Only one point from me and it is linked to what I said on the last sector call.

Upon reading the latest STERG minutes, I’m somewhat frustrated by what the Scottish Government said when it was communicated that survival is the big issue for tourism businesses, not recruitment. From the minutes, it would appear that the response to this was ‘the challenge is that so much is dependent on the Physical Distancing review and the plan beyond level 0 where there has been no movement’.

The point I was making on the last sector call was that we urgently need to get funding support to our beleaguered seasonal businesses to help them make it through the winter. Finding this funding should be priority number 1 for STERG. From reading the minutes, clearly money has been found to support the recruitment crisis in hospitality, there was no waiting until reviews were conducted before sourcing this. We need money to support our seasonal businesses through the winter, regardless of the reasonably positive outcome of the review of distancing and plan beyond level 0.

My concern therefore is as before, that STERG is not effectively getting the key issue across to the Scottish Government, that of the looming crisis we are facing this winter. Yes, the outcome of the distancing review is significant for my sector, but, as I said at the end of our sector call, the fact of the matter is, the ship has already sailed in terms of the damage that has been done this year. We know that our seasonal businesses are not going to be in a position to recover this year, as we are stuck with restrictions well into the main summer season (and likely beyond when it comes to international travel). Many seasonal businesses do not know how they will survive the winter.

The only reason there were relatively few casualties last year is that reserves were used and significant loans taken to keep businesses afloat. Very few operators in the attractions sector are currently able to operate at a viable level due to restrictions (under 1 in 10 are making money just now), and with no reserves in the bank and big loans to pay back, we are actually in a worse position leading up to this winter than we were leading up to winter 2020.

It is imperative that STERG focus on this key issue of pushing for funding support for seasonal tourism businesses that have been unable to trade at a viable level now for 16 months +.

Conscious I am coming over as a loud and negative voice. Believe me, I do not want to give the impression that everything is negative.

I am supportive of the Scottish Government’s cautious reopening of the economy, the last thing we need is to experience more instances of reopening and then rapid locking down. However, it must be recognised that the economic conditions are incredibly challenging as a result for our industry and, if we want tourism to get back to being a powerful force for good, we need to support the industry through to a point when we can actually stand on our own two feet again.

There has been some fantastic support for the various sectors up to now, and many of ASVA’s members are only still here because of funds like the Visitor Attraction Support Fund. My real worry is that the Scottish Government thinks that the worst is now behind us and that businesses are enjoying a successful season. As laid out below, that is categorically not the case and we are more vulnerable this year than last.

I greatly appreciate your tireless work in chairing STERG (and the probably more challenging task of chairing the STERG sector group!) and I hope that my comments are taken constructively.
Fiona Campbell ASSC

I do concur with Gordon. Whilst it was welcome to have some easing of physical distancing and an outlook towards beyond zero, the latest STERG minutes miss the point that we made rather vociferously at the last sector meeting. Were those meeting notes shared with STERG, or is that only happening forwards?

The outlook beyond level zero is of no comfort to larger self-catering businesses who have only been able to trade unrestricted for 10 weeks since March 2020 and rain entirely unviable due to household restrictions. I was pretty horrified by the note in the STERG minutes:

- **Large Self Catering / Exclusive Use**
  It was noted that there is no residual money from the Large Self-Catering / Exclusive Use fund which ran at the beginning of the year. The money which was spent on this fund was determined by the demand at the time. All of the businesses who were eligible and applied, received funding. Once the fund was closed the remaining allocation was redeployed within business support. It was suggested that a new proposal which outlines the current support ask for the large self-catering / exclusive use properties would be very helpful. It was highlighted that unfortunately further business support is unlikely to be possible without further money from the UK Gov.

The ASSC has already suggested a proposal, however, the last two sentences seem to be contradictory.

The larger self-catering / exclusive use £7m fund had an underspend of £4.1m. The grant was £2,000 per property that sleeps 7+ (reliant on multiple households). £2,000 was nothing short of astonishing, given that those properties (some of which charge upwards of £2,000 per week) have only benefited from 10 weeks of unrestricted trading and will remain unviable until 9th August (“indicatively”, according to Jason Leitch on The Sunday Show yesterday - “write that in your diary in pencil” as it will only happen “with a fair wind”). Scottish schools go back on 16th. These businesses have lost the entire summer, in addition to lockdown and, as Gordon notes, no longer have any reserves. The underspend should be redeployed. Or we need an urgent explanation of where it has been spent.

It should be stressed that we are not talking about people with second homes, this is about people who rely on their businesses for their livelihoods and therefore continue to need financial support to remain viable.

These businesses are ‘indicatively’ opening fifteen weeks after the rest of the tourist sector, with no financial support whatsoever.

I do share Gordon’s very real frustration and concern.

Leon Thompson UK Hospitality

The points made on funding are key and this remains an area of concern for hospitality given delay on reaching and going beyond level 0.

