Scottish Tourism Emergency Response Group (STERG)

STERG Sector Update Session
Wednesday 1st June 2022

Present:

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<td>Association of Scotland’s Self-Caterers</td>
<td>Fiona Campbell</td>
<td>Scottish Government</td>
<td>Jonathan Ferrier</td>
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<td>Association of Scottish Visitor Attractions</td>
<td>Gordon Morrison</td>
<td>Scottish Guest House and B&amp;B Alliance</td>
<td>Sinclair Williamson</td>
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<td>Historic Houses Scotland</td>
<td>Andrew Hopetoun</td>
<td>Scottish Tourism Alliance</td>
<td>Karen Christie</td>
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<td>Hostelling Scotland</td>
<td>Margo Paterson</td>
<td>Scottish Tourist Guides Association</td>
<td>Kenneth Bramham</td>
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<td>Sail Scotland</td>
<td>Daniel Steel</td>
<td>VisitScotland</td>
<td>Rob Dickson</td>
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<td>Scottish Golf Tourism Development Group</td>
<td>Stuart French</td>
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Apologies:

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<td>British Amusement Catering Trade Association</td>
<td>John White</td>
<td>Scottish Country Sports Tourism Group</td>
<td>Chloe Forbes</td>
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<td>British Holiday &amp; Home Parks Association</td>
<td>Jeanette Wilson</td>
<td>Scottish Hostels</td>
<td>Dominique Drewe-Martin</td>
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<td>Discover Scotland’s Gardens</td>
<td>Dougal Philip</td>
<td>UKHospitality (Scotland)</td>
<td>Leon Thompson</td>
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<td>Night Time Industries Association</td>
<td>Donald MacLeod</td>
<td>Wild Scotland</td>
<td>Doug McAdam</td>
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<td>Scottish Agritourism</td>
<td>Caroline Millar</td>
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Key Notes & Actions

1. Update
RD highlighted the following points:

- VisitScotland are processing the final few applications to the Omicron Business Support Fund. Most applicants have been advised of the outcome of their application.
- Although there is a general feeling of positivity within the sector, there is a growing realisation that recovery under the current circumstances will be incredibly challenging. The fact that the market has not yet returned to normal, the scale of the wider economic pressures and the ongoing labour issues are far more challenging and likely to be more sustained than was first thought.
- Scottish Government’s Resource Spending Review was published yesterday, the review highlights the squeeze on public spending. There is a c. 9%-10% reduction on spend within the economic development directorate, it was noted that it was unclear at the stage what the impact will be on VisitScotland budgets.
- STERG is continuing to discuss how it will transition from what it has been over the last two years, to what it needs to become in the future. Industry leadership is critically important and the ability to focus and deliver on the ambitions of Scotland Outlook 2030 will be crucial. In the short term the STERG Sector calls will continue, it is expected that a medium to long term proposition will be shared with the group by the end of the summer.

2. Sector Feedback and Comments

Scottish Golf Tourism Development Group, Stuart French

- Service issues across the board remain concerning.
- The SGTDG met with Mr McKee last week to discuss funding for the new golf strategy. Mr McKee advised that public funding was extremely limited.
- Tour operators are reporting healthy bookings for 2023, it was noted however that many of these bookings are carried over from prior years.
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Scottish Tourist Guides Association, Kenneth Bramham
• 31 blue badge guides have just qualified. These guides are now working and reporting healthy advance bookings.
• Coach bookings and cruise tours are looking healthy.
• Noticeable increase in the request for walking tours.
• North American market is driving bookings. There are some signs that the French and German market is returning. It was noted that the STGA has always relied on international visitors.
• Labour shortages in the large visitor attractions is impacting the processes which are in place to deliver a seamless visitor experience – visitors are having to wait longer for tickets and processes which deliver the tickets to the guides are having to be changed.

Association of Scotland’s Self-Caterers, Fiona Campbell
• The self-catering sector is facing significant challenges with licensing and Planning Control Areas. The ASSC has prepared a paper outlining the detail behind these challenges for circulation to STERG. The key threats are firstly, how bookings should be handled while waiting for a license to be approved and secondly the associated costs with planning Control Areas.
• The Regulations Roadshow is going very well, more than 200 people have attended presentations, a further 300 people are booked on to the remaining three sessions. The roadshows have been well received by local authorities and operators.
• The ASSC has commissioned the Moffat Centre to conduct an evaluation of all short term lets including B&Bs, guest houses, glamping pods etc. In addition, the ASSC has been informed by the Housing Directorate that the Scottish Government’s statistical resource has recently started working with local authorities on data / information gathering – the ASSC will work with Scottish Government on this exercise.

