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Committee
Scottish Parliament
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12 February 2021

Dear Joan

Thank you for your letter of 22 January 2021 following the Committee session on Tourism on 21 January.

Your letter covers three main issues and I have set out my responses below.

Scottish Tourism Recovery Taskforce Report and Recommendations

You asked when the Scottish Government would respond to the taskforce report and recommendations, and for detail regarding the 5 year recovery plan.

The Scottish Government's response to the Taskforce report and recommendations is available online at <https://www.gov.scot/publications/scottish-tourism-taskforce-recommendations-scottish-government-response/>.

On the recovery plan, the Scottish Government has commissioned work in response to the Scottish Tourism Taskforce recommendations to develop a five year recovery and investment plan to set the tourism sector back on track to deliver the tourism strategy, *Scotland Outlook 2030*.

The work is being undertaken as a collaboration between Scottish Government, the enterprise agencies, VisitScotland, Skills Development Scotland, SDI, COSLA and the tourism industry. Scottish Government will lead co-ordination of plan development working closely with STERG members. A very positive meeting to discuss progress with the Scottish Tourism Taskforce was held on 11th February.

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In summary, we expect agencies and key stakeholders to work with the Scottish Government to develop a robust set of proposals for recovery over a five year period based on green recovery, fair work, and place based principles. We expect the plan to:

- identify priorities to incentivise green low carbon travel and stays which support local community needs.
- identify priorities for business support and employee skills development to stimulate and accelerate recovery over a five year period in an inclusive and collaborative way.
- develop thinking regarding a possible future global advantage fund – which could build place based centres of excellence focused on world class service and training focused around a unique sectoral offers such as golf tourism, adventure tourism or food and drink, for example
- consider innovative funding mechanisms and public private partnerships to deliver the five year recovery plan. Public sector funding will be extremely constrained over coming months and years and will need to focus on delivery of public goods and services. The working group will need to identify and develop new mechanisms for support which could include plans to convert debt to equity, new asset backed vehicles, securing longer term investors and owners for key assets, and securing support from banks and loan facilities.
- develop the evidence base to underpin the advice to Ministers on priorities for future support, learning lessons from previous support packages.
- engage with stakeholders on options and secure their support and ownership for priorities.

We expect that the development of a full and costed recovery plan and investment model will be complete and financial resources for delivery identified in the late spring, and the plan would then be delivered via regional project teams, likely to comprise a mix of the enterprise agencies, VisitScotland, Skills Development Scotland, SDI and businesses.

£104 million tourism and hospitality lifeline

You asked for clarification of what proportion of the £104.3m, including the funds to be administered by VisitScotland, has been allocated to each fund, and the eligibility criteria which will apply to each of the funds.

On top of the £104.3 million, you may also have noted that I have now announced an additional £25 million funding for the VisitScotland schemes to support businesses through the coronavirus (COVID-19) pandemic.

VisitScotland have continued to work at pace with the sector to ensure that the approach meets their needs, and to include domestic tour operators, country sport businesses and motorhome hire businesses within the envelope of the existing funds by developing new strands.

The final suite of funds that Visit Scotland are now delivering for tourism is as set out below. The VisitScotland website - [Funding & Grants for Scottish Tourism Businesses | VisitScotland.org](#) - sets out the criteria for the funding schemes they are delivering.

- The Sector Destination Operational & Market Readiness Fund – in progress, now closed to applications. Value £2.5 million
- Marine and Outdoor Tourism Restart Fund, which has two strands: marine tourism and outdoor tourism – now closed. Value £4 million

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- Scottish Country Sports Tourism Restart Fund. Value £1 million, to be administered as a third strand of the Marine and Outdoor Tourism Restart Fund
- Visitor Attractions Support Fund – applications open until 5pm on Thursday 18 February 2021. Value £10 million
- Scotland Coach Operators – COVID-19 Business Support and Continuity Fund – applications live from 16 February. Value £10 million
- The Hostel – COVID-19 Business Support and Continuity Fund – applications live from 17 February. Value £2.3 million
- Scotland Tour Operators: International Inbound Tour Operators Fund and Day Tour Operators Fund. Value £15m, split into £12m for the large International Inbound operators and £3m for the domestic day/multi day tour operators.
- Tour Guides Fund. Value £3 million
- Campervan and Motorhome Rental Operators fund. Value £1 million

For completeness the Committee will also wish to note that VisitScotland are administering two funds for the Events sector, under the auspices of Event Scotland.

