Scottish Tourism Emergency Response Group (STERG)

STERG Sector Update Session
Wednesday 18th May 2022

Present:

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<td>Association of Scottish Visitor Attractions</td>
<td>Gordon Morrison</td>
<td>Scottish Tourism Alliance</td>
<td>Karen Christie</td>
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<td>Sail Scotland</td>
<td>Daniel Steel</td>
<td>UKHospitality (Scotland)</td>
<td>Leon Thompson</td>
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<td>Scottish Golf Tourism Development Group</td>
<td>Stuart French</td>
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<td>Scottish Guest House and B&amp;B Alliance</td>
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<td>Association of Scotland’s Self-Caterers</td>
<td>Fiona Campbell</td>
<td>Scottish Agritourism</td>
<td>Caroline Millar</td>
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<td>British Amusement Catering Trade Association</td>
<td>John White</td>
<td>Scottish Country Sports Tourism Group</td>
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<td>British Holiday &amp; Home Parks Association</td>
<td>Jeanette Wilson</td>
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<td>Discover Scotland’s Gardens</td>
<td>Dougal Philip</td>
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<td>Historic Houses Scotland</td>
<td>Andrew Hopetoun</td>
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<td>Kenneth Bramham</td>
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<td>Hostelling Scotland</td>
<td>Margo Paterson</td>
<td>VisitScotland</td>
<td>Rob Dickson</td>
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<td>Night Time Industries Association</td>
<td>Donald Macleod</td>
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Key Notes & Actions

1. Introduction
   - Karen Christie, National Tourism Strategy Manager and STERG Coordinator, STA, chaired the meeting in place of Rob Dickson who was unable to attend.
   - KC welcomed Daniel Steel, Sail Scotland to the STERG Sector call.

2. STERG Update
   - 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.
   - Mr McKee attended the STA Forums last week where he reiterated his support for the Phase 2 Recovery Recommendations noting however that funding support for 2022/23 remains unconfirmed.

3. Sector Feedback and Comments
   Association of Scottish Visitor Attractions, Gordon Morrison
   - ASVA have recently published their March 2022 visitor numbers to ASVA attractions. March 2022 was -22% vs 2019 and -33% YTD vs 2019. It was noted that this is the healthiest figures reported for two years and indicates that things are moving in the right direction. It was highlighted that if these numbers had been reported pre pandemic then it would have been viewed as a crisis.
     [https://asva.co.uk/march-22-visitor-numbers-to-asva-attractions-are-published/](https://asva.co.uk/march-22-visitor-numbers-to-asva-attractions-are-published/)
   - Results from ASVA’s sector wide survey have just become available, GM will report on this at the next meeting however key headlines include:
     - 55% of respondents are having difficulty recruiting front of house staff.
     - 20% of respondents are having difficulty recruiting volunteers.
     - Northern European and North American markets are returning stronger than anticipated.
     - Visitor numbers and turnover for most attractions remain c. -30% vs pre pandemic. It was noted that some attractions are doing far better than others such as outdoor, family friendly attractions.
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- Main issues remain:
  - Recruitment
  - Cost of doing business (crippling and getting more expensive which is now impacting on the ability of small and large businesses to invest in quality of product – this could be a real barrier to the sector achieving the vision of being a leader in 21st century tourism).
  - Fear of the impact of the cost-of-living crisis on visitor numbers in the off season. Concern that businesses will not generate enough revenue over the summer to see them through a very tough winter.

Scottish Golf Tourism Development Group, Stuart French
- Solid booking enquiries for 2023 from North America and Europe.
- The golf sector expected a busy 2023 as 2022 is full.
- Main concern is service levels across the sector. Client’s expectations are being actively managed to ensure the visitor experience is not disappointing.

