Scottish Tourism Emergency Response Group (STERG)

STERG Sector Update Session
Wednesday 20th April 222

Present:

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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>Historic Houses Scotland</td>
<td>Andrew Hopetoun</td>
<td>Scottish Guest House and B&amp;B Alliance</td>
<td>Sinclair Williamson</td>
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<td>Scottish Agritourism</td>
<td>Caroline Millar (Part)</td>
<td>Scottish Tourism Alliance</td>
<td>Karen Christie</td>
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<td>Scottish Government</td>
<td>Jonathan Ferrier</td>
<td>Wild Scotland</td>
<td>Victoria Brooks</td>
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<td>Scottish Hostels</td>
<td>Dominique Drewe-Martin</td>
<td>VisitScotland</td>
<td>Rob Dickson</td>
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Apologies:

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<td>Association of Scotland’s Self-Caterers</td>
<td>Fiona Campbell</td>
<td>Night Time Industries Association</td>
<td>Donald Macleod</td>
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<td>British Amusement Catering Trade Association</td>
<td>John White</td>
<td>Sail Scotland</td>
<td>Daniel Steel</td>
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<td>British Holiday &amp; Home Parks Association</td>
<td>Jeanette Wilson</td>
<td>Scottish Country Sports Tourism Group</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>UKHospitality (Scotland)</td>
<td>Leon Thompson</td>
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Key Notes & Actions

1. Introduction
   - RD welcomed Dominique Drewe Martin, Chair, Scottish Hostels who will replace Gregor Barclay on the STERG Sector Call.

2. Update
   - VisitScotland Activity to Promote Visiting Local Attractions Over Easter
     - VisitScotland have undertaken activity recently to highlight support for tourism and encourage people to get out and about to their local attractions and destinations over the Easter break. This has resulted in good national and regional media coverage over the last week.
     - Further work is required to encourage MSPs to get out and about – it was noted that MSP presence could be improved.

   - Business Support Update
     - Almost all payments have now been made on the original six top up funds. All payments should be complete by the end of next week.
     - A detailed assessment of all applications to the new Omicron Business Support Fund should be completed by the end of next week. At this time there should be a clear indication of which applications have or have not been successful and which applications need further work to clarify their position. It was highlighted that the software development for the back office processes had to be done once the application process closed, this was due to an urgent demand for software development for the EventScotland funds. Payments from this fund should be made by the end of April / beginning of May.

   - STERG
     - A number of STERG meetings were held before Easter to review the STERG function and the value that it adds and to discuss how STERG could evolve to address the future needs of the sector. Further work on this transition will be done over the coming weeks. The STERG Sector call will continue until the future is clearer.
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- Funding from Scottish Government to support the Phase 2 Recovery Recommendations in 2022/23 has not been confirmed. However, it has been noted that there is a clear desire from the Cabinet Secretary for Finance and the Economy and the Minister for Business, Trade, Tourism and Enterprise to support the sector if possible.

3. Sector Feedback and Comments

Scottish Guest House and B&B Alliance, Sinclair Williamson
- Many in the sector have been busy recently - predominantly due to last minute bookings as forward bookings remain slow.
- A reluctance to book in advance is being driven by continued uncertainty over the Ukraine situation, personal finances, and COVID.
- There is growing confidence that overall, 2022 will be a good year.
- The biggest issues facing the sector are financial - driven by significant cost increases (particularly on commercial fuel rates).
- Concerns have been raised about an imminent visitor levy (particularly Edinburgh). Given the impact of COVID over the last two years this should be delayed by one-two years at least and SGHBBA will be looking for support on this.

Scottish Golf Tourism Development Group, Stuart French
- The golf sector is looking more positive than it has been in the past. Clients are now returning and although some cancellations are being experienced due to COVID this is now reducing.
- Encouraging to see enquiries starting to come through for the 2023 season.
- One of the main concerns highlighted is the level of service being experienced in hotels, restaurants and golf clubs. It is acknowledged that this is not just an issue for Scotland, however, it will need to be managed carefully.
- Generally, 2022 is looking healthy.

Association of Scottish Visitor Attractions, Gordon Morrison
- Recent feedback from members would suggest a ‘nervous optimism’.
- Most recent ASVA statistics (February 2022) show ASVA members were -37% vs 2019 and -39% YTD.
- The budget forecast for many of ASVA’s leading members is 55%-75% of 2019 visitor numbers.
- ASVA members are describing 2022 as a year of consolidation not recovery.
- Many members have reported a very positive Easter.
- The rising cost of doing business is hitting the sector hard and this is expected to get worse.
- Real concern over the cost of living crisis and the impact this will have on an industry which is dependent on discretionary spend.
- ASVA will undertake a survey over the next few weeks to get a more accurate and up to date picture of the current position of businesses. Results should be available next month and will be shared with the group.

