management Framework on behalf of the Board. The committee recommends the appointment of our internal auditors and receives our annual accounts and internal audit reports.

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).

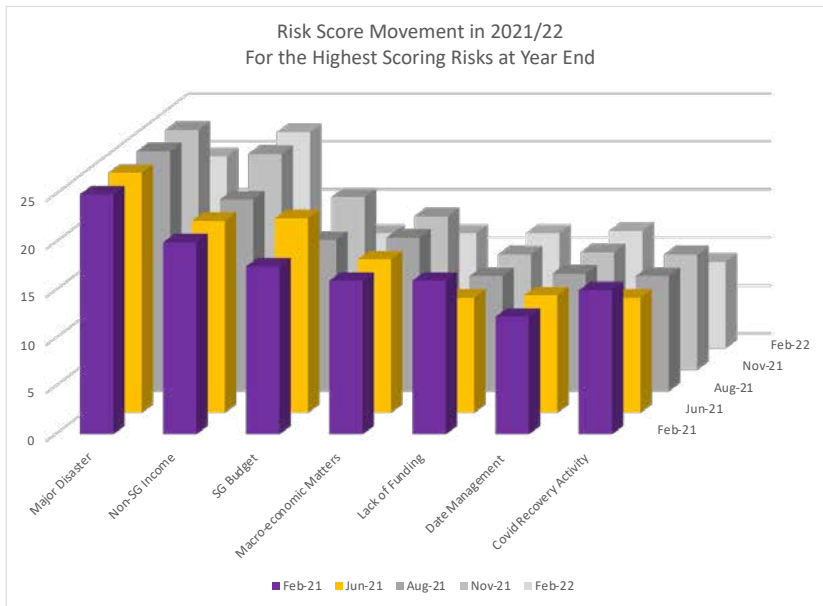
VisitScotland categorises risk by four levels, which are, very high; high; medium; and low. All risks in VisitScotland's risk registers are tracked throughout the year, with scores being updated a minimum of four times per year. These updates are reviewed by the Risk Management Committee within the organisation 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 2022, and up to the date of approval of the annual report and financial statements.

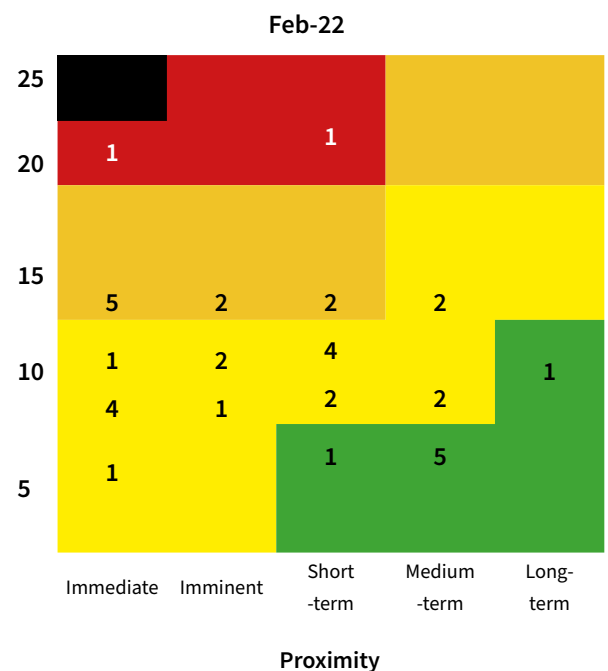
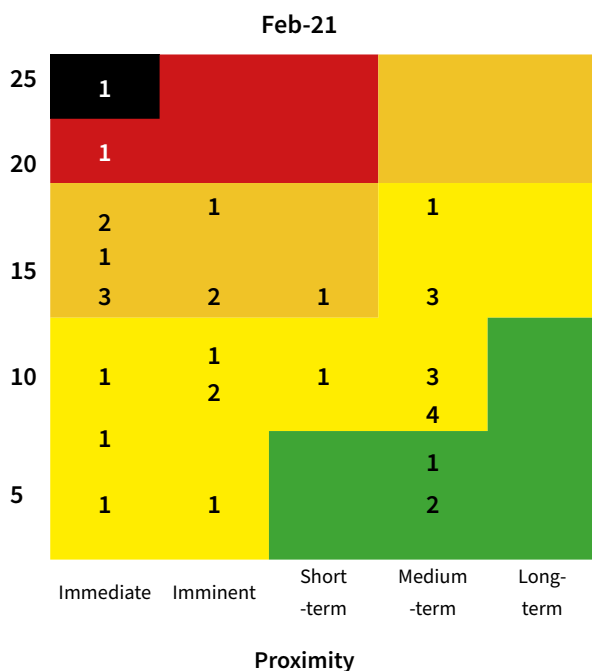


The organisation also maintains risk registers for all significant projects.

The chart below shows the movement in risk scores, of our highest scoring risks, throughout the year. The graph demonstrates that, whilst there is a reduction in risk scores in relation to Covid recovery activity, major disaster and macro-economic matters, there is an increase in risk scores for the risks on Scottish Government funding and commercial income at the end of 2021/22 and into 2022/23.



The charts below summarise how risk proximity has moved throughout 2020/21. The numbers within each chart is representative of the number of risks at that level in the reporting period. These charts show the risk profile has moved within the year, with more risks in the immediate and imminent categories and having higher risk score. This is reflective of the overall risk register position at the end of 2021/22 with a focus on the impacts of potential budget cuts alongside reducing commercial income.



Principal risk and uncertainties identified at the end of 2021/22 are described in the Overview section of this report (page 9). 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
- A lack of funding resources within the industry
- Cyber security
- Compliance with legislation
- The Tourism 2030 ambition not being achieved.
- Macro-economic matters impacting negatively on the visitor economy
- 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

Throughout 2021/22 several enhancements were made to our overall risk and assurance processes which included:

- The addition of project risk register scoring to ensure that, for significant projects, the score is captured at the both the risk to the project, and the risk at a corporate level
- The addition of a new risk status “deactivated”. This allows for risks that don’t require an update to remain on the risk register at this status, with the potential to reactivate when required
- Updates to existing risks and the addition of new risks following the Board risk session
- The development of the VisitScotland Assurance Framework. This framework has been embedded into the organisation’s risk reporting to ensure that it informs decision making with regards to assurance on VisitScotland’s key processes

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 held by third parties on behalf of the organisation is secure. The Data Governance and Security Group monitors and controls the organisation's overall legal and regulatory compliance concerning the release of data from the organisation.

In addition, VisitScotland has 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 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. 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 are 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.

VisitScotland closely monitors 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.

There have been no data security incidents which have required reporting to the ICO.

## 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 2021/22 report confirms that there one instance of fraud or bribery identified or detected in VisitScotland this year and a further suspected fraud instance which is currently under investigation (2020/21: Nil). The fraud identified in the year resulted in no financial loss to VisitScotland. The suspected fraud under investigation has a maximum financial loss of £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 2021/22, 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 2021/22 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".

"Our audits of Business Continuity Management and Recruitment and Selection each identified significant improvement actions designed to better support the organisation in managing risks in these areas, particularly as it continues to recover from Covid-19. Management has made good progress in progressing the recommendations identified through each of these audits, demonstrating a culture of good governance and commitment to continuous improvement."

## 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 2022 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 2021/22 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*

**Malcolm Roughead OBE**

Chief Executive

VisitScotland

13 December 2022

# The Remuneration and Staff Report

## 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 2021/22 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.

	2022	2021
<b>Board Members' Remuneration</b>	<b>£'000</b>	<b>£'000</b>
Lord Thurso	35-40	35-40
Professor Anne Anderson	5-10	5-10
Rebecca Brooks	5-10	5-10
Catherine Craig*	5-10	5-10
Stephen Hagan*	5-10	5-10
Dr Keith Nicholson	5-10	5-10
Caroline Roxburgh	5-10	10-15
Steven Walker	5-10	5-10

\*Both Catherine Craig and Stephen Hagan resigned from the Board in November 2021.



## Leadership Group remuneration

This section is subject to audit.

