Scottish Tourism Emergency Response Group (STERG)

STERG Sector Update Session
Wednesday 7th September 2022

Present:

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<td>Association of Scotland’s Self-Caterers</td>
<td>Fiona Campbell</td>
<td>Scottish Hostels</td>
<td>Dominique Drew-Martin</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>UKHospitality (Scotland)</td>
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<td>Scottish Country Sports Tourism Group</td>
<td>Chloe Forbes</td>
<td>VisitScotland</td>
<td>Rob Dickson (Chair)</td>
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<td>Scottish Government</td>
<td>Jonathan Ferrier</td>
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Apologies:

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<td>Association of Scottish Visitor Attractions</td>
<td>Gordon Morrison</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 Golf Tourism Development Group</td>
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<td>British Holiday &amp; Home Parks Association</td>
<td>Jeanette Wilson</td>
<td>Scottish Guest House and B&amp;B Alliance</td>
<td>Sinclair Williamson</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>Night Time Industries Association</td>
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<td>Sail Scotland</td>
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Key Notes & Actions

1. Update
   - VisitScotland Marketing
     - VisitScotland marketing continues to focus on planning and delivering activity from autumn 2022, through the winter to Spring 2023.
     - The UK consumer sentiment tracker remains very solid and positive.
     - Although 2019 levels have not yet uniformly been reached, there are indications that some places have reached those levels, (it was noted that the split is now different, less international visitors but with higher spend and more domestic visitors), the picture however is not consistent across the country.
     - There is an ongoing challenge within VisitScotland to decide where limited public funds should be invested – VisitScotland will not have the same level of budget as per the previous two years.
   - Business Support
     - VisitScotland are continuing discussions with other public agencies and Scottish Government about how best to support businesses in the short to medium term given the pressures of the cost of doing business. The pressure on businesses is recognised universally and there is a drive to ensure that the best support and advice is available.
     - There is an immediate need to ensure that businesses are aware of and are able to access, existing business support and advice. With very limited public funds it’s essential to make the most of what’s currently available.
   - Programme for Government
     - A Local Visitor Levy Bill is to be introduced in 2022/2023. The timescale set out by officials suggests that no levy could be collected until 2026 at the earliest - this would appear to be a fair to optimistic estimate. VisitScotland will be considering this and will engage with sectors and destinations for input.

2. Sector Feedback and Comments

UKHospitality (Scotland), Leon Thompson
- LT has met with Scottish Enterprise to discuss the business support and advice that is available and how best to direct businesses to it. LT will continue to engage with businesses on this.
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- Energy remains the dominating challenge.
- UKH colleagues in London continue to press hard for business rates relief and VAT cuts in addition to directly addressing energy issues.
- Disappointing to see the TVL in the PFG. There is now a need to ensure that that the legislation is as good as it can be to avoid too many variations across the country.
- Disappointing to see that the go live date for the DRS was reaffirmed as 16th August 2023 particularly following the task set by Scottish Government to identify areas of pf policy or legislation that could be delayed or shelved to alleviate the burdens (time and cost) on businesses, e.g., TVL, DRS etc.
- Overall businesses are back in survival mode. Announcements from the UK Government over the coming days / week will be critical.

Scottish Country Sports Tourism Group, Chloe Forbes

- Key issues for the sector:
  - STL licensing in rural areas – pressure on estates and small rural businesses.
  - Impact of the rising cost of energy, fuel and feed.
  - Impact of Avian flu. Lack of birds – fewer shoot days.

Scottish Hostels, Dominique, Drewe-Martin

- August performance remains split across the hostels sector, some have done very well while others have experienced more peaks and troughs. No clear geographic split.
- Overall, August has been roughly on a par with 2019, same levels of occupancy but lower levels of income. More individuals are taking private rooms perhaps preferring not to share - private rooms would typically take 2-3 people.
- September is getting busier, just below the average 2019. October is still very quiet and there are hardly any bookings in November and December which is not surprising.
- Last minute bookings are still very high.
- Dorm beds are still popular.
- CalMac have been unable to confirm when the winter ferry timetable will be published. This is a significant issue impacting all tourism businesses across the islands served by CalMac. There is serious concern that visitors will start to plan mainland holidays if they cannot book ferry travel to the islands.

