Scottish Tourism Emergency Response Group (STERG)

STERG Sector Update Session
Wednesday 16th June 2021

Present:

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<td>Association of Scottish Self-Caterers</td>
<td>Fiona Campbell</td>
<td>Scottish Guest House and B&amp;B Alliance</td>
<td>Sinclair Williamson</td>
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<td>Association of Scottish Visitor Attractions</td>
<td>Gordon Morrison</td>
<td>Scottish Golf Tourism Development Group</td>
<td>Stuart French</td>
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<td>British Amusement Catering Trade Association</td>
<td>John White</td>
<td>Scottish Tourism Alliance</td>
<td>Karen Christie</td>
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<td>Discover Scotland’s Gardens</td>
<td>Dougal Philip</td>
<td>Scottish Tourist Guides Association</td>
<td>Kenneth Bramham</td>
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<td>Hostelling Scotland</td>
<td>Margo Paterson</td>
<td>WildScotland</td>
<td>Victoria Brooks</td>
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<td>Independent Hostels</td>
<td>Gregor Barclay</td>
<td>VisitScotland</td>
<td>Riddell Graham</td>
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<td>Sail Scotland</td>
<td>Alan Rankin</td>
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<td>British Holiday &amp; Home Parks Association</td>
<td>Jeanette Wilson</td>
<td>Scottish Agritourism</td>
<td>Caroline Millar</td>
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<td>Historic Houses</td>
<td>Andrew Hopetoun</td>
<td>Scottish Country Sports Tourism Group</td>
<td>Rory Kennedy</td>
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<td>Night Time Industries Association</td>
<td>Donald Macleod</td>
<td>UKHospitality [Scotland]</td>
<td>Leon Thompson</td>
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Key Notes & Actions

1. Tourism Recovery Planning Update

Phase 1 Immediate Recovery Projects
- All 10 projects continue to progress.
- The Destination & Sector marketing Fund opened for applications from 1st June.
- The latest project update (31st May) has been published on VS.org
- The next update will be 5th July.

Phase 2 Development of the Recovery Plan
- On the request of Scottish Government STERG have been focused on developing a Five Year Recovery Plan. However, while the Five year recovery Plan will be a critical stepping stone to getting us back on track towards Scotland Outlook 2030, the rapidly changing environment and the constant uncertainty which the sector is faced with right now suggests that the focus needs to shift to the shorter term and more immediate recovery measures. A decision therefore has been taken by STERG in agreement with SGov that the recovery plan will now focus on a two year time frame.

- Consultants Toposophy have been working closely with STERG to deliver the recovery plan.

  Toposophy have now consolidated, insights from international best practice, findings from the substantial evidence base which had been gathered as well as the outputs from the consultation sessions, to provide a set of recommendations. The recommendations have highlighted the key areas of focus for tourism recovery in Scotland and were shared with STERG and with the Tourism Task Force last month.

- STERG have reviewed the documentation and the recommendations and are scoping the projects which will shape the recovery plan. The original deadline for submitting the recovery plan for funding was the end of June, however, to meet the funding opportunity offered by the Programme for Government (PfG), STERG partners were requested at the end of last week to submit initial recovery proposals to Scottish
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Government today, as the first stage of the PfG process.

7 of the current Phase 1 projects are expected to continue beyond 2021/22, including:
- International Demand Building
- Destination & Sector marketing Fund
- The Strategic Infrastructure Plans
- Tourism & Hospitality talent Development Programme
- leadership to Boost Product Innovation
- Net Zero Pathway for Scotland’s Tourism Industry
- Scottish Tourism (Data) Observatory

A further 6-7 new project proposals are being considered for submission covering areas such as: Labour Supply and Recruitment; Looking at how we support businesses to invest or adapt their products and experiences; Digital initiative linked with online bookability; Business Events; Community Led Tourism and Supply Chain.

2. Sector Issues
Following the last Sector call, all of the issues raised were highlighted to STERG and to Scottish Government.

R.Graham noted that there has been little movement on some of the critical challenges such as the 2m physical distancing and the position on household mixing for large self-catering properties and that these issues are still sitting with SGov.

It was also noted that Wild Scotland and Sail Scotland have made a written submission to Ivan McKee.

It was acknowledged that this situation is very frustrating for all and it was emphasised that STERG continue to push for a response on outstanding issues from SGov.