		21/22	21/22	21/22	21/22	21/22
		Salary	Car Allowance	Non-cash benefits (b)	Pension Benefit (c)	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	5-10	100	-	115-120
Riddell Graham (e)	Director of Industry Destination Development	50-55	0-5	100	77.1	130-135
Rob Dickson (d)	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 Regional Leadership and 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
Barbara Clark (e)	Head of Communications	35-40	-	100	5.8	45-50
Carolyn Churchill (d)	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

		20/21	20/21	20/21	20/21	20/21
		Salary	Car Allowance	Non-cash benefits (b)	Pension Benefit (c)	Total
		£'000	£'000	£	£'000	£'000
Malcolm Roughead (a)	Chief Executive	155-160	-	7,000	49	210-215
Ken Neilson	Director of Corporate Services	110-115	-	5,200	39	150-155
Paul Bush	Director of Events	105-110	5-10	100	-	110-115
Riddell Graham	Director of Industry Destination Development	100-105	5-10	100	109	215-220
Vicki Miller	Director of Marketing and Digital	100-105	-	7,200	50	155-160
Ken Massie	Head of Regional Leadership and Development	75-80	-	100	27	100-105
Lynn Jack	Head of HR	75-80	-	100	43	120-125
Susan Dickie	Head of Insights	75-80	-	100	47	120-125
Michelle Lavery	Head of Finance	70-75	-	100	27	95-100
Barbara Clark	Head of Communications	75-80	-	100	35	110-115
Mike Slack	Head of IT	75-80	-	100	36	110-115
Robbie Clyde	Head of EventScotland	75-80	-	100	23	100-105

## Pension entitlements

(a) From 1.4.14, Malcolm Roughead no longer contributes to the BTB Pension Scheme, nor any other VS scheme

(b) Non-cash benefits disclosed to the nearest £100

(c) The value of pension benefits accrued during 2021/22 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.

(d) Both Carolyn Churchill (FTE salary banding £65k-£70k) and Rob Dickson (FTE salary banding is £105k-£110k) were appointed in August 2021.

(e) Riddell Graham (FTE salary banding £100k-£105k) and Barbara Clark (FTE salary banding £75k-£80k) retired during the year.

Additional Notes: No performance pay or bonuses were paid or payable during 2021/22  
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 2021/22, in line with Scottish Government's pay policy but did not receive any bonus award.

This section is subject to audit.

As at 31 March 2022		Accrued	Real increase	Opening	Closing	CETV: Increase
		pension	in annual			
		£'000	note	£'000	£'000	contributions
Leadership Group			(d)			note (c) & (e)
						£'000
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	-	-	-	-	-
Riddell Graham	Director of Industry Destination Development	80-85	2.5-5	2,328	2,138	(263)
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 Regional Leadership and 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	-
Barbara Clark	Head of Communications	25-30	0-2.5	885	830	(86)
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

As at 31 March 2021		Accrued	Real increase	Opening	Closing	CETV: Increase
		pension	in annual			
Leadership Group		£'000	note	£'000	£'000	contributions
			(d)		note(b)	note (c) & (e)
						£'000
Malcolm Roughead	Chief Executive	35-40	0-2.5	1,059	1,072	8
Ken Neilson	Director of Corporate Services	30-35	0-2.5	861	929	59
Paul Bush	Director of Events	0-5	0-2.5	1,064	-	-
Riddell Graham	Director of Industry Destination Development	75-80	5-7.5	2,217	2,328	100
Vicki Miller	Director of Marketing and Digital	20-25	0-2.5	391	478	79
Ken Massie	Head of Regional Leadership and Development	10-15	0-2.5	227	262	30
Lynn Jack	Head of HR	20-25	0-2.5	435	526	84
Susan Dickie	Head of Insights	25-30	0-2.5	687	804	109
Michelle Lavery	Head of Finance	5-10	0-2.5	72	101	25
Barbara Clark	Head of Communications	25-30	0-2.5	768	885	110
Mike Slack	Head of IT	15-20	0-2.5	270	314	40
Robbie Clyde	Head of EventScotland	0-5	0-2.5	39	64	21

## 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 Chairmen, 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.

## FAIR PAY DISCLOSURE

The highest paid member of the Leadership Group was the Chief Executive. His annualised salary before Pension benefits was 4.99 times the £32,180 median earnings of the organisation's work-force in 2021/22 (2020/21: 5.38 x £30,216).

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

	21/22	20/21
Highest-Paid Director's Salary	£160k-£165k	£160k-£165k
Median Total remuneration	32,180	30,216
Ratio	4.99	5.38
Ratio (25th Percentile)	7.50	7.35
Ratio (75th Percentile)	4.11	4.14
Percentage Changes in Highest Paid Directors:	-	-
Salary and Allowances	2%	3%
Performance Pay and Bonuses Payable	N/A	N/A
Average % Changes from Previous Financial Year of Salary and Allowances:		
Performance Pay and Bonuses Payable	N/A	N/A

**STAFF NUMBERS AND COSTS (RESTATED)**

	VS		CWC	
	2021/22 £'000	2020/21 £'000	2021/22 £'000	2020/21 £'000
Salaries	18,483	17,509	1,287	508
Social Security costs	1,895	1,778	144	48
Pension Contributions	4,021	3,587	82	21
Total RDEL staff cost	24,399	22,874	1,513	577

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

Pension Current Cost of Service (AME adjustments)	9,111	5,252
Pension Interest (Income)/costs (AME adjustments)	754	622
Pension contributions deducted (RDEL)	(4,021)	(3,587)
<b>IAS 19 charges to the P&amp;L (AME adjustments)</b>	<b>5,844</b>	<b>2,287</b>

See also note 3 to the accounts.

**STAFF COMPOSITION**

	VS FTE	VS FTE	CWC FTE	CWC FTE
	(at 31/3/22)	(as at 31/3/21)	(at 31/3/22)	(as at 31/3/21)
Leadership Group	12	12	6.4	5.4
<b>Operational and support staff:</b>				
Directors	5	5	4	4
Heads of department	21	16	4	2
All other staff (including Seasonal and Youth Employment Schemes)	517.6	476.7	18.4	6.6
Fixed term contract (including Seasonal & Youth Employment Schemes)	53.4	31.7	26.4	12.6
Fixed term contract (excluding Seasonal & Youth Employment Schemes)	32.8	22.7	26.4	
Total FTE	542.6	497.7	26.4	12.6
Total average number of full-time equivalents	525.3	510.5	20.5	6.2

## SICKNESS ABSENCE DATA AND EMPLOYMENT STATISTICS

	VS 2021/22	VS 2020/21	CWC 21/22	CWC 20/21
Staff Turnover	9%	2.96%	10.30%	0%
Sickness Absence	0.91%	0.94%	0.19%	0%
Sickness Absence days/person	2.35	2.46	0.49	-
Male:Female Ratio – Total Workforce	34:66	34:66	52:48	46:54
Male:Female Ratio – Board Members	50:50	50:50	50:50	50:50
Male:Female Ratio – Leadership Group	58:42	58:42	57:43	50:50
Male:Female Ratio – Heads of Department	38:62	37.5:62.5	50:50	0:100
Staff Salary range (excluding Leadership Group)	£19k-80K	£18K-80K	£19k-61K	£18K-61K

## EQUITY, EQUALITY AND DIVERSITY AND INCLUSION

VisitScotland is committed to inclusion without exception, as an employer and an industry leader. We believe in a progressive approach and are committed to making all our staff feel included in the mainstream of what we do, regardless of age, disability, gender or sexuality.

VisitScotland's Equality and Diversity Mainstreaming Report 2021- 25, "Our People, Committed to Transformation and Resilience", continues to guide our approach to equality and diversity. It is the blueprint for inclusion that guides change for the benefit of all staff and the tourism and events industry post-pandemic.

This year we updated the Equality Outcomes of the Mainstreaming Report. These focus on increasing the number of staff we employ and the Modern Apprentices and Graduates we attract from both the ethnic minority and disabled communities within Scotland.

Pledges include increasing our ethnic minority representation to 4% by April 2025 and we are making progress in this area with the figure now at 2.5%.

Our Inclusive Network Alliance (INA) staff group is working towards achieving level 3 "Leader" status in the Disability Confident Awards, as we seek to increase numbers of staff with disabilities.

A Staff Equality Working Group, chaired by the Equality, Diversity and Wellbeing Specialist, has led development of an action plan around diversity and inclusion. The group will manage the Equality Outcomes and support staff and managers in achieving them.

This year, the Staff Network groups (LGBTIQ+, INA, Parents' Group, Carers' Group, Race Equality Group and Women's Network Group), plus our Equality Groups, continued to provide support to all staff and offer support to the business by providing insight and information.

Inclusive tourism is also a crucial strand of responsible tourism, which is embedded through all our strategies and activity. More details on our inclusive tourism activity and achievements are outlined in the Performance Report on p23.

## 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:

### Number of employees who were relevant officials during the year

#### Full-time equivalent employee number

Percentage of time spent on facility time	No. of Employees
0%	-
1% - 50%	4
51% -99%	-
100%	-
<b>Percentage of total paybill spent on facility time</b>	<b>0.002%</b>
<b>Total cost of time</b>	<b>£515</b>

## EXPENDITURE ON CONSULTANCY

	2021/22	2020/21
Consultancy	1,479	7,128

## EXIT PACKAGES

### 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 no members of staff in 21/22 at a total cost of £Nil (£22k in 20/21).

