Scottish Tourism Emergency Response Group (STERG)

STERG Sector Update Session
Wednesday 27th July 2022

Present:

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<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>
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<td>Andrew Hopetoun</td>
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<td>Hostelling Scotland</td>
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<td>Scottish Hostels</td>
<td>Dominique Drewe-Martin</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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Key Notes & Actions

1. Update
   - VisitScotland’s latest UK update on customer sentiment confirms a continued strength of bookings during the summer however shows less booking intent for autumn.
   - Last minute bookings, across all sectors of tourism, continues to be a key feature of the summer season.
   - Visitor numbers are ok to good in some places — inconsistency across the country remains.
   - VisitScotland continues to consider whether a Days Out campaign for autumn would be effective. Work is underway to understand what businesses will be open.

2. Sector Feedback and Comments

Association of Scottish Visitor Attractions, Gordon Morrison
   - ASVA are currently running a survey across the attraction sector to understand who will be open in the off season and how likely they would be to participate in a Days Out campaign. Initial responses suggest that c. 60% of the sector would be open and a further 20% would consider opening if a Days Out campaign was to run. In addition, c. 80% of the sector would be likely to or would definitely participate in the campaign. The possibility of a Days Out Campaign has been positively received by the sector. It was noted that the survey has highlighted that the key barrier to being open in the winter is the lack of visitors.
   - As noted at the previous meeting visitor numbers are c. -30% vs 2019.
   - The most pressing concern for the sector is the continued rise in the cost of doing business and the expectation that this will only get worse. Visitor numbers may be ok however businesses are not making any money.

Historic Houses Scotland, Andrew Hopetoun
   - Most members are planning to close as usual between end of September to end of November. This is not expected to change even if the Days Out campaign is run. Members who remain open are likely to participate in the Days Out campaign.
   - Last minute bookings are not only applying to visitors it also applies to events (including personal events such as weddings and birthdays).
Scottish Tourism Emergency Response Group (STERG)

- Rising costs and the ability to recruit the right staff continue to be biggest challenges.
- Overall, the top line is looking ok, better than the last two years however the bottom line is not looking good with profitability severely hit by rising costs.

Scottish Agritourism, Caroline Millar
- CM observed on a recent trip to the north of Scotland that the North Coast 500 was quieter than expected. Visitor attractions, accommodation providers and retail outlets were all affected.
- Dumfries & Galloway is also reporting to be quite quiet.
- Accommodation occupancy rates seem to be impacted by an increase in supply during COVID.
- The Agritourism sector would welcome the Days Out campaign. Autumn is a strong time of year for harvest activity – pumpkin festivals, tattie picking etc.
- Scottish Agritourism, in collaboration with partners, is continuing to drive forward the sector strategy.
- CM noted that it is a challenging time for membership due to the number of membership offerings as well as less money and increased costs. Scottish Agritourism continues to work hard to support its members during these challenging times.

Hostelling Scotland, Margo Paterson
- Last minute bookings / walk ins are a continuing trend.
- July bookings are looking good, and the business is currently on track to achieve the occupancy levels reached in July 2019. August is also shaping up well.
- Pricing has remained relatively stable however with costs escalating rapidly, there is a real concern about impact of this during the autumn / winter season.
- Autumn / winter looking ok but very slow.
- A recent management team meeting reinforced the observation that the North Coast 500 was much quieter than previous years. Bookings are coming in, but the roads are very quiet.
- Feedback from Skye suggests that they are very busy right now.
- The forecast to the end of the year suggests a £50k shortfall vs budget due in part to rising costs.

Scottish Hostels, Dominique Drewe-Martin
- July performance across independent hostels is split. Some are very busy at the weekend but very quiet during the week and there are others who are having the best July in years beating average pre-COVID income by 10%.
- The last few weeks has seen a noticeable increase in traveling tourists, which is possibly why Skye is getting busier.
- August bookings are beginning to pick up and is now predicted to be busy.
- September remains quiet – a marketing campaign to drive demand before some businesses begin to close for the winter would be welcomed.
- Last minute and same day bookings remain high.
- Dorm beds are increasing in popularity.
- Some businesses are turning away demand.
- There have been fewer COVID cancellations in recent weeks.

Scottish Tourist Guides Association, Kenneth Bramham
- Tour bookings remain healthy.
- Requests for walking tours continues.
- The cruise business is solid.
- There is a noticeable increase in last minute request for tours.
- Tour guides are suffering with the cost of living crisis, particularly driver guides who are impacted by rising fuels costs and rising hire costs.
- A Days Out campaign would be welcomed by tour guides particularly in the autumn when there are far fewer international visitors.
Association of Scotland’s Self-Caterers  Fiona Campbell

- The cost of doing business is critical for the sector and is about to go up (and in some cases exponentially) due to licence fees. Licensing is a very tangible growing concern for the sector.
- The ASSC has had 100 resignations since January, all (except one) have cited something to do with the short-term lets legislation which is being introduced. If this were to be extrapolated across the whole sector it would be incredibly damaging to the Scottish tourism industry and to the supply chain.
- VisitScotland has published a Short-Term Let landing page on VisitScotland.org. This is intended to be the one source of truth for the entire sector. The site went live on Friday and by Monday was outperforming every other VS page with 3,565 hits. [https://www.visitscotland.org/supporting-your-business/advice/short-term-lets-legislation?mc_cid=d4583d387f&mc_eid=d8c4625c6a#licence](https://www.visitscotland.org/supporting-your-business/advice/short-term-lets-legislation?mc_cid=d4583d387f&mc_eid=d8c4625c6a#licence)
- 11 regulations roadshows have now been completed and there are a further 15 planned. The roadshows have covered 1,829 miles, welcomed 633 people and reached 8,500 people overall. Further information can be found [here](https://www.visitscotland.org/supporting-your-business/advice/short-term-lets-legislation?mc_cid=d4583d387f&mc_eid=d8c4625c6a#licence).
- The Moffat Centre Short-Term Let survey is still live and details can be found [here](https://www.visitscotland.org/supporting-your-business/advice/short-term-lets-legislation?mc_cid=d4583d387f&mc_eid=d8c4625c6a#licence).
- FC observed that short-term let licensing conversations are increasing on social media, this has highlighted however that here are still people who are not aware of the forthcoming changes.

UKHospitality (Scotland), Leon Thompson

- A recent UKH member survey indicates that c. 66% of businesses are not making any profit even when business has returned to 2019 levels – rising costs are removing any profit margin – this is not sustainable particularly when autumn and winter is coming up.
- UKH estimates that there are c. 30k vacancies across hospitality. Businesses are managing their way through this by, for example, reducing their hours of operation, c.50% of members surveyed have reduced their opening hours and services because of staff shortages. C. 33% are closed for one day or more and a number of businesses are closed for two or three days in the week. It was noted that these closures are having an impact on the Destination as a whole.
- Businesses are becoming more and more concerned about the autumn. Another recent research finding indicates that four out of five people are contemplating or will definitely, spend less money this autumn on hospitality as costs continue to rise.

3. Meeting Close

- RD thanked everyone for their updates noting that it was extremely helpful to understand the challenges being faced and the key pressure points.

Next Meeting
The next meeting is scheduled for Wednesday 10th August, 9.00am-9.30am.