Scottish Tourism Emergency Response Group (STERG)

STERG Sector Update Session
Wednesday 21st September 2022

Present:

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<td>Hostelling Scotland</td>
<td>Sabine Mackenzie</td>
<td>Scottish Tourism Alliance</td>
<td>Karen Christie</td>
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<td>Night Time Industries Association</td>
<td>Donald Macleod</td>
<td>Scottish Tourist Guides Association</td>
<td>Kenneth Bramham</td>
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<td>Scottish Agritourism</td>
<td>Caroline Millar</td>
<td>UKHospitality (Scotland)</td>
<td>Leon Thompson</td>
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<td>Scottish Government</td>
<td>Jonathan Ferrier</td>
<td>VisitScotland</td>
<td>Rob Dickson (Chair)</td>
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Apologies:

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<td>Association of Scotland's Self-Caterers</td>
<td>Fiona Campbell</td>
<td>Sail Scotland</td>
<td>Daniel Steel</td>
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<td>Association of Scottish Visitor Attractions</td>
<td>Gordon Morrison</td>
<td>Scottish Country Sports Tourism Group</td>
<td>Chloe Forbes</td>
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<td>British Amusement Catering Trade Association</td>
<td>John White</td>
<td>Scottish Golf Tourism Development Group</td>
<td>Stuart French</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 Hostels</td>
<td>Dominique Drewe-Martin</td>
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<td>Historic Houses Scotland</td>
<td>Andrew Hopetoun</td>
<td>Wild Scotland</td>
<td>Doug McAdam</td>
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Key Notes & Actions

1. Update
   - RD summarised the key points which were noted from recent VS discussions with several inbound tour operators:
     - Overall, the number of international visitors vs 2019 is lower than expected, (it is anticipated that international visitor numbers will take 2-3 years to recover), however the spend per person is significantly higher due to the weakness of the £.
     - The biggest challenge is the quality of experience being delivered in various destinations (all of which relate to staffing issues). There is therefore a tension between a willingness to spend and the quality received. This is expected to be a significant challenge for at least the next year.
     - There is a good level of confidence about international visitor numbers for next year and it was suggested that Europe is expected to come back more strongly in 2023 noting that the squeeze on consumer spending in other European countries is not as severe as the UK.

2. Sector Feedback and Comments

UKHospitality (Scotland), Leon Thompson
   - Waiting to hear further details on the energy cap for businesses to understand what that means for businesses and whether it will make a significant difference or not to their overall financial situation.
   - Hoping to see movement on VAT rates and business rate support when the chancellor makes his announcement on Friday. UKH Colleagues in London are not confident about this however it is an area they will continue to push.
   - Biggest challenge for businesses is the uncertainty about the future. UK Government announcements this week should help this situation however businesses are finding it very difficult to plan and forecast ahead – many businesses already have taken the decision to close or reduce services based on current information.
   - Staffing remains critical and should not be lost among the many other challenges being faced.
   - It was noted that whilst some businesses are reliant on the international traveller and are doing well there are other businesses who are solely reliant on the domestic market which is challenging.
   - It was noted that there has been no response from Scottish Government on the work which was recently submitted highlighting policy issues or regulatory burdens on businesses which could be paused /
delayed etc to help businesses with the cost of doing business. It is assumed therefore that the DRS will be launching as planned in August 2023 and businesses should be aware of how this will affect them and should start preparing now.

RD highlighted that Scottish Government are still considering the policy / regulatory burdens and that no decisions have been made. RD suggested it may be linked to budgetary considerations which are taking place.

Scottish Tourist Guides Association, Kenneth Bramham
- STGA bookings remain healthy until c. mid October. From mid-October onwards bookings drop, this is a typical pattern as the sector relies heavily on international travellers.
- Data is a challenge for the sector however anecdotally feedback would suggest that bookings are ahead of 2019. Guides are being asked to collect data from visitors, this data will be collated in the off season to give a baseline to work on for next year.
- International visitor numbers are up, international spend is up however the challenge is the standard of service – it’s slower, poorer and in some cases, it’s not seen as value for money.
- STGA has appointed an Association Manager, Gillian Barrett. Gillian will be the new contact moving forward for all external STGA engagement. Gillian will replace Kenneth on the STERG sector calls.

Night Time Industries Association, Donald Macleod
- The increase in energy costs for the night time economy (as in other sectors) has been significant. The sector is waiting to hear the announcements today from UK Government however, for many this announcement may already be too late. VAT reduction and business rate support would be helpful but thought to be unlikely. There is an expectation that many businesses will be out of business from January.
- Staff recruitment, staff costs as well as other supplier costs continue to be a significant challenge.
- The sector is in a state of flux with worrying times ahead.

Scottish Agritourism, Caroline Millar
- Scottish Agritourism are providing businesses with guidance on how to set prices for 2023 and 2024 within a landscape of increasing costs and a highly competitive market.
- It has been noted that many businesses in the sector are not aware of the Deposit Return Scheme and the impact that this will have.
- CM recently gave evidence to Angus council licensing committee on the impact of some of the proposed STL conditions that had been put forward by the council. It was noted that Angus council have now thrown out those conditions. Scottish Agritourism is encouraging members to give evidence to their local councils as it can result in a positive outcome.
- Scottish Agritourism continues to work with VisitScotland on the Growth Tracker.
- Scottish Agritourism continues to prepare for their conference in Perth on Tuesday 6th and Wednesday 7th December 2022, https://scottishagritourism.co.uk/conference-2022/

Hostelling Scotland, Sabine Mackenzie
- Bookings remain ok to the end of summer – ahead of budget.
- The increase in American guests is notable.
- Cautiously optimistic about the winter. Income budget is prudent – at the time of budgeting there was a high degree of uncertainty about October-March 2023.
- Expenditure is a concern – energy contract due for renewal.
• Concern about the level at which the new national living wage will be set at and the impact that will have.
• A lot of work is ongoing to secure 2023 and 2024 business. There is a challenge to ensure that pricing remains reasonable and affordable while meeting increases in expenditure.

3. Meeting Close
• RD confirmed that follow up sessions would be useful to pick up on the following:
  o Deposit Return Scheme. To ensure coordinated support for businesses.
  o Skills challenge. VS keen to ensure that Skills are at the forefront of business support noting that challenges on skills is a long term issue
• RD thanked everyone for their time and input.

Next Meeting
The next meeting is scheduled for Wednesday 5th October, 9.00am-9.30am.