	2021/22	2020/21
£0 - £20,000	-	-
£20,001 - £40,000	-	1
£40,001 - £60,000	-	-
£60,001 - £80,000	-	-
£80,001 - £120,000*	-	-
<b>Total number of exit packages</b>	<b>-</b>	<b>1</b>

There were no compulsory redundancies (2021: None)

*Malcolm Roughead*

**Malcolm Roughead OBE**

Chief Executive, VisitScotland

13 December 2022





# 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 2021/22 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 50.

## 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 2021/22 (2020/21: 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 £Nil (20/21:None). These were the only special payments made during the year.

## FEES AND CHARGES INCOME

	2022 £'000	2021 £'000
<b>Retail Sales</b>		
Product Income	954	107
Cost of Sales	(504)	(73)
Gross Profit	450	34
GP percentage	47%	32%
<b>Business Promotion and Advertising income</b>		
Exhibitions and Promotional advertising	320	117
Joint Promotional Campaigns	-	-
Quality Assurance	-	-
Award Scheme fees	-	-
Less:Direct Costs of Service	633	609
Net Cost of Service Delivery	(633)	(609)

- 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.

*Malcolm Roughead*

**Malcolm Roughead OBE**  
Chief Executive, VisitScotland

13 December 2022

## 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 2022 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 2021/22 Government Financial Reporting Manual (the 2021/22 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view 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 of the state of the affairs of the body and its group as at 31 March 2022 and of the net operating expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 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 20 January 2021. The period of total uninterrupted appointment is two years. 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:

- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing 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](http://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 120 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.



Carole Grant CPFA  
 Audit Director  
 Audit Scotland  
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 Glasgow  
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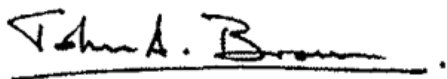
13 December 2022

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#### 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.



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 2022

	Group			VisitScotland	
	Notes	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Resource Expenditure</b>					
Marketing activities		65,930	33,905	65,930	33,905
Partnership engagement		4,205	4,261	4,205	4,261
Support services		8,382	8,850	8,382	8,850
Covid Business Support Grants		30,529	77,718	30,529	77,718
2023 UCI Cycling World Championships		3,915	4,400	1,500	3,600
		112,961	129,134	110,546	128,334
<b>Non-Resource Expenditure</b>					
Pension Costs - IAS 19 adjustments	19.2	5,844	2,287	5,844	2,287
<b>Gross expenditure</b>	3, 4	118,805	131,421	116,390	130,621
<b>Income</b>					
Retail and commercial	5	(770)	(151)	(770)	(151)
Other income	6	(435)	(387)	(836)	(387)
2023 UCI Cycling World Championships (see note 6)		(2,816)	(800)	-	-
<b>Net expenditure</b>		114,784	130,083	114,784	130,083
Finance costs	7	2	5	2	5
<b>Net operating expenditure before taxation</b>		114,786	130,088	114,786	130,088
Corporation tax		-	-	-	-
<b>Net operating expenditure</b>		114,786	130,088	114,786	130,088
<b>Other Comprehensive Expenditure/(Income)</b>					
Net actuarial (surplus)/deficit on valuation of retirement benefit schemes	19.2	(25,652)	6,174	(25,652)	6,174
(Surplus)/deficit arising on revaluation of property, plant and equipment		-	(108)	-	(108)
Balance on revaluation reserve arising on lease disposal		(60)	-	(60)	-
<b>Total other comprehensive expenditure</b>		(25,712)	6,066	(25,712)	6,066
<b>Total comprehensive net expenditure</b>		89,074	136,154	89,074	136,154



## VisitScotland and Group statement of financial position as at 31 March 2022

	Group			VisitScotland	
	Notes	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Assets</b>					
<b>Non-Current</b>					
Tangible fixed assets	9	4,499	4,708	4,487	4,708
Intangible assets	8	2,901	2,960	2,901	2,960
<b>Total non current assets</b>		<b>7,400</b>	<b>7,668</b>	<b>7,388</b>	<b>7,668</b>
<b>Current</b>					
Inventories	12	413	505	413	505
Trade and other receivables	13	3,548	3,517	2,488	1,892
Cash and cash equivalents	14	11,908	36,207	9,636	35,503
<b>Total current assets</b>		<b>15,869</b>	<b>40,229</b>	<b>12,537</b>	<b>37,900</b>
Non-Current assets classified as held for sale		-	-	-	-
<b>Total Assets</b>		<b>23,269</b>	<b>47,897</b>	<b>19,925</b>	<b>45,568</b>
<b>Liabilities</b>					
<b>Current</b>					
Other borrowings	17	(38)	(55)	(38)	(55)
Trade and other payables	16	(19,131)	(43,620)	(15,787)	(41,291)
<b>Total current liabilities</b>		<b>(19,169)</b>	<b>(43,675)</b>	<b>(15,825)</b>	<b>(41,346)</b>
<b>Non current liabilities</b>					
Other borrowings	17	(13)	(51)	(13)	(51)
Provisions	21	(104)	(722)	(104)	(722)
Retirement benefit obligations	19.2	(15,357)	(35,165)	(15,357)	(35,165)
<b>Total non-current liabilities</b>		<b>(15,474)</b>	<b>(35,938)</b>	<b>(15,474)</b>	<b>(35,938)</b>
<b>Total Liabilities</b>		<b>(34,643)</b>	<b>(79,613)</b>	<b>(31,299)</b>	<b>(77,284)</b>
<b>Net Liabilities</b>		<b>(11,374)</b>	<b>(31,716)</b>	<b>(11,374)</b>	<b>(31,716)</b>
<b>Taxpayers' equity</b>					
General reserve		3,489	2,937	3,489	2,937
Pension reserve		(15,357)	(35,165)	(15,357)	(35,165)
Revaluation reserve		494	512	494	512
<b>Total Equity</b>		<b>(11,374)</b>	<b>(31,716)</b>	<b>(11,374)</b>	<b>(31,716)</b>

The Accountable officer authorised these financial statements for issue on 13 December 2022

Malcolm Roughead OBE  
Chief Executive, VisitScotland  
13 December 2022

*Malcolm Roughead*

The notes on pages 81 to 125 form part of these financial statements

## VisitScotland and Group cash flow statement year ending 31 March 2022

	Group		VisitScotland		
	Notes	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Cash flows from operating activities</b>					
Net operating expenditure before taxation		114,786	130,088	114,786	130,088
<b>Items not involving the flow of cash</b>					
Depreciation of tangible fixed assets		(845)	(806)	(845)	(806)
Impairment of tangible fixed assets		-	-	-	-
Loss on disposal of assets		(47)	(61)	(47)	(61)
Gain disposal of assets		-	-	-	-
Amortisation of intangible fixed assets		(987)	(636)	(987)	(636)
Net pension service costs and return on assets		(5,844)	(2,287)	(5,844)	(2,287)
Miscellaneous		(93)	37	(93)	37
<b>Net financing costs</b>		(2)	(5)	(3)	(5)
<b>Movements in working capital</b>					
Increase/(Decrease) in inventories		(92)	(32)	(92)	(32)
(Decrease)/Increase in receivables		31	2,021	596	396
Decrease/(Increase) in payables		24,489	(29,310)	25,504	(28,981)
<b>Movements in provisions</b>					
(Increase)/Decrease in provisions		618	(94)	618	(94)
<b>Net cash flow from operations</b>		132,014	98,915	133,593	97,619
Interest paid		2	5	2	5
<b>Net cash outflow from operating activities</b>		132,016	98,920	133,595	97,624
<b>Cash flows from investing activities</b>					
Payments to acquire tangible fixed assets		732	1,229	721	1,229
Payments to acquire intangible fixed assets		928	1,676	928	1,676
<b>Net cash flows used in investing activities</b>		1,660	2,905	1,649	2,905
<b>Cash flows from financing activities</b>					
Grant-in-Aid from Scottish Government		(109,434)	(128,915)	(109,434)	(128,915)
Decrease in other borrowings- obligations under finance leases		57	39	57	39
Cash receipts to be reinvested		-	-	-	-
<b>Net cash flows from financing activities</b>		(109,377)	(128,876)	(109,377)	(128,876)
<b>Net (increase)/decrease in cash and cash equivalents</b>		24,299	(27,051)	25,867	(28,347)
Cash and cash equivalents as at 1 April		36,207	9,156	35,503	7,156
<b>Cash and cash equivalents as at 31 March</b>		11,908	36,207	9,636	35,503