- Event Industry Support Fund – late January for top-up payments / guidance launched for new applicants:
- Pivotal Event Businesses Fund – closed.

These increased fund allocations, including the addition of new strands for country sports, motorhome hire and domestic day/multi day tour operators, represent the best approach to supporting these sectors, and have been carefully co-designed with the relevant stakeholders to ensure they meet their needs at this point.

Local authorities are delivering the Strategic Framework Business Support Fund including the top-up grants for hospitality. They are also delivering the £7 million support fund for larger self-catering businesses and exclusive use venues - local authorities will identify and invite relevant businesses to register for payment from 15th February 2021 - and the grant for B&Bs and guesthouses who pay Council Tax and are not eligible for the SFBF, worth £1 million every 4 weeks. Details of all these (and the VisitScotland schemes) will be available at the findbusinesssupport.gov.scot webpage

Support packages already provided to the tourism sector

Finally, you have asked for further information regarding the support funding already delivered, including:

- The total number of applications received and the number of successful applications;
- The number of applications awarded by local authority area;
- The total funding allocated to date and allocated by local authority area;
- How the Scottish Government is evaluating the impact of these funds to identify the outcomes from each fund and which funds had better outcomes compared to funds which performed less well;
- What audit processes are in place across these funding streams to deter fraudulent applications?

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At the end of the first lockdown we reported to committees on all funds that were set up. Up to date information on a number of local authority delivered funds was published on 10 February ([£244 million paid to businesses in January - gov.scot \(www.gov.scot\)](#)). Many of the current schemes have only just opened so the amount of data we currently hold is limited. However, I can confirm that monthly publication of data will cover all business funds, as schemes are set up and data becomes available.

The answer to the question about the audit processes in place across these funding streams is that where a third party is delivering funds on our behalf the responsibility for fraud prevention and assurance generally sits with them. For example, for the SFBF the guidance states:

“Given their responsibilities for managing public funds, it is up to local authorities to ensure that procedures for administering the grants are suitably robust, including due diligence to mitigate fraud and for audit purposes.”

VisitScotland, for the schemes they are administering, will be taking appropriate fraud prevention and detection measures, as well as alerting us to any instances of suspected or actual fraud. While VisitScotland’s main objective is to get the money to each eligible business as quickly as possible, they cannot allow their governance procedures to slip in doing this. VisitScotland’s internal auditors are currently auditing the processes they have put in place for the Covid grant funds and the first report, an audit on EISF, suggested only 1 minor administrative recommendation.

All of the funds VisitScotland are administering have been based off this model so the outcome of this audit provides their Board, Audit and Risk Committee and Leadership Group, as well as the Scottish Government, with assurance on the overall processes that they have put in place.

This audit is only the first of several internal audits on the grant funds. VisitScotland’s intention is that this programme of work provides continued assurance throughout and any action can therefore be taken in real time rather than looking at it retrospectively.

DigitalBoost

Finally, although not covered in your letter, I undertook at Committee to provide an update on the DigitalBoost Development Grant.

Applications for businesses opened at midday on 12 January 2021, with an original £10 million fund available. There was a fantastic response to the fund, with over 2,400 businesses beginning the application process on a first come first served basis. It was very quickly oversubscribed and therefore additional registrations for the programme were suspended at 19:00 on 12 January 2021.

In response to the significant demand for the programme, I am pleased to confirm that we have doubled the funding available, to allow businesses who had started their application at the time of suspension, to complete it. Although the fund remains closed to all new applications at this time, businesses who had started their application received an email on 26 January inviting them to complete their application. All applications will continue to be processed in chronological order. Unfortunately, businesses who had not started their

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application will be unable to do so at this time. We will monitor the progress of this new programme closely and, if appropriate, will look to build on it in the forthcoming year.

I trust the above will provide a sufficient update on the Scottish Government's activity to support the tourism sector.

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