Scottish Tourism Emergency Response Group (STERG)

STERG Sector Update Session
Wednesday 19th October 2022

Present:

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<td>Association of Scotland’s Self-Caterers</td>
<td>Fiona Campbell</td>
<td>Scottish Hostels</td>
<td>Dominique Drewe-Martin</td>
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<td>Association of Scottish Visitor Attractions</td>
<td>Gordon Morrison</td>
<td>Scottish Government</td>
<td>Jonathan Ferrier</td>
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<td>Scottish Agritourism</td>
<td>Caroline Millar</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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Apologies:

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<tr>
<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 Golf Tourism Development Group</td>
<td>Stuart French</td>
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<td>Discover Scotland’s Gardens</td>
<td>Dougal Philip</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>Wild Scotland</td>
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<td>Night Time Industries Association</td>
<td>Donald Macleod</td>
<td>UKHospitality (Scotland)</td>
<td>Leon Thompson</td>
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<td>Sail Scotland</td>
<td>Daniel Steel</td>
<td>VisitScotland</td>
<td>Rob Dickson (Chair)</td>
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Key Notes & Actions

1. Introductions
   - Karen Christie, National Tourism Strategy Manager and STERG Coordinator, STA, chaired the meeting in place of Rob Dickson who was on annual leave.

2. Sector Feedback and Comments

Scottish Agritourism, Caroline Millar
   - Scottish Agritourism are currently preparing for their conference on 6th & 7th December in Perth.
   - Scottish Agritourism are continuing to liaise with the Scottish Government on the Scottish Agritourism Strategy which was launched last year. To date very little has happened to progress the delivery of the strategy.
   - Cabinet Secretary for Rural Affairs and Islands, Mairi Gougeon will attend the conference. It is hoped that she will announce some form of support to move the strategy forward.
   - CM recently spoke at the Australian Agritourism Conference. Australia have just launched their own Agritourism strategy, and it was noted that it looks very similar to the strategy developed by Scottish Agritourism. The Australians have an action plan in place, an implementation team and are ready to start driving forward the actions.
   - Scottish Agritourism members are continuing to find it very difficult to run their business in the current circumstances. The impact of rising costs, concerns over the threat of potential blackout situations with no energy in January & February due to a shortage of gas are making it very difficult to cope.
   - Members are highlighting that they need to work so much harder than last year to attract business. Scottish Agritourism is providing marketing support to help members.

Scottish Hostels, Dominique Drewe-Martin
   - September was a great month. Income and occupancy were above pre-COVID levels.
   - Bookings in October are looking good. It was noted that this was surprising as a couple of months ago it did not look good.
   - The last minute release of the CalMac winter timetable has not helped hostels on the islands. Guests who were unable to book ferries until just recently have decided to book and stay on mainland Scotland.
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- Limited enquiries are coming through at the moment for 2023 however this is normal.
- Some hostel members are putting their prices up in 2023, however there are many who are unsure what to do. Hostels want to retain hostel friendly prices and maintain their competitiveness however they also need to be able to cover their costs and any future costs.
- It was noted that it is difficult to tell how the winter season will play out due to the increase in fuel costs, the potential for a rise in more viruses and generally people being more nervous.

Hostelling Scotland, Margo Paterson
- Hostelling Scotland has had a very good season.
- October is shaping up well.
- For those hostels who will be open in November and December bookings are looking good. (It was noted that there aren’t many hostels open over the winter period).
- Hostelling Scotland is currently focusing on its strategy for next year and in particular budgets. This is looking very challenging. Costs are a huge concern, particularly the uncertainty around energy costs.
- Bookings for next year are coming through, including group bookings.
- Price increases for next year are being considered however it is recognised that a balance needs to be struck between affordable accommodation and covering rising costs.