Historic Houses, Andrew Hopetoun
- Visitor numbers over the Easter weekend at Hopetoun House was very positive, c. -25% to -30% vs 2019, (in 2020 and 2021 Hopetoun was closed at Easter).
- Domestic demand feels like it is getting back to normal, less so for international demand.
- All hoping for a strong events business in 2022. Business is reasonable at the moment but there is still a reluctance to commit and a lot of last minute bookings.
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- Staffing is a worry, particularly for the catering side of many businesses.
- Overall demand is fair and good and although losses from previous years may not be recovered, avoiding making a loss in 2022 would be a good result.

Wild Scotland, Victoria Brooks

- Overall bookings are slow and still significantly down on 2019 but similar to 2021.
- Slower than expected over Easter although this may be due to cold weather.
- Some visitors are reporting to members that experiences are expensive (particularly family experiences), and that they can’t afford them, this is a concern.
- Much more last minute bookings are expected which is concerning for operators who need deposits on forward bookings to help with cash flow.
- Members concerned about commitment from visitors due to ongoing global uncertainties, COVID, last minute cancellations and staff being off sick.
- Significant concerns over less disposable income, rising costs for businesses (fuel etc).
- Some cancellations of European group bookings are being reported – travelling to the UK seen as riskier than staying in Europe.
- USA / Canada / Australia visitors are now beginning to forward plan but not to the levels of 2019.
- Less bookings from the UK domestic market due to the competition with international outbound trips.
- Other issues highlighted as concerns:
  - Continued delays to the delivery of equipment from Europe is an issue for activity providers.
  - Staff recruitment
  - Lack of local infrastructure in rural areas
  - Closure of HES sites and lack of flexibility for visiting sites over the summer for groups. Maintenance of some sites is also an issue.
  - There are still members who have not received any grant funding and they feel unfairly treated. VB happy to discuss this further in a separate call.
- General asks from the sector include:
  - Ongoing support for domestic and international marketing.
  - Data to help with marketing.
  - Business advice to ensure sustainability
  - Clear leadership from Scottish Government
  - An ongoing Days Out voucher scheme through the summer to help with rising costs and declining disposable income would be welcomed.
- Overall, there is more optimism for the longer term but there is concern about the short term (2022).
- The Outdoor Scotland launch was postponed. A small working group has been formed to work through the final stages of the strategy to ensure it’s 100% right for the sector. This is expected to be completed by the end of May.
- VB will leave Wild Scotland at the end of April and will return to freelancing after a six week break. Doug McAdam (chair Wild Scotland) will represent Wild Scotland moving forward at the STERG Sector call.

Scottish Hostels, Dominique Drewe-Martin

- The season for the hostel sector kicked off c. two weeks ago and the pattern is very similar to other sectors with limited forward bookings, (lower than previous levels) and more last minute bookings (a week / couple of days in advance).
- It has been a good Easter (comparable to 2019) which is encouraging.
- DDM’s own business is open all year round and has had a very good start to the year, February 2022 was the best February in years.
- Overseas guests are slowly increasing but are a lot lower than previous years.
- Scottish guests are currently driving the numbers.
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- Retaining a share of the staycation market will be important.
- Overall, it is hoped that the season will be positive.

Scottish Agritourism, Caroline Millar
- Scottish Agritourism members seeing strong demand for lambing and seasonal events.
- Slowdown in forward bookings for accommodation.
- Cafes etc busy.
- Concerns on costs and staff availability.

4. Meeting Close
- RD thanked VB for her hard work over the last two years acknowledging that VB has been a prominent member of the group and has delivered a significant amount of work on behalf of the outdoor sector.
- Staffing pressures are forcing businesses to adjust their business model as they are no longer able to deliver the services previously provided. This pressure is likely to increase as the sector moves towards the summer season – this should be kept under review.
- It is expected that as the impact of the financial squeeze on households intensifies over the coming months, the issue of disposable income will become more of a significant challenge.
- Rising inflation will challenge businesses particularly those who are already in a frail financial position where losses have been incurred and there is a lack of reserves.
- Overall, the message is one of positivity.

Next Meeting
The next meeting will be scheduled for Wednesday 4th May 9.00am-9.30am.