RD noted that VS are aware of the major delay to the publication of the timetable which has been due to a delay in the agreement on the port works which are to be undertaken to accommodate the new ferries. It is understood that this work has now been agreed by the relevant parties and once the contractual agreements are signed, CalMac will be able to release the timetable. It was noted that this issue was escalated and discussed by Ministers last week.

Association of Scotland’s Self-Caterers, Fiona Campbell

- The ASSC and UKH (Scotland) recently met with the Scottish Government officials who are dealing with the transient visitor levy. Following the discussion FC noted that she was heartened to hear that something would be put into the legislation to ensure that the levy is ringfenced for tourism infrastructure etc. FC noted that the aspiration for the levy is better than it was, however, the implementation and administration will be the difficult part. The ASSC has committed to helping officials with that.
- In response to a request form Scottish Government Ministers, the ASSC, ASVA, UKH (Scotland) and the STA met with an official from the Economic Development team to explore whether there were any areas of recent and proposed devolved regulation, as well as any financial costs that companies may be asked for around such things as licensing, certification etc, which could be paused to help reduce the burdens on business in the current crisis. Following a very constructive meeting, proposals were submitted by all
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organisations. The ASSC specifically encouraged Ministers to protect small accommodation providers across Scotland, who are the backbone to the Scottish tourism sector, allowing operators the time and ability to recover from the pandemic, while the sector navigates through the cost of living crisis and unprecedented uncertainty. The ASSC have called on Parliament to delay the short-term let legislation, by simply passing an SSI, amending the existing order to extend the date of implementation. The ASSC noted that this would be within the gift of the Scottish Government as part of devolved regulation.

- FC highlighted that people are leaving the sector in droves due to the anticipated impact of the STL licensing scheme.

Hostelling Scotland, Margo Paterson
- August met 2019 levels, both occupancy and revenue have been very good.
- September and October are shaping up well.
- November to March will be challenging, typically this is when spend will be greater than income, this year also has added burden of higher utility costs. Spending will need to be monitored and where necessary economise.

Historic Houses Scotland, Andrew Hopetoun
- Overall, 2022 has not been a bad year.
- AH highlighted that it is not just about when a transient visitor levy is introduced it’s about the sentiment that Scottish Government is creating by its actions and by its proposals.

Association of Scottish Visitor Attractions, Gordon Morrison – Update Submitted in Advance of the Meeting.
- GM continues to liaise with members about energy cost increases. Some members are now being quoted increases of up to 700% on their new contracts, so it is absolutely imperative that the UK Govt takes immediate action on the rising costs of doing business. One medium sized operator GM spoke to last week was facing a new bill (starting next month) of over £42K a month for their energy, up from just under £7k a month previously. Completely unsustainable. The majority of attractions are situated in big, old buildings that take a lot of expense to run and they are amongst the very hardest hit by energy price hikes.
- As an aside to this, when the cost of living crisis really starts biting the public, the free to enter museums will likely be utilised as places the public go, not just for entertainment, but to keep warm! They could really do a lot to support local communities, especially in collaboration with charities, but they will need further financial support to do this.
- The issue of the de minimis state aid ceiling has been raised with the Scottish Government, and GM is calling for the current ceiling to be lifted, as happened during the pandemic, to allow third sector organisations to access the levels of funding support that they are going to need to help them survive and invest through this new crisis.

Scottish Guest House and B&B Alliance, Sinclair Williamson – Update Submitted After the Meeting.
- Guest Houses and B&B owners continue to be very concerned by the soaring energy bills and many fear they will go out of business unless drastic measures are taken. SGHBBA urge the Scottish Government to fully brief the UK government on the reliance by many Scottish businesses which are often in more rural locations, to include those dependent on Oil to heat their businesses. Heating Oil prices unregulated and in the current climate, this is the single most serious issue affecting a huge proportion of SGHBBA members.
At this critical time, SGHBBA fully support any measures the Scottish Government can take in deferring the introduction of all non-essential charges, including the STL licensing scheme, which is weighted against the smallest operators, and of course further deferral of the Visitor Levy.

3. Meeting Close
• RD thanked everyone for their time and contributions and noted that it was a very helpful session.

Next Meeting
The next meeting is scheduled for Wednesday 21st September, 9.00am-9.30am.