VisitScotland and Group statement of changes in taxpayers' equity  
for the year ended 31 March 2022

	<b>Group</b>			
	<b>General Reserve £'000</b>	<b>Pension Reserve £'000</b>	<b>Revaluation Reserve £'000</b>	<b>Total £'000</b>
<b>Balance at 1 April 2020</b>	1,769	(26,704)	458	(24,477)
<b>Net operating expenditure</b>	(130,088)	-	-	(130,088)
Transfer between reserves	2,287	(2,287)	-	-
Transfer on disposal	54	-	(54)	-
Movement in Revaluation Reserve on Revaluation	-	-	108	108
Net actuarial gains/(losses) in retirement benefit schemes	-	(6,174)	-	(6,174)
<b>Total recognised income and expense</b>	(127,747)	(8,461)	54	(136,154)
Grant in aid from Scottish Government	128,915	-	-	128,915
<b>Balance at 31 March 2021</b>	2,937	(35,165)	512	(31,716)
<b>Net operating expenditure VS</b>	(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
<b>Total recognised income and expense</b>	(108,882)	19,808	(18)	(89,092)
Grant in aid from Scottish Government	109,434	-	-	109,434
<b>Balance at 31 March 2022</b>	3,489	(15,357)	494	(11,374)

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

The notes on pages 81 to 125 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 2021/2022 Government Financial Reporting Manual (FReM) issued by the Scottish Government. The accounting policies contained in 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 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 2022 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 76.

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 liabilities as at the date of the statement of financial position of £11.38m (2021:£31.72m net liability), arising from its obligations in respect of the inclusion of retirement benefit obligations 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 2022-23, 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.

Grants-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 relating 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”, after initial recognition, intangible assets are carried at their re-valued amounts, being their fair value at the date of the revaluation, less any subsequent accumulated amortisation, and any subsequent accumulated impairment losses, unless there is no active market for those assets, in which case the assets are carried at the lower of depreciated replacement cost and value in use for cash generating assets, and depreciated replacement cost for non-generating assets.

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 represent 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 therefore is not depreciated.

Buildings are depreciated on 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.

### LEASEHOLD PROPERTY - DESIGNATED AS FINANCE LEASES

Leasehold land is accounted for as an operating lease.

In respect of leasehold buildings, the subject of a finance lease, they are recognised at their fair value, or if lower, at the present value of the minimum lease payments, each determined at the inception of the lease.

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.

Subsequent valuations are undertaken on the basis of the fair value of VisitScotland's remaining heritable interest in the leased building, in the same way as owned property.

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

Upon early termination of a lease any surplus remaining in the revaluation reserve in respect of a leasehold building is transferred to the statement of comprehensive net expenditure in the year of termination.

### 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.

Cost 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

### VISITSCOTLAND AS A LESSEE

Property, plant and equipment acquired through finance lease arrangements or long-term rental arrangements that transfer substantially all the risks and rewards incidental to ownership are capitalised.

They are recognised at their fair value at the inception of the lease, or if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a financing obligation. Lease payments are apportioned between finance charges and repayment of the finance lease obligation. Finance charges are charged directly to the statement of comprehensive net expenditure.

Contingent rentals are charged to the statement of comprehensive net expenditure in the period in which they are incurred.

Assets held under finance leases are depreciated over their expected useful lives, on the same basis as owned assets, or the term of the relevant lease, whichever is shorter.

Leasehold Property - Land and Buildings - in use on a peppercorn rent are deemed 'owned' by VisitScotland, and recorded at fair value in the statement of financial position, and depreciated over their useful lives or the term of the relevant lease, whichever is shorter.

Leases that do not transfer substantially all risks and rewards incidental to ownership are classified as operating leases. Rentals payable are charged to the statement of comprehensive net expenditure on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense on a straight-line basis over the lease term.

## 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.

## 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, no judgements have been made in the process of applying the Group's accounting policies.

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.

The carrying value at 31 March 2022 is £15.4m liability (2021: £35.2m liability).

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 assess 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 2022 is £2.9m (2021: £3.0m).

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.

The carrying value at 31 March 2022 is £1.1m (2021: £1.3m).

Additional information is disclosed in Note 9.

### 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 26).

### 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 is 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 2022, have been adopted, where applicable to VisitScotland.

There are a number of new accounting standards which have been issued, but have not yet been applied by VisitScotland in these financial statements. The standards that are considered relevant to VisitScotland and the anticipated impact on the financial statements are as follows:

### IFRS 16 – LEASES

Subject to EU adoption and Exposure Draft process this standard will be included in the FReM with effect from 22/23. The adoption of this standard will affect VisitScotland, as a lessee of property, vehicles and equipment. The new standard provides a single lessee accounting model, eliminating the distinction between operating and finance leases, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

The impact of the financial statements has been estimated as part of an exercise for Scottish Government. The estimated impact is:

CDEL - £6.8m on initial recognition

Ringfenced RDEL - £1.6m depreciation

## 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. The operational segments, as reported within the Statement of comprehensive net expenditure, are: Marketing activities, Partnership engagement, Support Services, Covid Business Support Grants and 2023 UCI Cycling World Championships. The group does not report on the split of balance sheet items internally.

## 3

## Staff costs (included within gross expenditure)

	Group		VisitScotland	
	2022 £'000	2021 (restated) £'000	2022 £'000	2021 (restated) £'000
Salaries	19,770	18,017	18,483	17,509
Social Security costs	2,039	1,826	1,895	1,778
Pension Contributions	4,103	3,608	4,021	3,587
<b>Total RDEL staff cost</b>	<b>25,912</b>	<b>23,451</b>	<b>24,399</b>	<b>22,874</b>
<b>IAS 19 charges to the P&amp;L (AME adjustments):</b>				
Pension Current cost of service (AME adjustments)	9,111	5,252	9,111	5,252
Pension Interest (Income)/costs (AME adjustments)	754	622	754	622
Pension contributions deducted (RDEL)	(4,021)	(3,587)	(4,021)	(3,587)
<b>IAS 19 charges to the P&amp;L (AME adjustments)</b>	<b>5,844</b>	<b>2,287</b>	<b>5,844</b>	<b>2,287</b>

Further details on Total Staff Costs can be found within the Remuneration & Staff report (see page 68).

## 4

## Admin costs (included within gross expenditure)

	Group		VisitScotland	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Travel and hospitality	318	68	293	66
Property, information technology, and office expenses	6,524	5,728	5,848	5,722
Depreciation of tangible fixed assets	845	806	845	806
Amortisation of intangible assets	987	636	987	636
Impairment of tangible fixed assets	-	-	-	-
Net interest cost and return on pension assets	754	622	754	622
Loss on Sale of Property	48	61	48	61
Trade bad debts				
Written off	141	25	141	25
Increase/(decrease) in provision	(20)	-	(20)	-
(Decrease)/increase in past pension provision	(4)	-	(4)	-
(Decrease)/increase in dilapidations provision	(614)	94	(614)	94
<b>Total administration overheads</b>	<b>8,979</b>	<b>8,040</b>	<b>8,278</b>	<b>8,032</b>
<b>Administration overheads also includes:</b>				
Fees payable for the audit and assurance of these financial statements	90	85	75	75
<b>Total audit fees</b>	<b>90</b>	<b>85</b>	<b>75</b>	<b>75</b>





## 5

## Retail and commercial income

	Group		2021	
	2022 £'000	£'000	2022 £'000	£'000
<b>Retail</b>				
Products income	954	107	954	107
Cost of sales	(504)	(73)	(504)	(73)
	450	34	450	34
<b>Commercial</b>				
Business promotion and advertising	320	117	320	117
Quality assurance	-	-	-	-
Miscellaneous income	-	-	-	-
	320	117	320	117
<b>Total retail and commercial income</b>	<b>770</b>	<b>151</b>	<b>770</b>	<b>151</b>

## 6

## Other income

	Group		2021	
	2022 £'000	£'000	2022 £'000	£'000
Local authority income	383	84	383	84
Other Funding	-	800	-	-
Sundry income	52	303	453	303
<b>Total other income</b>	<b>435</b>	<b>1,187</b>	<b>836</b>	<b>387</b>
2023 UCI Cycling	2,816	-	-	-

## 7

## Finance Costs

	Group	
	2022 £'000	2021 £'000
<b>Finance Costs</b>		
Interest charge - finance lease obligations	2	5
<b>Total finance cost</b>	2	5
<b>Finance Income</b>		
Bank interest receivable(the amount received was under £250)	-	-
<b>Total finance income</b>	-	-
Net financing costs	2	5