Association of Scotland’s Self-Caterers, Fiona Campbell
- The ASSC is delighted to have won the Silver Award at the Association Excellence Awards 2022 for Best Lobbying Campaign for the Short-Term Let Licensing and Planning Control Area Legislation.
- The ASSC is currently working with various sector organisations, STA, VS, Scottish Chambers of Commerce and all of the festival organisers in Edinburgh as there has been a recent realisation that if there are no STL in Edinburgh next year, then the Edinburgh Festivals may not be able to run as there will be a deficit of 31k bed spaces. The ASSC is currently running a survey and interim results show 82% are secondary lets (classic self-catering units), 92% of which say they are unlikely or very unlikely to have the same accommodation next year (92% of secondary lets will be closed next year). 86% of home letting are not going to have that accommodation. This is a material problem for tourism in Scotland and the marketability of Scotland going forward. This has been raised as a matter of extreme importance. This is a problem which will have a knock on impact across all parts of the sector – visitor attractions, hotels restaurants etc.
- The sector could not be in a worse position right now. Not only does it face the same issues as others in the industry, but it is also facing the STL licensing.
- As anticipated, the STL legislation is a complete disaster.
  - Some local authorities are not accepting applications until January 2023 because they are not ready, other local authorities are not accepting existing operating applications until January 2023 as they don’t have the staff.
  - Scottish Government had advised that the fees would be between £214-£436 however in Edinburgh it is £5,869 for one year for a larger property and for home letting it is £3,600 for three years in some areas.
  - In terms of planning, local authorities are going beyond the scope of the legislation outwith planning control areas, and they are also going to be introducing defacto bans.
- The sector is not seeing bookings coming in. Customers will not commit to holidays given the impact of the cost of living crisis and ongoing uncertainty.
- Travel to the islands remains massively compromised and this is continuing to have a significant impact on island businesses.
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Association of Scottish Visitor Attractions, Gordon Morrison
• ASVA data for August shows that visitor numbers were -22% in August 2022 vs August 2019 and -27% YTD vs 2019 YTD. These figures are healthier than those reported previously however it does demonstrate that there hasn’t been universal recovery in 2022 and there are still many attractions, dependent on geography and attraction type, who are still considerably behind 2019.
• ASVA will issue a survey to members on 24th October to capture the impacts of the cost of doing business now and in 2023. Results will be shared with the group when available.
• As noted previously, the costs to run a visitor attraction are significant. As an example, the energy costs for one not for profit organisation is currently £175k per year, next year, if there is no further support from government the cost will £600k per year, this attraction advised they could survive for one season only and then they would be gone, it was highlighted that during that season there would be no investment, no increase in wages and staff redundancies etc. Although it was noted that this was just one example, it is expected that everyone in the sector will be facing a similar crisis.
• It was highlighted that we are already seeing the impact of the current crises with the National Galleries of Scotland, Modern Two taking the decision to close for the winter due to low staffing, a decrease in audience numbers since the Covid pandemic and the rising cost of energy bills.
• If businesses continue to see costs rise to some of the levels that are predicted then this is likely to be a worse crisis than COVID, the outcome of which would be the wholesale downsizing of businesses in the next year and then closures.
• In summary, whilst visitor numbers are looking reasonable the future is looking very bleak.

Scottish Tourist Guides Association, Kenneth Bramham
• 2022 bookings have been very good however the STGA have had no baseline to measure against.
• Feedback from members would suggest that booking numbers are up vs 2019 however this is no data to support this.
• To address the lack of data, STGA will be issuing data collection stencils to members to capture tangible data for 2022.
• STGA will once again be running their Blue Badge training course (2023-2025). Details of the training are on the website, applications will open from 18th November, finals will be in March / April 2025.
• STGA will be running the Green Badge training course in 2023 specifically for the North East, Aberdeenshire area.
• STGA members are also suffering, the cost of living crisis is hitting them hard and the STGA will need to look at its pricing strategy, as noted previously however, the importance of delivering value for money must be kept in mind.

3. Additional Comments Raised:
• The sector organisations on the call were extremely keen to stress that the sector remains in a state of emergency. It was emphasised that if STERG and the Scottish Government does not take heed of the comments made today and does not make proactive and supportive decisions then Scotland will no longer have an attractions sector or a small accommodation sector and this will have a detrimental effect on the overall visitor offering from Scotland. Failure to act now will severely compromise tourism in Scotland in 2023 and 2024.
• Concern was raised that despite having a clear and effective communication channel in place the group did not feel as though it was being listened to by Scottish Government. It was recognised however that other sectors of the economy are in a similar position and facing the same challenges such as agriculture and food & drink.
• It was highlighted that the Scottish Government must continue to lobby the UK Government on the issues where they cannot make decisions.
• JF reassured everyone that the Scottish Government does listen to this group and noted that the STERG sector call is particularly valuable to capture sector views. It was noted that the FM recognises that the
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cost of living crisis is worse than COVID and that Ministers are extremely concerned with all the points that are being raised. It was stressed that the tourism team do feed all the information it receives to Ministers and senior officials. It was highlighted that Scottish Government is limited in its powers in terms of borrowing and that the Scottish Government do continue to lobby the UK Government for funding and on matters such as immigration. It was noted that some of the things which the group are asking for are happening however it is appreciated that when you continue to raise the same points and no action is visible then it would seem as though the points have not been listened to.

JF was thanked for his reassurance however it was pointed out that this was not the case for STL – it was highlighted that it is within the Scottish Government’s gift to pause the STL legislation, as recommended by the ASSC, until 2026 when it is hoped the sector will see signs of recovery, it was emphasised that the only reason this is not being done is political. JF was urged to raise this issue once again with colleagues.

JF agreed to take the issue away.

4. Meeting Close

• KC thanked everyone for their time and contributions and assured the group that all comments noted would be highlighted to STERG.

Next Meeting
The next meeting is scheduled for Wednesday 2nd November, 9.00am-9.30am.