Scottish Tourism Emergency Response Group (STERG)

STERG Sector Update Session
Wednesday 2nd November 2022

Present:

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<td>Association of Scotland’s Self-Caterers</td>
<td>Victoria Brooks</td>
<td>Scottish Tourist Guides Association</td>
<td>Kenneth Bramham</td>
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<td>Association of Scottish Visitor Attractions</td>
<td>Gordon Morrison</td>
<td>Wild Scotland</td>
<td>Angela Mercer</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>Hostelling Scotland</td>
<td>Margo Paterson</td>
<td>VisitScotland</td>
<td>Rob Dickson (Chair)</td>
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<td>Scottish Tourism Alliance</td>
<td>Karen Christie</td>
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Apologies:

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<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>
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<td>Jonathan Ferrier</td>
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<td>Historic Houses Scotland</td>
<td>Andrew Hopetoun</td>
<td>Scottish Guest House and B&amp;B Alliance</td>
<td>Sinclair Williamson</td>
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<td>Night Time Industries Association</td>
<td>Donald Macleod</td>
<td>Scottish Hostels</td>
<td>Dominique Drewe-Martin</td>
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<td>Sail Scotland</td>
<td>Daniel Steel</td>
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Key Notes & Actions

1. Introductions
   - RD welcomed Angela Mercer who will be representing Wild Scotland on the fortnightly STERG Sector call.

2. Update
   - No change to market intelligence over the last few weeks:
     - As expected, bookings post half term have slowed down.
     - More and more businesses are looking ahead and considering whether they can or should stay open through the winter. It was noted that intelligence on winter opening is looking a little more positive, it is not clear however whether this is due to more optimism around managing costs or a confidence in visitor numbers.
   - VisitScotland have been asked to provide evidence to the Economy and Net Zero committee on ferries. VisitScotland will provide comment on the impact on the visitor economy and what the visitor economy needs from a good, sustainable transport infrastructure model.

   **Action:** Sector leads to provide any immediate comments on ferries and the impact on the visitor economy to RD, either on the call or after the call. (Sector leads)

   - Work is continuing by the agencies to bring together plans to drive forward the Destination Net Zero programme (DNZ) over the coming years. DNZ is a programme that was funded through the STERG Tourism Recovery Programme. An update on the programme will be provided at the industry conference next week. It was highlighted that it would be very helpful for the sector leads to make RD aware of any plans for Responsible Tourism initiatives in the medium to long term.

   **Action:** Sector leads to provide any information on future responsible Tourism plans to RD. (Sector Leads)

   - The new Tourism & Hospitality Industry Leadership Group has been created and will formally be announced at the Tourism Industry Conference on 9th November. The group will meet for the first time on 23rd November. The ILG is a blend of tourism and hospitality leaders from across the sector and across
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the country, as well as representatives from a range of public sector agencies and Scottish Government. The ILG will act as the ‘champion’ of Scotland Outlook 2030 and will drive Scotland’s ambition to be a world leader in 21st century tourism.

3. Sector Feedback and Comments

Hostelling Scotland, Margo Paterson

- October was a really good month which finished ahead of budget.
- Bookings for November are looking good (although only 9 sites are open fully). Towards the end of December and January are quiet however that is expected.
- Overall, this Financial Year End (31st January) is looking ok, however there are significant challenges ahead.
- The increase in energy costs is the biggest challenge. Hostelling Scotland is facing a 400% increase in the cost of electricity following a recent contract renewal – this equates to £millions in increased costs.
- Forward bookings for 2023 are encouraging – European groups are returning. However, this business will be decimated by the rise in energy costs.
- There is huge concern about budgets for next year and Hostelling Scotland are working through many different scenarios. Energy costs are having a huge impact and although some help is available to the end of March the uncertainty of what will happen beyond March is worrying.

Scottish Tourist Guides Association, Kenneth Bramham

- October has been a good month. Bookings have slowed down in November and are quiet in December.
- Diaries are filling up for next year (including cruise work) which is encouraging.
- STGA members are completing a survey which aims to capture meaningful data for the 2022 season. Moving forward this act as a baseline for future comparisons.

Association of Scotland’s Self-Caterers, Victoria Brooks

- A written update was provided by the ASSC and will be circulated with the notes of the meeting.
- VB highlighted the following points from a recent ASSC survey of 937 operators.
  - The findings raise serious implications for the continued viability of many small tourism accommodation businesses in Scotland going forward, especially in rural areas, due to the perfect storm of increased regulation, changes in booking behaviour and rising costs facing self-caterers.
  - Almost 50% of self-caterers are now considering closing their business over Winter 2022 for the first time due to the cost-of-living crisis, which will hugely impact Scottish tourism and the supply chain.
- The EmbraceScotland marketing campaign will launch in November and run through to January. ASSC will share content with the group and would appreciate support in sharing through their own networks.