## 8

## Intangible assets

GROUP	Development Costs £'000	Acquired Technology £'000	Software Licences £'000	Total £'000
At 1 April 2020	3,795	1,704	1,201	6,700
Additions	1,607	-	69	1,676
At 31 March 2021	5,402	1,704	1,270	8,376
At 1 April 2021	5,402	1,704	1,270	8,376
Additions	925	-	3	928
<b>At 31 March 2022</b>	<b>6,327</b>	<b>1,704</b>	<b>1,273</b>	<b>9,304</b>
<b>Amortisation</b>				
At 1 April 2020	2,512	1,418	850	4,780
Charge for the year	416	99	121	636
At 31 March 2021	2,928	1,517	971	5,416
At 1 April 2021	2,928	1,517	971	5,416
Charge for the year	753	99	135	987
<b>At 31 March 2022</b>	<b>3,681</b>	<b>1,616</b>	<b>1,106</b>	<b>6,403</b>
<b>Net book value</b>				
<b>At 31 March 2022</b>	<b>2,646</b>	<b>88</b>	<b>167</b>	<b>2,901</b>
At 31 March 2021	2,474	187	299	2,960
<b>Asset Financing</b>				
Owned/beneficially owned	2,646	88	167	2,901
Finance Lease	-	-	-	-
<b>Net book value</b>	<b>2,646</b>	<b>88</b>	<b>167</b>	<b>2,901</b>
<b>At 31 March 2022</b>				

## 9

### Non-current assets

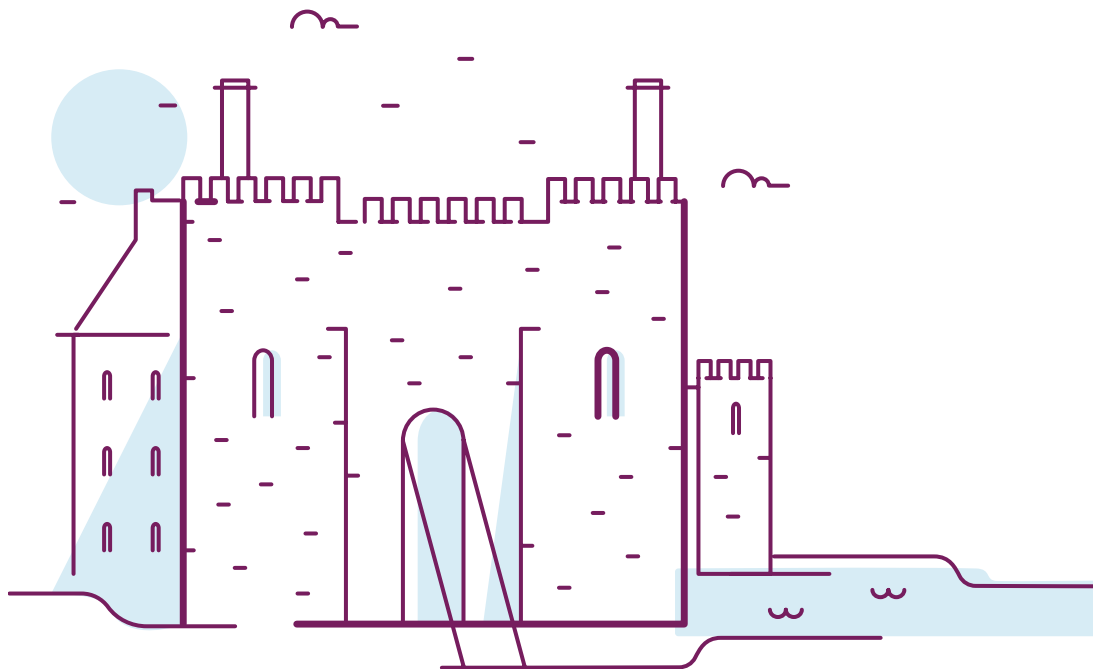
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#### FREEHOLD PROPERTY

All Freehold Land & Buildings, and those held under beneficial ownership, were valued at 31 March 2022 by Graham & Sibbald - Chartered Surveyors, on a fair value basis as defined in the Valuation Standards 2014 (Red Book) issued by The Royal Institution of Chartered Surveyors.

#### LEASEHOLD FINANCE LEASE PROPERTY

All Finance Leashold properties were valued 31 March 2022 by Graham & Sibbald - Chartered Surveyors on a fair value basis with regard to the remaining heritage interest of VisitScotland.



GROUP	Land & buildings £'000	Leasehold improvements £'000	Fixtures, Fittings & Equipment £'000	Computer Equipment £'000	Vintage Railway Carriage £'000	Total £'000
<b>At cost or valuation</b>	1,400	6,464	4,803	3,228	497	16,392
At 1 April 2020	-	385	393	451	-	1,229
Additions	-	-	-	-	-	-
Revaluation	21	-	-	-	-	21
Disposals	(109)	-	-	-	-	(109)
<b>At 31 March 2021</b>	1,312	6,849	5,196	3,679	497	17,533
At April 1 2021	1,312	6,849	5,196	3,679	497	17,533
Additions	-	-	412	320	-	732
Revaluation	(7)	-	-	-	-	(7)
Disposals	(139)	-	-	-	-	(139)
<b>At 31 March 2022</b>	1,167	6,849	5,608	3,999	497	18,119
<b>Depreciation</b>						
At 1 April 2020	-	4,795	4,746	2,355	240	12,136
Charge in the year	117	262	23	384	20	806
Revaluation	(87)	-	-	-	-	(87)
On Disposal	(30)	-	-	-	-	(30)
At 31 March 2021	-	5,057	4,769	2,739	260	12,825
At April 1 2021	-	5,057	4769	2,739	260	12,825
Charge for the year	131	231	95	368	20	845
Revaluation	(47)	-	-	-	-	(47)
On Disposals	(3)	-	-	-	-	(3)
<b>At 31 March 2022</b>	81	5,288	4,864	3,107	280	13,620
<b>Net book value</b>						
<b>At 31 March 2022</b>	1,086	1,560	744	892	217	4,499
At 31 March 2021	1,312	1,792	427	940	237	4,708
<b>Asset Financing</b>						
Owned/beneficially owned	987	1,560	744	892	217	4,400
Finance Lease	99	-	-	-	-	99
<b>Net book value</b>						
<b>At 31 March 2022</b>	1,086	1,560	744	892	217	4,499

## 10

### Restatement of prior year comparative

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A restatement has been made to the disclosure of pension costs in relation to IAS 19 to correctly disclose the Pension Current Cost of Services incorrectly disclosed in the 2020/21 Annual Report within the Staff Costs in the Accountability Report and Note 3 to the financial statements. The correction details Pension Current Cost of Service as £6,174k in place of £5,252k in respect of 2020/21.

## 11

### VisitScotland Group Structure

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#### SUBSIDIARY COMPANIES

VisitScotland has seven subsidiary companies. As at 31 March 2022, 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 2022 is £100 (2021: £100).

## 12

## Inventories

GROUP	2022 £'000	2021 £'000
Retail stock	413	505
<b>At 31 March</b>	<b>413</b>	<b>505</b>

## 13

## Trade and other receivables

	Group		VisitScotland	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Current</b>				
Trade receivables	2,741	2,350	841	600
less: Provision for impairment (see note 15)	(35)	(196)	(35)	(196)
Trade receivables - net	2,706	2,154	806	404
Prepayments	601	783	601	783
Accrued income	-	219	-	-
Other receivables	241	361	59	69
Inter-company	-	-	1,022	636
<b>At 31 March</b>	<b>3,548</b>	<b>3,517</b>	<b>2,488</b>	<b>1,892</b>

Trade and other receivables reported above include:

## Receivables - Public sector balances

	Group		VisitScotland	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Current</b>				
Local Authorities	-	1,816	-	66
Other Central Government bodies	165	121	165	121
<b>At 31 March</b>	<b>165</b>	<b>1,937</b>	<b>165</b>	<b>187</b>



## 14

## Cash and cash equivalents

	Group		VisitScotland	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Balance at 1 April	36,207	9,156	35,503	7,156
Net change in cash and cash equivalent balances	(24,299)	27,051	(25,867)	28,347
<b>At 31 March</b>	<b>11,908</b>	<b>36,207</b>	<b>9,636</b>	<b>35,503</b>
<b>The balances at 31 March were held at:</b>				
Commercial banks and cash in hand	2,003	5,643	2,003	5,643
Government Banking Service	9,905	30,564	7,633	29,860
<b>At 31 March</b>	<b>11,908</b>	<b>36,207</b>	<b>9,636</b>	<b>35,503</b>

## 15

## 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 £'000	Total £'000
At 1 April 2020	173	173
Utilised during year	(25)	(25)
Movement in Provision	48	48
<b>At 31 March 2021</b>	<b>196</b>	<b>196</b>
At 1 April 2021	196	196
Utilised during year	(141)	(141)
Movement in Provision	(20)	(20)
<b>At 31 March 2022</b>	<b>35</b>	<b>35</b>

Other than amounts due from subsidiary undertakings, receivables assessed as individually impaired were mainly as a result of various bed and breakfast, and hotel establishments, which went into administration, liquidation, etc.