Hostelling Scotland, Margo Paterson
• Demand is there which is encouraging.
• May was not as busy as anticipated. Traditionally May is a very busy month for walkers – more so than June.
• There are more ‘walk-ins’ than ever before – people are waiting to the last minute to book.
• Recruit is improving, at the beginning of May there were 30 vacancies, now there are 10. Staff retention is a concern.
• Due to staff shortages in April and May hostels had to close to arrivals – this was hugely frustrating as the demand is there.
• Property issues, maintenance etc are taking longer to resolve.
• An increase in new hostellers who are trying hostels for the first time is being reported.
• Pre-paid booking levels are the same as 2019.
• European guests are returning
• School and youth groups are returning (UK and oversea)
• Biggest concern on costs is utilities.
• Overall proceeding with caution.

Sail Scotland, Daniel Steel
• The good weather in April encouraged boats into the water early.
• Concerns from members (particularly in the north and the west) that boats are not moving far, preferring instead to stay close to the home port. This could be attributed to the cost of fuel or availability of fuel. Sail Scotland are trying to tackle this.
• Staff shortages have led to reduced hours or / reduce service to ensure visitor expectations can be met.
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- Optimistic start to the season.

Scottish Guest House and B&B Alliance, Sinclair Williamson
- Mixed picture across Scotland. Some areas are doing very well with YTD figures and advance bookings ahead of last year, other are not doing so well with YTD figures and advance bookings below last year.
- More walk ins and last minutes booking than before.
- The cost of gas and electricity remains one of the biggest issues. Many smaller businesses are already finding this difficult however many larger businesses, who have commercial supply contracts are finding it particularly difficult.
- Ferry issues continue to impact many small businesses. Ongoing uncertainty is causing visitors to remain on the mainland rather than travel to the islands.
- Many more North American visitors are now being seen across the highlands as well as the golfing areas of St Andrews and Ayrshire.
- Anecdotal evidence would suggest that many guest houses and B&Bs have now closed however there is no factual evidence to support or quantify this. SW asked whether VS had any evidence to back up this claim.

Action: RD to follow up with VS colleagues and come back to SW and the group

Association of Scottish Visitor Attractions, Gordon Morrison
- Results for the recent ASVA sector wide survey are now available. The survey ran from late April to mid May. 590 organisations were targeted (c. 900 attractions), a 35% response rate was secured.
  - Most of the sector is open and trading
  - 1 in 3 are operating with restrictions on facilities or opening hours – staffing is the primary reason for this.
  - Healthy levels of investment in areas such as staff development and training and maintenance and regular infrastructure.
  - Much less investment in new facilities / new infrastructure and in Leadership development – this points to potential long term issues.
  - 1 in 3 attractions are operating with visitor numbers between 51%-75% of 2019 numbers. 1 in 4 are operating with visitor numbers between 76%-100% of 2019 numbers. 1 in 10 are operating with visitor numbers above 100% of 2019 numbers (mainly from the outdoor and rural sector). Turnover numbers are very similar.
  - Visitor numbers better than expected from North America, northern Europe, and southern Europe.
  - 60% of the sector now believes that their business is secure beyond the next 12 months
  - C. 10% of businesses still have significant concern about survival
  - 56% are experiencing recruitment challenges on front of house staff
  - 20% struggling for volunteers and 20% struggling to fill management and other skilled roles
  - Key barriers to success are, the impact of the cost-of-living crisis, the increasing cost of doing business and the recruitment and retention of staff.
  - Support to help recovery would be welcomed in the following areas, increased marketing activity targeting the Scottish audience and wider UK audience and government interventions to reduce the cost of doing business.
  - Overall, the short term position is looking healthy, still concern about the long term challenges including the impact of low investment levels in new infrastructure and facilities and low investment in leadership. Fears about the worsening cost of living crisis is very real - a strong summer is essential to provide some degree of certainty through winter.
Prior to the meeting the following information was provided via email.

**Scottish Hostels, Dominique Drewe-Martin**
- The hostel is super busy (as others are) and we are seeing a vast increase in overseas guys. 50% of bookings are now non-UK guests (a huge increase – we used to be 25% non-UK guests). Still lots of last minute bookings, but future bookings are starting to rise. July and August are still pretty quiet but so was June before and it is now looking promising.

**Scottish Agritourism, Caroline Millar**
- The main issues have not changed – staffing and general slow down due to economic conditions.

**Wild Scotland, Doug McAdam**
- The situation in the outdoor sector remains much the same as the last STERG update session.

### 3. Meeting Close
- RD thanked everyone for joining the call and for their valued contributions.

### Next Meeting
The next meeting will be scheduled for Wednesday 15th June, 9.00am-9.30am.