- Association of Scottish Visitor Attractions, Gordon Morrison
  - The purpose of the STERG Sector call should be questioned if the issues raised on the call, are not reflected in the STERG minutes. As an example, the minutes from the last STERG meeting, notes that the lack of workforce is the biggest challenge that the sector faces right now – this comment would not have come from the Sector call, this must have come from a different source. This is not the biggest challenge for the overall sector and there is concern that the SGov will pick this up as the prime issue that we are facing.

  The biggest challenge is that the sector is facing another season without making any money. The latest ASVA survey results show that less than 10% of the sector is trading profitably right now due to ongoing restrictions – these restrictions are now going to continue for a significant period of time. This will result in the summer season being written off. The sector will be in a worse position this winter than last winter as there is no money left for businesses – this is the biggest challenge.

  - Longer term there will be a number of issues to face due to the lack of money to invest, there will be no investment in new facilities or infrastructure and no investment in staff development and training – these will be real challenges.

  - The Sector urgently needs financial support to get the sector through to lead the recovery. It was noted that realistically recovery is not going to happen until next year.

  - R.Graham noted that the reason the Sector call was created was to ensure that the collective voice of the Sector bodies was heard at STERG. If this is not happening it will be addressed.
- On the specific point about the recruitment challenge which the sector is facing, it was noted that there has been significant lobbying by UKH with the UK Gov and the SGov, other bodies have also been lobbying on this issue which has brought it the fore.

- Association of Scottish Self-Caterers, Fiona Campbell
  - It was highlighted that there continues to be no response from Scottish Government on the key issues that are facing the self-catering sector. This is not acceptable.

The following issues were reiterated:
- **The impact of household meeting restrictions on larger self-catering properties**
  Many larger self-catering properties, which typically accommodate more than seven people, are in a perilous financial state due to the impact of household meeting restrictions. Larger self-catering businesses have only had 10 weeks of viable trading in Summer and Autumn of 2020 and many are struggling to cope. The restrictions on households also mean that those larger properties that do open will continue to face significant restrictions, even when Scotland finally enters level zero.

Such properties require financial support in order to ensure their sustainability. We note that the Exclusive Use and Large Self-Catering Grant scheme allocated a total of £2,892,000 to 1,373 premises (Scottish Government, COVID-19 BUSINESS SUPPORT EXPERIMENTAL STATISTICS: STRATEGIC FRAMEWORK BUSINESS FUND (TRANCHE 6) AND OTHER LOCAL AUTHORITY SUPPORT SCHEMES, May 2021). The Scottish Government pledged £7m to this fund. We are therefore urging the Scottish Government to redeploy the underspend and consider the urgent financial needs of these larger properties that cannot trade viably while the household restrictions are ongoing. We are not asking for new support, but for the support that was committed to our sector in December 2020.

- **Scottish Government’s plans to regulate short-term lets**
  We are extremely concerned that the Scottish Government’s plans to introduce short-term let licensing will materially damage the position of the Scottish tourism sector. The ASSC have put forward a more targeted and bespoke response through the introduction of a registration scheme, with mandatory health and safety criteria as the most proportionate and achievable for Scotland.

It is important to note that our proposal has an unprecedented level of cross-industry support, from traditional operators, trade associations and online platforms who, despite representing different stakeholders, stand united in their support for this approach. Given the huge economic impact of short-term letting in Scotland, we believe it is vital that these regulations are viewed in a holistic context – not just for the Housing Directorate – but one encompassing Tourism, Economy and Covid-19 recovery.

- There is real concern that the voice of tourism is not being heard over the voice of hospitality. A definition is needed to clarify what is tourism and what is hospitality. There is also a need to understand why the voice of hospitality dominates.

- **Sail Scotland, Alan Rankin**
  - Parity of what is tourism and what is hospitality is an ongoing issue which has not been resolved. Tourism feels like it has been shelved – patience is now running out.
  - It was understood that a Physical Distancing paper was due to be published on 7th June. When will this be published? Physical Distancing is critical to tourism businesses.
  - Sail Scotland have proposed a four level series of testing which has not been accepted. If four levels of lateral flow testing are not sufficient to have a safe bubble of people, then there is no merit in any testing anywhere. It was noted that Clinicians have supported and built this testing procedure. This issue has been raised with the former Minister, it’s now been raised with the new Minister and a conversation
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took place this morning with officials.

