Scottish Tourism Emergency Response Group (STERG)

STERG Sector Update Session
Wednesday 23rd February 222

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<td>Sail Scotland</td>
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<td>British Amusement Catering Trade Association</td>
<td>John White</td>
<td>Scottish Golf Tourism Development Group</td>
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Key Notes & Actions

1. Business Support Update

- The first four VisitScotland top up funds to launch, (coach operators, day tour operators, hostels and inbound tour operators) are now closed and are very close to 100% completion.

- The Visitor Attractions Fund and the Outdoor / Marine Fund are making good progress and will close tomorrow (24th). A lower return is expected on these funds as not all businesses would have been open and trading and therefore not eligible for the top up.

- Fraud checks continue on all applications.

- Work is ongoing to set up the £7.5m Inbound Tour Operators Fund, (announced by Kate Forbes on 10th February). This fund will provide a top up pro rata to the same percentage of the original fund. VS are working closely with colleagues in the inbound sector on this fund. This is expected to go live at the beginning of March.

- The remaining balance from the £9m, once the 6 top up funds are complete, are likely to be used as a top up for the Destination & Sector Marketing Fund. This will allow DMO’s and sectors to extend current marketing and communications activity to strengthen the 2022 season.

- Discussions are ongoing about the creation of a new fund which would target businesses who have not been able to access any funds to date. Typically, these may be new businesses where they would not have had a set of accounts or other necessary paperwork to qualify for the original fund or businesses who may have changed hands and for whatever reason precluded them for qualifying for the original fund. It was noted that this may only apply to a modest number of businesses. This fund is expected to open during the second week of March for two weeks with all payments being made by 31st March.

- It was highlighted that VisitScotland are also managing a series of funds through EventScotland.
2. Sector Feedback and Comments

Association of Scottish Visitor Attractions, Gordon Morrison
- It is important that the current position of the Visitor Attraction sector is recognised, ASVA’s annual report for 2021 shows that visitor numbers in the sector were -62% vs 2019 demonstrating that the picture remains very difficult for the sector.

- The Days Out campaign has been greatly appreciated by the sector, and for those who participated, it has been very successful. There is a general request from the sector to re-run the campaign when there are no restrictions in place such as physical distancing, travel restrictions or messaging which would deter people from getting out and about. It was noted that this was raised with Mr McKee

RD advised that no further funding is available to support a re-run of the Days Out campaign at the moment, should funding become available then it is an option which could be considered.

- Significant effort is still required to build consumer confidence and to encourage people to visit attractions or take holidays. It was noted that the visitor attraction sector is putting safety first above all else to ensure visitors feel safe and enjoy their experience.

RD advised that issues around messaging from Scottish Government had been discussed at STERG and it was acknowledged that both the Scottish Government and VisitScotland have a leading role to play here. It was noted that VS are putting plans in place with Scottish Government to encourage ministers and MSPs to get out and about in the run up to Easter.

Historic Houses, Andrew Hopetoun
- Many of the venues have been closed over the winter. Reopening will begin in March / beginning of April.

- Typically, venues were not able to benefit from the Days Out campaign as they were closed, re-running this campaign would be hugely positive.

- Reinforcing the message that the sector is open and that it is safe to visit is a priority for members.

- Early positive signs from HES and NTS venues who have already opened - visitor numbers are up slightly on last year (albeit from a low base).

- Upbeat and positive messaging from Scottish Government would be welcomed.

Association of Scotland’s Self-Caterers, Fiona Campbell
- No Omicron funding was made available to the sector which has been challenging.

- The biggest threat to the sector continues to be licensing. Scottish Government Homes Division has left the old guidance online, so this has caused great confusion, a request has been made for it to be taken down.

- City of Edinburgh Council are voting today on the introduction of a STL control area across the Council area. This is expected to be approved and will result in the closure of thousands of businesses.

- The sector is in a very different place to 2019, bookings are coming in, but consumer behaviour is now very different, people are now less likely to book far in advance favouring last minute bookings instead, this means forward bookings remain uncertain. It was noted that it has been a choppy start to the year.
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Scottish Hostels, Gregor Barclay
- Generally, demand from the core hostelling demographic is not bad for the year ahead
- In the absence of knowing when international visitors will return (and in what volume), the key challenge will be how to attract a non-core domestic demographic. Additional marketing support to help with this would be most welcome.
- A recent meeting with UK wide hostelling organisations highlighted the need to promote hostelling on a national basis. There is still resistance to the idea of staying in a hostel and sharing with people you don’t know. It is acknowledged that this is a marketing issue as well as an issue of general messaging from government to boost the confidence of the public more broadly.
- It was noted that a forum will be held this afternoon with Scottish Hostels members.

Sail Scotland, Alan Rankin
- Forward bookings are looking really good.
- Cash continues to be the big issue for many members.
- Pleased with the relaxation of restrictions however the lack of positive messaging from the Scottish Government is very frustrating. Instilling confidence is key moving forward.
- A group of Sail Scotland members are now looking at international marketing opportunities. There is a very buoyant UK market for this year and next year however the real issue is the 2024-2025 season and the recovery of international markets.