## 16

## Trade and other payables

	Group		VisitScotland	
	2022	2021	2022	2021
a. Current	£'000	£'000	£'000	£'000
Trade payables	7,035	2,777	6,590	2,745
Social security and other taxes	758	577	684	504
Accruals	6,677	34,049	6,231	32,525
Deferred income	4,661	3,370	2,283	1,170
Other payables	-	2,800	-	2,800
Inter-company	-	47	-	1,547
<b>At 31 March</b>	<b>19,131</b>	<b>43,620</b>	<b>15,787</b>	<b>41,291</b>

	Group		VisitScotland	
	2022	2021	2022	2021
b. Public sector balances	£'000	£'000	£'000	£'000
Current				
Local Authorities	1,936	84	1,936	84
Other Central Government bodies	758	504	684	504
<b>At 31 March</b>	<b>2,694</b>	<b>588</b>	<b>2,620</b>	<b>588</b>

## 17

## Other borrowings

GROUP	Minimum lease payments £'000	Future finance charges £'000	Present value of lease obligations £'000
Within one year	57	(2)	55
Between one and five years	52	(1)	51
After five years	-	-	-
At 31 March 2021	109	(3)	106
Within one year	38	-	38
Between one and five years	13	-	13
After five years	-	-	-
At 31 March 2022	51	-	51

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 2022, the finance lease obligations are recorded at their present value at an average interest rate of 6% (2021:6%).

## 18

## 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	2022 £'000	2021 £'000
<b>Leasehold properties</b>		
Not later than one year	1,398	1,433
After one year but not more than five years	2,965	2,166
After five years	1,159	1,389
<b>At 31 March</b>	5,522	4,988
	2022 £'000	2021 £'000
<b>Leasehold plant &amp; equipment</b>		
Not later than one year	12	57
After one year but not more than five years	4	5
After five years	-	-
<b>At 31 March</b>	16	62

## 19.1

### Post-retirement benefits

#### BRITISH TOURIST BOARD'S PENSION SCHEME (BTBPS)

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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 2021 to 31 March 2022.

The rate for employee and employer contributions for 2022 is 29.1% (2021 30.1%). This included employees' contributions of 5% (2021 5%) and employer's contributions of 24.1% (2021 25.1). Employer contributions paid by VisitScotland for the year to 31 March 2022 amounted to £2,836,000 (2021 £2,267,000). The deficit contributions were paid in accordance with the recovery plan.

VisitScotland share of the Scheme assets, as disclosed at fair value, amounts to £97,004,000 (2021 90,765,000), as compared to its share of Scheme liabilities of £111,877,000 (2021 £119,257,000) results in the funded status of VisitScotland's share of the Scheme reflecting a liability of £14.873 million as at 31 March 2022 (2021: £28.492 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:

As at 31 March 2022	2022 % p.a.	2021 % p.a.
Inflation assumption - Pre 2030	2.7CPI	2.45 CPI
Inflation assumption - Post 2030	3.0CPI	2.75 CPI
Principal rate of increase in pensionable salaries	3.2	2.95
Bank of England Inflation curve Allowing Inflation Premium 0.2% Using Agreed RPI - CPI gap of 0.8% 2.55-0.8% = 1.75%		
Rate of increase for pensions in payment - Pre 2030	2.7CPI	2.45 CPI
Rate of increase for pensions in payment - Post 2030	3.0CPI	2.75 CPI
Liability discount rate	2.75	2
Expected return on employer Assets	2.75	2

### Mortality:

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

- Male Life expectancy is derived from 98% SAPS S2PXA table 2020 CMII projections trending to 1.25%
- Female Life expectancy is derived from 98% of SAPS S2PXA table with 2020 CMI projections trending to 1.25%

Expected age at death of current pensioner at age 65		
Male aged 65 at year end	86.80	86.70 years
Female aged 65 at year end	88.80	88.80 years
Expected age at death of future pensioner at age 65		
Male aged 45 at year end	88.1	88.0 years
Female aged 45 at year end	90.40	90.30 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 2021 amounts to approximately 22 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 assumption	
	2.65%	2.70%	2.75%
Liabilities	103.4m	111.9m	121.4m

#### b. Discount rate

		Central assumption	
	2.70%	2.75%	2.80%
Liabilities	125.7m	111.9m	100.2m

#### c. Life expectancy

The calculation sets out the effects if life expectancies increase or reduce by one year.

	-1 year	Central assumption	+1 year
Liabilities	106.9m	111.9m	116.6m

These figures are provided for illustration only; they are not intended to be regarded as 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 2022

BTBPS

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

## Movement in fair value of plan asset, defined benefit obligation, and net liability for the year ended 31 March 2021

BTBPS

	Assets £'000	Obligations £'000	Net (liability)/ asset £'000
Fair value of employer assets	75,982	-	75,982
Present value of funded liabilities	-	98,229	(98,229)
Present value of unfunded liabilities	-	-	-
<b>Opening position as at 1 April 2020</b>	<b>75,982</b>	<b>98,229</b>	<b>(22,247)</b>
Service cost			
Current service cost	(173)	3,257	(3,430)
Past service cost (including curtailments)	-	-	-
Effect of settlements	-	-	-
<b>Total service cost</b>	<b>(173)</b>	<b>3,257</b>	<b>(3,430)</b>
Net interest			
Interest income on plan assets	1,697	-	1,697
Interest cost on defined benefit obligation	-	2,212	(2,212)
Impact of asset ceiling on net interest	-	-	-
<b>Total net interest</b>	<b>1,697</b>	<b>2,212</b>	<b>(515)</b>
<b>Total defined benefit cost recognised in statement of comprehensive net expenditure</b>	<b>1,524</b>	<b>5,469</b>	<b>(3,945)</b>
Cashflow			
Plan participants' contributions	424	424	-
Employer contributions	2,267	-	2,267
Transfers in	-	-	-
Benefits paid	(3,665)	(3,665)	-
<b>Expected closing position</b>	<b>76,532</b>	<b>100,457</b>	<b>(23,925)</b>
Remeasurements of net defined benefit obligations			
Change in demographic assumptions	-	276	(276)
Change in financial assumptions	-	20,352	(20,352)
Other experience	-	(1,828)	1,828
Return on assets excluding amounts included in net interest	14,233	-	14,233
Changes in asset ceiling	-	-	-
<b>Total remeasurements recognised in other comprehensive income</b>	<b>14,233</b>	<b>18,800</b>	<b>(4,567)</b>
Fair value employer assets	90,765	-	90,765
Present value of funded liabilities	-	119,257	(119,257)
<b>Closing position as at 31 March 2021</b>	<b>90,765</b>	<b>119,257</b>	<b>(28,492)</b>

## Fair value of employer assets

BTBPS

Asset category	31 MARCH 2022				31 MARCH 2021			
	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	
<b>Equity Securities:</b>								
Consumer	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-
Energy & Utilities	-	-	-	-	-	-	-	-
Financial Institutions	-	-	-	-	-	-	-	-
Health & Care	-	-	-	-	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Debt securities:</b>								
Corporate Bonds (investment grade)	-	-	-	-	-	-	-	-
Corporate Bonds (non-investment grade)	-	-	-	-	-	-	-	-
UK Government	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Private Equity:</b>								
All	-	-	-	-	-	-	-	-
<b>Real Estate:</b>								
UK and Overseas Property	7,412	-	7,412	7.6%	6,342	-	6,342	7.0%
<b>Investment funds and unit trusts:</b>								
Equities	32,031	-	32,031	33.0%	37,376	-	37,376	41.2%
Corporate Bonds	2,152	-	2,152	2.2%	2,199	-	2,199	2.4%
Hedge Funds	26,743	-	26,743	27.6%	26,454	-	26,454	29.1%
Commodities	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Other - LDI repo	14,206	-	14,206	14.6%	7,376	-	7,376	8.1%
Other - Insurance Annuities	1,066	-	1,066	1.1%	1,232	-	1,232	1.4%
<b>Derivatives:</b>								
Inflation	-	-	-	-	-	-	-	-
Interest rate	-	-	-	-	-	-	-	-
Foreign exchange	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Cash and cash equivalents:</b>								
All	13,394	-	13,394	13.8%	9,786	-	9,786	10.8%
<b>Totals</b>	<b>97,004</b>	<b>-</b>	<b>97,004</b>	<b>100.0%</b>	<b>90,765</b>	<b>-</b>	<b>90,765</b>	<b>100.0%</b>

