Scottish Tourism Emergency Response Group (STERG)

STERG Sector Update Session
Wednesday 4th May 2022

Present:

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<td>Association of Scotland’s Self-Caterers</td>
<td>Fiona Campbell</td>
<td>Scottish Tourism Alliance</td>
<td>Karen Christie</td>
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<td>Association of Scottish Visitor Attractions</td>
<td>Gordon Morrison</td>
<td>Scottish Tourist Guides Association</td>
<td>Kenneth Bramham</td>
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<td>Historic Houses Scotland</td>
<td>Andrew Hopetoun</td>
<td>Wild Scotland</td>
<td>Doug McAdam</td>
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<td>Hostelling Scotland</td>
<td>Margo Paterson</td>
<td>VisitScotland</td>
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<td>Scottish Agritourism</td>
<td>Caroline Millar</td>
<td>UKHospitality (Scotland)</td>
<td>Leon Thompson</td>
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<td>Scottish Government</td>
<td>Jonathan Ferrier</td>
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Apologies:

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<td>British Amusement Catering Trade Association</td>
<td>John White</td>
<td>Scottish Guest House and B&amp;B Alliance</td>
<td>Sinclair Williamson</td>
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<td>British Holiday &amp; Home Parks Association</td>
<td>Jeanette Wilson</td>
<td>Scottish Hostels</td>
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<td>Discover Scotland’s Gardens</td>
<td>Douglas Philip</td>
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<td>Night Time Industries Association</td>
<td>Donald Macleod</td>
<td>Scottish Golf Tourism Development Group</td>
<td>Stuart French</td>
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<td>Scottish Country Sports Tourism Group</td>
<td>Chloe Forbes</td>
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Key Notes & Actions

1. Introduction
   - RD welcomed Doug McAdam, Chair, Wild Scotland who replaces Victoria Brooks on the STERG Sector Call.

2. Update
   - Business Support
     o Initial grant offer letters for the Omicron Business Support Fund are expected to be issued by the end of this week. All grant offer letters will be issued over the next 10-14 days. Assessment of the applications to this fund has been complex due to the diverse nature of both the businesses and their reasons for applying.

   - STERG
     o An interim evaluation report of the 10 projects included in the 2021-22 tourism recovery programme, has been completed by STERG partners and submitted to the Scottish Government for review. The report looks at progress towards the projected outcomes as well as identifying the challenges faced and the lessons learned. A final report will be completed in autumn 2022 when the longer term impacts and outcomes of the programme can be more readily assessed.
     o Funding from Scottish Government to support the Phase 2 Recovery Recommendations in 2022/23 remains unconfirmed.

   - Market Observations
     o Following discussions with c. 50 businesses covering Fort William, Inverness, Aberdeen and Aberdeenshire the following key observations were noted:
       ▪ There is a quiet optimism about the 2022 summer season, particularly in more rural areas. Looking forward, bookings are patchy, however looking back, performance looks strong. This would support the current trend of last minute bookings. Generally, there is a sense that demand is expected to be approaching 2019 levels.
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- Labour shortages is a significant challenge and severely impacting business operations, particularly opening hours or services provided. Brexit and attrition through COVID are cited as the key drivers of labour shortages.
- The current economic landscape is complex and challenging. The rising cost of living is creating a tension between what the public want to do, (now that restrictions have lifted and we are ‘living with COVID’), and what people can afford to do - it is expected that this could become even more challenging. From a business perspective, the impacts of inflation, labour availability, unpredictability of turnover and increased expenditure on profitability is increasingly challenging.

3. Sector Feedback and Comments

Historic Houses Scotland, Andrew Hopetoun
- Positive Easter but now noticeably quieter.
- Information would suggest that spend per head is down, possibly due to a shift from international visitors to domestic visitors.
- Labour availability is becoming increasingly difficult.
- Historic Houses Scotland will hold it’s AGM in person in June.

Scottish Agritourism, Caroline Millar
- Accommodation bookings are patchy going forward and members are concerned about their bottom line which is suffering due to increased costs and the VAT changes.
- Labour is challenging and forcing farm cafes, restaurants and shops to restrict opening hours.
- Members are frustrated that recovery is being hampered because of a lack of staff and not a lack of demand.
- Generally, there is still a good demand for farm experiences.
- Scottish Agritourism are holding regional events across the country. Morayshire took place on 2nd May and there are 4 other events planned throughout the month. Colleagues on the call were invited to join the events, https://scottishagritourism.co.uk/.
- Work is continuing with VisitScotland on the Growth Tracker which will go live at the end of May.
- Scottish Agritourism is supporting members with marketing activity to encourage forward bookings.