Ivan McKee and John Swinney have both said that business support is kept under review. It would be good to know what this means.

I understand SG is looking at how support might run in the future. If so then hospitality would like to know the following:
• How can we contribute positively to thinking and planning on future support?
• Will future funding be targeted? If so, how will support be decided and calculated?
• Which restrictions are likely to be kept in place post 9 August? How might these impact on trading?
• Businesses that close due to staff covid cases – what support is there for them now and in the future?

If SG is looking at future support then there’s an opportunity to help SG get support right and maximise the impact of funds made available.

Gregor Barclay Scottish Independent Hostels

I would just like to second what Gordon has said. The result of the physical distancing review and the plan for beyond Level 0 were certainly more positive than expected. However, only being able to return to normal trading from 9th August onwards after more than 12 months of either no trading or trading massively at under capacity, and with no overseas visitors, will not save the season for hostels.

Peak season for us normally ends about 2 weeks after that date. Business then starts to tail off and after mid October there is only a small amount of trade until just before Easter. Many hostel businesses (and Hostelling Scotland too) are therefore likely to have severe financial difficulties in a few months time if no further support is forthcoming.

Both SIH and Hostelling Scotland will be collecting data from member hostels to compare both guest numbers and financial turnover for the May - August period this year with the corresponding period in 2019. We will pass this on both to the SG and to STERG to help explain why last week's announcements do not mean “crisis over”. I am certain that comparable figures would also be obtained from other sectoral organisations.

I hope that this point will be pushed as hard as possible in STERG and by them to the SG.

Stuart French – SIGTOA

I totally agree with Gordon’s sentiments.

From the golf side there are now many businesses who need financial help to get through to April / May 2022.

I was in an STA council meeting two weeks ago and in attendance was the new tourism minister. Towards the end of the meeting he offered his email address for anyone to contact him. I did so immediately requesting a meeting with the SGT DG sub group who had regular calls with Fergus Ewing prior to the end of the last Parliament.

It was only last Thursday I received a response asking us to wait until the summer recess is over. Summer recess lasts until 29th August - ok for some!

I have written back to state that tourism is on the verge of losing many businesses unless the Scot Gov step in with a funding package to see us through to next Spring and requesting a meeting urgently.

What is it going to take to get the Scot Gov to really understand what businesses are going through. The message has to be strong as Gordon has stated.
The comments and thoughts raised by others are each valid and unfortunately not new to the debate.

There is an emerging issue around the balance or bias towards hospitality – as articulated several times over previous meetings and now more to the fore. The sudden appearance of £100k for hospitality recruitment is surprising and serves to underline this apparent unhelpful emerging separation. It must be said there is no denying the staffing crisis facing such businesses and the need for help.

Suggestions had been raised, I amongst them, regarding defining hospitality and tourism. There is domestic hospitality and tourism hospitality each serving quite distinct markets. There is merit in this debate but rather than going down a definition route right now and potentially deepening ‘differences’ there seems to be an opportunity to better reflect the needs of seasonal businesses rather than sectoral.

Attractions, golf tours, private tours, activities on land and on water and self catering are seasonally impacted and the timing of relaxation whilst being great news really is of little comfort to seasonal operators. Many lose their markets in the late autumn, are school holiday driven and others cannot trade as insurance is not available for winter operations. There is simply no winter bounce for such seasonal businesses. In my sector, recognising it is not of the scale of others, 80% of charter and small cruise ship operators are trading at unviable levels with 2021 turning the screw on 2020 when some had less than 2 months trading. There is nothing in the bank to cover fixed costs and in the case of marine and outdoors the high pre-season costs of commissioning licensing and certification. Gordon has also exampled summer seasonal attractions facing extreme hardship over the winter. This is a vastly different scenario to that of a hospitality business who has been under the cosh like everyone - but is looking at a winter and Christmas trading bounce.

The Days Out and Social Tourism and Destinations and Sector Marketing Fund are welcome initiatives. They do not however resolve the underlying critical financial instability facing swathes of smaller and in the vast majority independently owned Scottish businesses.

This is concurring with Gordon’s reply and wish to pose two questions:

- Does the Scottish Government recognise the distinct needs of seasonal trading businesses (across Tourism and Hospitality)?
- Will the Scottish Govt enter into dialogue with distinctly seasonal trading sector group representatives to identify and develop the required support to re-open in 2022?

Many thanks as always Riddell for giving a fair opportunity to put points forward.
I echo Gregor’s message and all others in this e-mail trail.

The plan for easing of physical distancing and life post level 0 is indeed good news and is most welcome. It is, however, too late to save the season as revenue has already been lost for cancellations in July, August and beyond, particularly from both UK and overseas groups. This is having a significant financial impact on the hostelling sector, which in a pre-COVID year would have relied on this much needed cash flow injection to cover the costs of the closed season.

It is important for Scottish Government to realise that if there is going to be a hospitality sector left in Scotland to operate in 2022, much needed additional funding will be required.