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

	2022 £'000	2021 £'000	2020 £'000
Fair value of employer assets	97,004	90,765	75,982
Present value of defined benefit obligation	(111,877)	(119,257)	(98,229)
<b>Net pension (liability)</b>	<b>(14,873)</b>	<b>(28,492)</b>	<b>(22,247)</b>
Experience: (Losses)/gains on assets	3,350	14,233	(5,157)
Experience: (Losses)/gains on liabilities	13,499	(18,800)	11,197
	16,849	(4,567)	6,040
<b>Experience: Cumulative actuarial (losses)/gains recognised</b>	<b>11,772</b>	<b>(5,077)</b>	<b>(510)</b>

## 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, 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 cease), 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, together with the employers’ contribution rates for the year, are as follows:

	2022	2021
	%	%
Aberdeen City Council Pension Fund	-	19.3
Tayside Superannuation Scheme	-	17
Falkirk Council Pension Scheme	-	38.9
Dumfries and Galloway Council Pension Fund	-	21.5
Lothian Pension Fund	15.2	15.2
Strathclyde Pension Scheme	-	29
Highland Council Pension Fund	-	33.3
Highland Council Pension Fund (Western Isles)	-	20.4
Fife Council Superannuation Fund	-	24.5
Orkney Isles Council Pension Fund	-	-
Scottish Borders Council Pension Fund	-	18
Shetland Islands Council Pension Fund	-	40.6

Employee contributions are applied in tiers ranging from 5.5% to 12% depending upon the employee’s pensionable pay on 31 March. Employers principal contributions paid by VisitScotland for the year to 31 March 2022 amounted to £1,185,000 (2021:£1,319,000). VisitScotland’s share of the LGPS Scheme assets, as disclosed at fair value, as at 31 March 2022, amounts to £87,681,000 (2021:£79,120,000), which when compared to its share of Scheme Liabilities of £88,165,000 (2021:£85,793,000) results in the funded status of VisitScotland’s share of the Scheme, as at 31 March 2022, standing at a reduced liability of £484,000 (2021:£6,673,000).

Bulk transfers of all assets and liabilities from each fund into the Lothian Pension Fund was undertaken in two tranches on 30 September 2020 and 31 December 2020. All bulk transfer activity was concluded by 31 March 2021.

The assets split at the accounting date, as shown on page 110, 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 2022	2022 % p.a.	2021 % p.a.
Inflation assumption Pre 2030	-	2.45 CPI
Inflation assumption Post 2030	-	2.75 CPI
Principal rate of increase in pensionable salaries	3.70	2.95
Pension Increase Rate (CPI)	3.20 CPI	-
Rate of increase for pensions in payment	3.20	2.75 CPI
Liability discount rate	2.70	2.0
Expected return on employer Assets	2.70	2.0

### 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	85.3	85.6 years
Female aged 65 at year end	88.1	88.4 years
Expected age at death of future pensioner at age 65		
Male aged 45 at year end	86.6	87.1 years
Female aged 45 at year end	90.0	90.3 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 2022.

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

The split of assets at 31 March 2022 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%	1,937
0.1% increase in Salary Increase Rate	0%	330
0.1% increase in the Pension Increase (CPI)	2%	1,590
1 year increase in member life expectancy	4%	3,527

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 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			-
<b>Opening position as at 1 April 2021</b>	<b>79,120</b>	<b>85,793</b>	<b>(6,673)</b>
Service cost			
Current service cost*	-	3,641	(3,641)
Past service cost (including curtailments)	-	-	-
Effect of settlements	-	-	-
<b>Total service cost</b>	<b>-</b>	<b>3,641</b>	<b>(3,641)</b>
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	-	-	-
<b>Total net interest</b>	<b>1,581</b>	<b>1,739</b>	<b>(158)</b>
<b>Total defined benefit cost recognised in statement of comprehensive net expenditure</b>	<b>1,581</b>	<b>5,380</b>	<b>(3,799)</b>
Cashflows			
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)	-
<b>Expected closing position</b>	<b>80,680</b>	<b>89,967</b>	<b>(9,287)</b>
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	-	-	-
<b>Total remeasurements recognised in other comprehensive income</b>	<b>7,001</b>	<b>(1,802)</b>	<b>8,803</b>
Fair value employer assets	87,681	-	87,681
Present value of funded liabilities	-	88,165	(88,165)
Present value of unfunded liabilities	-	-	-
<b>Closing position as at 31 March 2022</b>	<b>87,681</b>	<b>88,165</b>	<b>(484)</b>

\*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 2021

LGPS

	Assets £'000	Obligations £'000	Net (liability)/ asset £'000
Fair value of employer assets	64,713	-	64,713
Present value of funded liabilities	-	69,170	(69,170)
Present value of unfunded liabilities	-	-	-
<b>Opening position as at 1 April 2020</b>	<b>64,713</b>	<b>69,170</b>	<b>(4,457)</b>
Service cost			
Current service cost*	-	1,822	(1,822)
Past service cost (including curtailments)	-	-	-
Effect of settlements	-	-	-
<b>Total service cost</b>	<b>-</b>	<b>1,822</b>	<b>(1,822)</b>
Net interest			
Interest income on plan assets	1,453	-	1,453
Interest cost on defined benefit obligation	-	1,560	(1,560)
Impact of asset ceiling on net interest	-	-	-
<b>Total net interest</b>	<b>1,453</b>	<b>1,560</b>	<b>(107)</b>
<b>Total defined benefit cost recognised in statement of comprehensive net expenditure</b>	<b>1,453</b>	<b>3,382</b>	<b>(1,929)</b>
Cashflows			
Plan participants' contributions	356	356	-
Employer contributions	1,259	-	1,259
Contributions in respect of unfunded benefits	60	-	60
Benefits paid	(1,808)	(1,808)	-
Unfunded benefits paid	(60)	(60)	-
<b>Expected closing position</b>	<b>65,973</b>	<b>71,040</b>	<b>(5,067)</b>
Remeasurements of net defined benefit obligations			
Change in demographic assumptions	-	-	-
Change in financial assumptions	-	16,919	(16,919)
Other experience	-	(2,166)	2,166
Return on assets excluding amounts included in net interest	13,146	-	13,146
Changes in asset ceiling	-	-	-
<b>Total remeasurements recognised in other comprehensive income</b>	<b>13,146</b>	<b>14,753</b>	<b>(1,607)</b>
Fair value employer assets	79,119	-	79,120
Present value of funded liabilities	-	85,793	(85,793)
Present value of unfunded liabilities	-	-	-
<b>Closing position as at 31 March 2021</b>	<b>79,119</b>	<b>85,793</b>	<b>(6,673)</b>

\* 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 2022				31 MARCH 2021			
	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	£'000	%	
<b>Equity Securities:</b>								
Consumer	10,787	-	10,787	12.3%	9,886	-	9,886	12.5%
Manufacturing	11,604	-	11,604	13.2%	11,487	65	11,552	14.6%
Energy & Utilities	4,841	-	4,841	5.5%	4,260	-	4,260	5.4%
Financial Institutions	5,053	-	5,053	5.8%	5,391	-	5,391	6.8%
Health & Care	6,074	-	6,074	6.9%	5,392	-	5,392	6.8%
Information technology	3,984	-	3,984	4.5%	3,778	3	3,781	4.8%
Other	6,537	-	6,537	7.5%	6,126	226	6,352	8.0%
<b>Debt securities:</b>								
Corporate Bonds (investment grade)	-	-	-	0.0%	35	8	43	0.1%
Corporate Bonds (non-investment grade)	-	-	-	0.0%	-	-	-	0.0%
UK Government	7,657	-	7,657	8.7%	4,194	578	4,772	6.0%
Other	1,645	-	1,645	1.9%	-	-	-	0.0%
<b>Private Equity:</b>								
All	9	403	412	0.5%	677	11,729	12,406	15.7%
<b>Real Estate:</b>								
UK Property	816	3,819	4,635	5.3%	992	3,143	4,135	5.2%
Overseas Property	-	25	25	0.0%	1	20	21	0.0%
<b>Investment funds and unit trusts:</b>								
Equities	1,507	68	1,575	1.8%	478	660	1,138	1.4%
Corporate Bonds	1,648	2,458	4,106	4.7%	304	1,453	1,757	2.2%
Hedge Funds	-	-	-	0.0%	-	-	-	0.0%
Commodities	-	-	-	0.0%	-	-	-	0.0%
Infrastructure	-	8,890	8,890	10.1%	12	52	64	0.1%
Other-LDI repo	-	-	-	0.0%	-	-	-	0.0%
Other Insurance Annuities	-	-	-	-	-	-	-	-
<b>Derivatives:</b>								
Inflation	-	-	-	-	-	-	-	-
Interest rate	-	-	-	-	-	-	-	-
Foreign exchange	4	-	4	-	-	-	-	-
Other	-	-	-	0.0%	-	-	-	0.0%
<b>Cash and cash equivalents:</b>								
All	9,853	-	9,853	11.2%	5,226	2,944	8,170	10.3%
Totals	72,019	15,663	87,681	100%	58,239	20,881	79,120	100%