- **Scottish Golf Tourism Development Group, Stuart French**
  - It was noted that there are 128 people in Scottish hospitals with COVID and there are 13k beds, that’s less than 1% and yet we (international inbound operators) are still closed. There is a choice, we either reopen or get grant funding. The grant funding received by tour operators last month, while appreciated, covered the period from March 2020 until now. This sector now needs to get through to next April as this year has totally gone for the international market.

- **Scottish Guest House and B&B Alliance, Sinclair Williamson**
  - The Guest House and B&B sector remain frustrated that they have not been treated fairly and evenly with other businesses of the same size. There are two issues which remain ongoing.

  Firstly, NDR based grants that were available to other similar businesses have not been available to this sector. There is no justification for excluding Guest Houses where they have the same number of staff and the same NDR value. This has never been addressed or recognised by the Scottish Government.

  Secondly, some parts of the country are doing OK, however other parts of the country are only seeing 30%-50% of the income that would have been generated for the same period pre-COVID. There is an urgent need for grant funding to support these businesses.

  - The ask of the Alliance is that the sector receives a fair share of the cake, even if the cake is smaller due to the money which is available.
  - The Alliance are trying to arrange a meeting with the new Minister, this is not yet confirmed and is now urgent. The Alliance did meet with Fergus Ewing prior to the election and that proved to be very helpful.
  - Many members are now at the point of having to pay back bounce back loans, with the ongoing restrictions this is causing major issues and needs to be addressed. More money has to be made available if we are going to continue to be closed.

- **Independent Hostels, Gregor Barclay**
  - Very concerned that the voice of tourism has been completely lost. The media is all about hospitality.
  - Doubt was expressed that the Scottish Government is listening to the tourism sector.
  - The hostel sector is in a dire situation. Demand has collapsed – there is no staycation boom.
  - Restrictions on bedroom sharing means that what little demand there is, can’t be met. Many businesses therefore are not currently financially viable.
  - The sector are trying to engage with SGov officials to discuss bedroom sharing, however, they will not be able to get a meeting until after the Physical Distancing review has been published, (date of which is unknown). It is feared that by the time any meaningful meeting takes place it will be too late for this season.

- **WildScotland, Victoria Brooks**
  - There is real concern about the survival of the outdoor sector. The majority of the sector is made up of small rural businesses.
  - A worrying statistic from a recent WildScotland survey shows that in comparison to 2019, 52% say that bookings over the next months are looking poor to dreadful. With only 12% reporting that bookings are looking good.
  - The outdoor sector is very seasonal there are therefore c. 2 months left of the season to try and generate revenue.
  - The restrictions which continue to impact the sector include, group sizes, household mixing and social distancing.
  - These businesses need funding to compensate for the forced closure or forced restricted trading.
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- Scottish Tourist Guides Association, Kenneth Bramham
  - Some Tour guides have not worked / earned any money for c. 17 months and although the funding received from VS was gratefully received won’t last long.
  - Frustration was expressed that Ivan McKee was not able to hear from all of the sectors at the STA Council meeting on 15th June. This was an opportunity to provide a broad understanding of the tourism sector and demonstrate its diversity. It was felt that this opportunity had been missed.

  It was noted that Ivan McKee was only able to join the STA Council meeting for one hour and that the intention was to invite as many members as possible to contribute in that time.

- British Amusement Catering Trade Association, John White
  - Seaside arcades are seeing good footfall and trading well but echo everything on this call re restrictions such as social distancing.
  - The lack of overnight stays will feed through into footfall over the main summer trading period so there are concerns about this.
  - Most staffing issues seem to be down South

- Historic Houses, Andrew Hopetoun (Points raised in advance of the meeting)
  - Key issue is the impact on business of an extended delay to reopening, and what is understood to be the position from SG that, absent further Barnett consequentials, there isn’t likely to be further support available. For wedding businesses in particular this is crippling, but for all member businesses who are open but still running at a loss, it’s looking like a second summer will be lost.

3. Meeting Close
R.Graham thanked everyone for being open and honest and noted the following points:
- The continued frustration expressed by the group at the Sector meetings was clear.
- At the last meeting it was suggested that the Minister attend one of the sessions to hear directly from the group. Although this cannot be guaranteed, it will be raised with SGov colleagues at STERG tomorrow. If the Minister is not able to attend, then someone else from SGov will come along and listen directly to the issues that are being raised.
- It was noted that the approach through STERG did not seem to be working for the group and this would be highlighted at STERG.

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Next Meeting
Wednesday 30th June, 9.00am-9.30am.