It was suggested that an international marketing support fund is put in place to mirror the UK marketing support which has been available this year. In the marine sector there are a number of international trade shows and consumer shows which are very effective mechanisms to target niche, high spending markets.

Night Time Industries Association, Donald Macleod
- The Strategic Framework funding, the cancellation funding and closure funds, have all gone through and it was noted that local authorities have done a good job in distributing the funds. There were some initial problems with the Nightclub Closure Fund however these were resolved quickly. The cancellation funding for events through Creative Scotland has taken time however it is now moving ahead.
- Confident Scottish Government messaging has been poor, this needs to be addressed quickly.
- Labour shortages across the industry needs addressing by all organisations as well as Scottish Government.

UKHospitality (Scotland), Leon Thompson
- Rising costs, particularly energy costs are putting a tremendous pressure on businesses.
- The pressure of labour shortages continues, this will feel more extreme as more businesses open up and the spring season approaches. Despite efforts by the sector, such as Hospitality Risings, and attempts to recruitment from across society, there’s simply not enough people to fill the vacancies.
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- Scottish Government messaging needs to move into a more positive mode. It is hoped once the NSET is launched next week there will be more positivity about the economy.

- Members operating in the cities are most concerned about the future as they’ve not seen the return of customers that they would have liked due to the working from home guidance and the lack of corporate travel.

Wild Scotland, Victoria Brooks

- Consistent, positive messaging is needed.

- Many businesses in the outdoor sector have been closed through the winter and to reiterate many businesses have not benefitted form the top up funds and they had very low funding support last year and they are now facing high set up costs, this continues to be a tricky time for cash flow.

- Forward bookings are looking good and there is a real sense of optimism within the sector. The sector has a massive opportunity for growth and there are a huge number of jobs being advertised in the sector right now.

- For those businesses that have taken part in the Days Out campaign it has been very successful, however most of the sector was closed and therefore unable to benefit, to re-run this campaign in the shoulder season would be hugely welcomed.

- The extra marketing top up is welcomed.

- As a membership organisation Wild Scotland is facing a tricky time, funding support was received over the last year which enabled the organisation to provide much need additional support to the sector and to members. Member renewals are coming in and with that a huge number of thank you messages for the support that has been provided, this feedback highlights the importance of sector organisations however it will be difficult for organisations like Wild Scotland to sustain that level of support moving forward.

Hostelling Scotland, Margo Paterson

- Hostelling Scotland is optimistic about the year ahead, there has been a lot of UK interest in hostelling and last year the sector was able to attract a lot of staycationers who weren’t traditional hostellers – the challenge will be encouraging these people to return this year.

- Forward bookings are looking good however there are now much shorter lead times. Pre covid guest behaviour was predictable, now that has all changed.

- Demand is predominantly being seen in rural areas.

- Concern remains about the city hostels, typically large international groups come to the cities and international bookings are still slow to come through. Any international marketing effort would be welcomed.

- There is a real worry about rising costs, utility costs in particular are astronomical and in addition the cost of payroll has increased due to the increase in supply.

- There are also concerns about the future shoulder months as that is when cash flow is at it’s lowest. This will continue to be monitored.
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Scottish Government, Jonathan Ferrier
• It was noted that the points raised by the Sector groups had been acknowledged.

In advance of the meeting the following points were raised.

Scottish Tourist Guides Association, Kenneth Bramham
• An update was requested on whether any funding support will be offered to Tour Guides.

Scottish Guest House and B&B Alliance, Sinclair Williamson
• The government have clarified that the STL Legislation includes Guest Houses that are commercial premises in Use Class 07. This was not raised with our sector at any point during the consultation period, which demonstrates that the consultation process was flawed. Since this contentious legislation will have a major impact on all businesses in our sector, we feel this cannot go unchallenged.
• SGHBBA welcome the additional funding announced from the Destination and Marketing fund and thank all those involved in securing this which will help many B&B and Guest House businesses taking part in the SGHBBA marketing Campaign.

3. Meeting Close
In closing the meeting RD summarised the following points:

• STERG is currently in discussion about next steps. The aim is to transition from COVID response, through COVID recovery to the delivery of Scotland Outlook 2030.

• There is no Scottish Government funding for STERG activity beyond 31st March. However, there have been positive noises made by Kate Forbes and officials have been clear that ministers want to support the sector. If future funding is a possibility, then it is not known when STERG would receive this or how much it would be.

• STERG will develop a core work programme in the absence of funding.

• The key comments from today have highlighted:
  o The importance of messaging from Scottish Government
  o The need for international marketing
  o The ongoing labour and skills challenges
  o Continued concern about city centre recovery
  o The positioning of sector organisations relative to moving forward
  o Increasing costs

• RD assured sector leads that STERG will continue to engage with them, to ensure that there is opportunity to shape the activity needed. This will be done through either through the regular fortnightly calls or independent 1-2-1 calls.

Next Meeting
The next meeting is scheduled for Wednesday 9th March, 9.00am-9.30am.