UKHospitality (Scotland), Leon Thompson
- Results from the current UKH member survey should be known within c. two weeks. Results will be at a UK level however there will be a Scotland breakdown.
- Major hospitality issues continue to be:
  - Staffing – businesses unable to trade at optimum levels, (reduced capacity, simplified menus, resident only offering). There is concern over the risk to the visitor experience.
  - Rising costs.
  - Although businesses may be busy, many are servicing previous bookings which they weren’t able to deliver before due to restrictions etc – it’s not necessarily new money coming into businesses.
  - Cost of living crisis and the impact on consumer spending.
- Concern about summer bookings – bookings are much later than pre pandemic and there is increased competition from the outbound market.
- International demand seems to be returning particularly the US market.
- Overall, the operating environment is extremely challenging and there is concern about what will happen towards the end of the summer.
- Deposit Return Scheme (August 2023), real concern about the impact this will have on businesses – cost implications, staffing and potentially consumer confusion.

Scottish Guest House and B&B Alliance, Sinclair Williamson
Wild Scotland, Doug McAdam
- The results of a recent SGHBBA survey have highlighted the following areas of concern:
  - Rising costs of gas, oil and electricity. One third of members are in rural areas and use oil. >75% have experienced a significant increase in fuel costs.
  - Rising food costs.
  - Mixed picture across Scotland. Approximately 50% members have seen an increase in advance bookings for the year ahead and approximately 50% have seen a decrease in the bookings for the year ahead.
  - North American market seems buoyant.
  - Areas with a larger domestic market are struggling more than others.
  - January-April performance vs pre COVID is mixed, 50% have seen a drop in bookings / 50% an increase in bookings.
  - One third of members are concerned that their recent price increases, (due to inflation), will put them over the VAT threshold.
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- Other concerns from the sector include ferries and the impact this is having on island communities, TVL and STL licensing. It was noted that many are not yet fully aware of the impact that STL licensing will have on them.

Wild Scotland, Doug McAdam
- Generally, there is a balanced optimism among members – the demand for outdoor activities is there.
- Members are apprehensive that the domestic market may begin to drop off in the summer and autumn as people choose to holiday overseas – it was noted that there is no evidence of this yet.
- Concern has been raised about the cost-of-living crisis and the impact of this on discretionary spend.
- Members are requesting continued marketing support. Wild Scotland are extending their campaign through the summer and assessing what can be done to extend further into the autumn and winter to try and keep the season going.

Sail Scotland, Daniel Steel
- Balanced optimism is a reasonable assessment of the current picture.
- Cost of fuel is the main concern. It is not yet known how far boats will be prepared to travel this summer, (pre pandemic boats from the Clyde coast would travel to north west Highlands and the Outer Hebrides). Although many journeys are under sail, fuel is still needed. Boats may choose to stay closer to their home ports.
- Lock closures on the Caledonian Canal in May has been very tough for operators who are restarting their businesses and have been keen to get a good start to the season. There is a plea to Scottish Canals to be sensitive to operators about any future necessary closures.
- International markets are returning although the number of boat movements from international waters are not yet at pre pandemic levels. This will be monitored.
- Members who have had their applications to the Omicron fund rejected have highlighted ambiguity around the wording used to describe the eligibility for the fund, specifically around whether a business was ‘trading’ at that time.

Scottish Tourist Guides Association, Kenneth Bramham
The following update from KB was noted in advance of the meeting.
- Bookings still looking healthy for 2022.

4. Meeting Close
- GM highlighted that whilst there is a sense that the sector is moving in the right direction, there still remains widespread concern about the future - there is still a long way to go before businesses across tourism and hospitality are once again operating sustainably. STERG is critical to supporting businesses through the recovery phase and must continue to press for the right support. The sector is hugely important to the economy and the tourism minister must also continue to recognise the need to help the sector fully recover and thrive once again.
- SW highlighted that there are actions which the SGov could take to support the sector which are within their control, for example, delaying the implementation of the TVL or STL licensing scheme. This would avoid unnecessary additional burdens on businesses at this time.
- KC thanked everyone for joining the call and for their contributions. KC confirmed that the information and insights provided would be shared with STERG at the meeting tomorrow (19th).

Next Meeting
The next meeting will be scheduled for Wednesday 1st June, 9.00am-9.30am.