Hostelling Scotland, Margo Paterson
- The hostelling sector is seeing great demand; however, recruitment continues to be a struggle. In some cases, this is resulting in:
  - Having to close to any new bookings
  - Hostels opening for only five days per week
- International visitors are returning however they want full catering – if hostels cannot recruit people to work in the kitchens, then this service cannot be provided.
- If recruitment difficulties continue there is a real concern about the impact this will have on businesses through the summer and the overall length of the season.
- In addition to the significant cost increases for utilities, sourcing parts for repairs and maintenance are taking far longer and are costing significantly more.
- There are now many more last minute bookings than there ever was pre-COVID.
- Business is coming back to the cities and that appears to be international, particularly in Glasgow, Edinburgh and Inverness.
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Scottish Tourist Guides Association, Kenneth Bramham
- Since March bookings have steadily increased and looking forward members are reporting healthy diaries.
- The cruise ship business is back, and cruise ship companies are reporting good future business.
- International visitors, particularly American visitors who have been on recent tours are spending heavily.
- An increase in walking tour bookings is being experienced – this could be linked to people preferring to be outdoors.
- Some driver guides (who don’t have their own vehicles) are finding it difficult to hire vehicles due to limited availability. Several guides are having to turn down jobs due to this.
- Some of the major tourist attractions have had to modify their processes due to a lack of staff, while tour guides are trying to minimise the impact of this on the visitor experience there is concern that when July and August hit this will be more challenging.
- In general, there is a sense of optimism about the future.

UKHospitality (Scotland), Leon Thompson
- In addition to the availability of staff, there are severe skills challenges which is having a significant impact on productivity, particularly in the kitchen and front of house.
- Utilities are the biggest concern. Costs are up 100%-200% and this is on top of other rising costs and supply chain challenges.
- Members have reported a buoyant Easter however bookings are now softer. Demand is there however, and bookings are coming through.
- Wedding venues are now delivering weddings that were booked pre-pandemic. These are being delivered at 2019 / early 2020 prices and so are incurring a loss – this is a huge challenge. It was noted that this will be happening across the sector. Given these challenges it is questionable how many businesses will be making any money.

Association of Scotland’s Self-Caterers, Fiona Campbell
- Performance is patchy – some properties are doing very well; some have significant empty spells which is unexpected.
- Cancellations are still being experienced due to self-isolation even although that’s not something that is required.
- Guest behaviour has changed. There is now an expectation that you can cancel last minute. Guests should be re-educated.
- Utilities is a huge concern – in a self-catering property there is no control over how the utilities are used.
- Overall, there is an optimistic but not complacent outlook.
- The ASSC will hold two regional events this year.
- The ASSC has started a series of Regulations Roadshows to help people navigate through the STL regulations.

Association of Scottish Visitor Attractions, Gordon Morrison
- The ASVA sector wide survey is currently open and will close next week.
- Nervous optimism is the general sentiment from much of the attractions sector.
- Current forecasts are 55%-80% of 2019 visitor numbers.
- Generally, the sector is experiencing peaks and troughs, visitor numbers and spend at weekends and holidays are very good but very quiet mid week. There is real concern about visitor numbers and spend once the cost of living crisis really begins to hit hard, particularly towards the end of the summer and into autumn.
- The attractions sector is not yet in recovery mode.
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- The lack of further support for training programmes which deliver a direct benefit to the bottom line, such as the Complete Story Telling Workshops funded by SDS, is very frustrating. Due to the success of this programme ASVA will continue to provide this training however the cost will have to be passed on to members, potentially excluding smaller members who will not be able to afford it – this risks creating an elitist system. Further support for recovery is required.

Wild Scotland, Doug McAdam
- The sector is operating in a very challenging environment. Many members are boat operators / vehicle operators who have seen their costs skyrocket however there is limited ability to pass this on to the customer – this is only going to become more challenging.
- Labour continues to be an issue.
- The lack of local facilities for visitors is concerning – for example, some hotels are only open to residents, bars are not opening.
- In general, there is a cautious optimism – demand is there but it’s a latent demand.
- Wild Scotland are focusing their marketing efforts on converting this latent demand into earlier bookings.
- Anecdotally the NC500 is busy, and many cars are from Europe – key is encouraging people to stop and spend money in local businesses.
- The Outdoors Scotland project is a major focus for Wild Scotland and Sail Scotland and is expected to launch at the end of May / beginning of June

4. Meeting Close
In closing the meeting RD noted the following points:

- The position of the cities, in particular Glasgow, Edinburgh and Aberdeen continues to be extremely challenging.
- If the real impact of the cost of living crisis hits post summer, then it is likely that a truncated season could be seen (as opposed to the extended season experienced last year). There needs to be a focus on understanding what the autumn could look like, c. mid Sept to end Nov – and what actions could be taken to address the challenges - this should become clearer as the summer progresses.

Next Meeting
The next meeting will be scheduled for Wednesday 18th May 9.00am-9.30am.