## Fair value of employer assets

LGPS

## History of experience gains and losses

As at 31 March

	2022 £'000	2021 £'000	2020 £'000
Fair value of employer assets	87,681	79,120	64,713
Present value of defined benefit obligation	(88,165)	(85,793)	(69,170)
<b>Net pension (liability)</b>	<b>(484)</b>	<b>(6,673)</b>	<b>(4,457)</b>
Experience: (Losses)/gains on assets	7,001	13,146	(4,638)
Experience: (Losses)/gains on liabilities	1,802	(14,753)	5,507
	8,803	(1,607)	869
<b>Experience: Cumulative actuarial (losses)/gains recognised</b>	<b>6,707</b>	<b>(2,096)</b>	<b>(489)</b>

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

	2022 £'000	2021 £'000
British Tourist Boards' Pension Scheme	2,836	2,267
Local Government Pension Schemes	1,185	1,320
Other Pension Schemes	-	-
<b>At 31 March</b>	<b>4021</b>	<b>3587</b>

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

	2022 £'000	2021 £'000
British Tourist Board's Pension Scheme	16,849	(4,567)
Local Government Pension Schemes	8,803	(1,607)
<b>At 31 March</b>	<b>25,652</b>	<b>(6,174)</b>

### b. Total deficit on retirement benefit obligations

	2022 £'000	2021 £'000
British Tourist Boards' Pension Scheme	(14,873)	(28,492)
Local Government Pensions Schemes	(484)	(6,673)
<b>At 31 March</b>	<b>(15,357)</b>	<b>(35,165)</b>

### 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	(5,470)	(3,641)
Interest costs	(596)	(158)
Employers contributions	2,836	1,185
<b>Annually Managed Expenditure (AME)</b>	<b>(3,230)</b>	<b>(2,614)</b>
<b>Total charge to SoCNE during the year was</b>		<b>5,844</b>

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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 are representative of the Finance Lease obligations with regard to Leasehold properties reported in accordance with IAS 17, and highlighted in Note 17.

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 March 2021					
Other borrowings	106	55	51	-	106
Trade and other payables	43,620	43,620		-	43,620
<b>Total financial liabilities</b>	<b>43,726</b>	<b>43,675</b>	<b>51</b>	<b>-</b>	<b>43,726</b>
As at 31 March 2022					
Other borrowings	51	38	13	-	51
Trade and other payables	19,131	19,131			19,131
<b>Total financial liabilities</b>	<b>19,182</b>	<b>19,169</b>	<b>13</b>	<b>-</b>	<b>19,182</b>

### 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 13.

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	
	2022 £'000	2021 £'000
<b>Current receivables</b>		
Trade and other receivables	3,548	3,517
Cash and cash equivalent		
Government Banking Service	9,905	30,564
Commercial banks	2,003	5,643
Unapplied capital receipts	-	-
<b>At 31 March</b>	<b>15,456</b>	<b>39,724</b>

## 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.

### Fair values of financial instruments

GROUP	Within 1 year £'000	Between 1 and 5 years £'000	After 5 years £'000	Total £'000
<b>Fixed interest rate</b>				
At 31 March 2021				
Financial liabilities	-	-	-	-
Other borrowings	(55)	(51)	-	(106)
<b>Total</b>	<b>(55)</b>	<b>(51)</b>	<b>-</b>	<b>(106)</b>
<b>At 31 March 2022</b>				
Financial liabilities	-	-	-	-
Other borrowings	(38)	(13)	-	(51)
<b>Total</b>	<b>(38)</b>	<b>(13)</b>	<b>-</b>	<b>(51)</b>
<b>Variable interest rate</b>				
At 31 March 2021				
Financial assets	-	-	-	-
Trade and other receivables	3,517	-	-	3,517
Cash and cash equivalents	36,207	-	-	36,207
Financial liabilities	-	-	-	-
Trade and other payables	(43,620)	-	-	(43,620)
<b>Total</b>	<b>(3,896)</b>	<b>-</b>	<b>-</b>	<b>(3,896)</b>
<b>At 31 March 2022</b>				
Financial assets	-	-	-	-
Trade and other receivables	3,548	-	-	3,548
Cash and cash equivalents	11,908	-	-	11,908
Financial liabilities	-	-	-	-
Loans	-	-	-	-
Trade and other payables	(19,131)	-	-	(19,131)
<b>Total</b>	<b>(3,675)</b>	<b>-</b>	<b>-</b>	<b>(3,675)</b>

## 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.

### Fair value hierarchy

	Group			
	2022		2021	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
<b>Financial assets</b>				
Trade and other receivables	3,548	3,548	3,517	3,517
Cash and cash equivalents	11,908	11,908	36,207	36,207
<b>Financial liabilities</b>				
Other borrowings	(51)	(51)	(106)	(106)
Trade and other payables	(19,131)	(19,131)	(43,620)	(43,620)
<b>At 31 March</b>	<b>(3,726)</b>	<b>(3,726)</b>	<b>(4,002)</b>	<b>(4,002)</b>

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

### Estimation of fair values

<b>Level 1</b>	quoted prices (unadjusted) in active markets for identical assets or liabilities.
<b>Level 2</b>	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).
<b>Level 3</b>	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:

<b>Trade and other receivables</b>	The fair value is deemed to be the same as the carrying value, less any provision for impairment.
<b>Cash and cash equivalents</b>	The fair value is deemed to be the same as the carrying value.
<b>Trade and other payables</b>	The fair value is deemed to be the same as the carrying value.
<b>Other borrowings</b>	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 bankings, 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	Dilapidation provision	Pension provision	Total
	£'000	£'000	£'000	
At 1 April 2020	37	542	49	628
Utilised	-	94	-	94
Charged	-	-	-	-
At 31 March 2021	37	636	49	722
At 1 April 2021	37	636	49	722
Utilised	-	(614)	(4)	(618)
Charged	-	-	-	-
At 31 March 2022	37	22	45	104

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 as at 31 March 2021.

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### Losses and special payments

	Group		VisitScotland	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Total losses for the year were:				
Trade bad debts written off	141	25	141	25
<b>At 31 March</b>	<b>141</b>	<b>25</b>	<b>141</b>	<b>25</b>

## 23

### Capital commitments

As at 31 March 2022 there were no capital commitments (2021: none).

## 24

### 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 2022 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 2022 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.

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
Rebecca Brooks	Scottish Tourism Alliance	Non-executive Director and Trustee	Destination and Sector Fund - Covid business support grant	-	-	102.00	-
Rebecca Brooks	UKInbound	Non-executive Director	Conference tickets	-	-	24.93	-
Rebecca Brooks	Scottish Tourism Alliance	Non-executive Director and Trustee	Conference tickets	-	-	0.34	-
Malcolm Roughead	SCDI	Board Director	Membership fee	-	-	4.00	-
Robbie Clyde	Snowsport Scotland	Chair	Destination and Sector Fund - Covid business support grant	-	-	75.00	-
Caroline Roxburgh	Edinburgh International Festival Society	Director	Grant award	-	-	70.00	-
Dr Keith Nicolson	Highlands & Islands Enterprise	Board Director	Feasibility study	13.38	-	-	-
Dr Keith Nicolson	Dunnet Head Lighthouse Ltd	Director	Marketing	-	-	0.61	-

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.

Edinburgh  
International  
Book Festival

“ ”

The single story creates stereotypes  
and the problem with stereotypes  
is not that they are untrue, but that  
they are incomplete. They make  
one story become the only story.

Stories matter. Many stories matter.

Stories have been used to  
dispossess and to malign, but  
stories can also be used to empower  
and to humanize. Stories can break  
the dignity of others, but stories  
can also restore it.

The World,  
in Words



Edinburgh International Book Festival

The World, in Words.