UK Hospitality (Scotland), Leon Thompson

- UKH, the BBPA, the BII and Hospitality Ulster have released (31st October) the results of their joint Q4 Hospitality Members’ Survey which showed that 35% of respondents were expecting to be operating at a loss or be unviable by the end of the year.
- Businesses are continuing to look at ways they can remain open over the winter. For some reducing hours of operation is working well and is helping to reduce costs, manage with fewer staff and are getting a better footfall from customers within a shorter window.
- Christmas remains uncertain for many businesses.
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- Where places are busy there remains the challenge of absorbing costs – prices on menus and the prices of drinks do not reflect the true costs to the business, increased energy costs, inflation etc are impacting the ability of businesses to break even.
- The UK Government budget on 17th November is a major focus and UKH colleagues in London are meeting with the Chancellor to represent the asks of the sector - business rates relief and a cut to VAT.
- LT will meet with DFM, John Swinney next week to discuss the Scottish Government budget and asks. LT will continue to push for further support for the sector.
- The Hospitality Rising advertising campaign launched on 24th October. The response so far has been positive and is already generating interest in the jobs which are available on the jobs board. It is hoped that more businesses will invest in the campaign.
- LT will share the UKH Sustainability strategy with VS.

Association of Scottish Visitor Attractions, Gordon Morrison

- The ASVA survey which is currently live (closes 6th November) aims to capture the impacts of the cost of doing business now and in 2023. Findings will be shared with the group.
- From the anecdotal information which is being collated the following points were highlighted:
  - While visitor numbers are ok (don’t really talk about forward bookings with the attractions sector) and there is a reasonable level of confidence about visitation, (particularly from international markets) all this optimism is completely wiped out by the increase in costs which are being faced.
  - All members are discussing cost cutting and what that will mean for the products and services that will be offered in 2023.
  - The big issue is that there are not too many members who can resolve this by putting through price increases, (many members are free attractions). It is very challenging for members to make up the shortfall. The sector has already endured a lot of cost cutting activity. The challenges ahead are significant.
- Next week ASVA will launch a partnership with Xpress Recruitment. The partnership will provide free services through Xpress Recruitment to ASVA members.
- Earlier this year ASVA relaunched its Mystery Visits programme through BVA BDRC. Part of this programme looks at the sustainability measures within the attractions sector and how the sustainability stories are being told to visitors. A recent report from BVA BDRC highlights that this is the weakest performing area across the board. This has highlighted the need to encourage all members to make sure that they are telling visitors about what they are doing in this area.
- GM questioned what was to happen to STERG and the fortnightly Sector calls once the ILG was in place – noting that the ILG aims to be forward thinking.

Wild Scotland, Angela Mercer

- Members are feeling the bite now. Increases in the cost of doing business and ongoing uncertainty is concerning.
- Public transport – train strikes are having an impact on businesses. Visitors using public transport are finding it difficult.
- There is concern about future membership – affordability for very small businesses is a concern.
- Wild Scotland and Sail Scotland are finalising the Outdoor Strategy.
- The Wild Scotland AGM will be held within the next couple of weeks, it is expected that further feedback will be received from members then.
Scottish Agritourism, Caroline Millar

- CM advised that she was travelling to the Scottish Parliament to attend a rally with several hundred farmers who are calling on the Scottish Government to recognise the importance of food production in Scotland and the new agricultural bill.
- Scottish Agritourism is working with its members to put together responses to the agricultural bill consultation to ensure that agritourism is included within the bill. It was noted that Agritourism was included in the Scottish Government consultation workshops on rural development. Scottish Agritourism is ensuring that members include their farming business and agritourism in their responses. It is important that any CAP replacement grants include provision for helping farmers to get into agritourism.
- Scottish Agritourism is also preparing a response to the National Parks consultation.
- Preparation work continues for the workshops which will take place at the Scottish Agritourism conference in December.
- The Scottish Agritourism growth tracker is in its final draft and is expected to go to the design team tomorrow. CM thanked RD for the support which the VS team has provided.
- It was highlighted that although the number of agritourism businesses on vs.com had risen from 520 to 531 it was noted that several businesses have now in fact closed. A few of those closing have cited STL as the reason why. Onerous STL regulations and the associated costs means that it is no longer economical to run a traditional farmhouse B&B.
- CM reiterated that the fortnightly Sector call was very valuable and that she would be keen to see these meetings continue even when STERG ceases to exist.

3. Future of STERG / STERG Sector Call

- RD advised that STERG will cease to operate once the ILG is up and running. Agencies will continue to do what they need to do to support businesses, primarily through the Business Support Partnership and the Destination Net Zero work.
- RD noted that the sector call was slightly different. If there is demand and a need for sectors to come together and that need is not being fulfilled through other platforms, then RD noted that he would welcome discussing options about the way forward. It was suggested that this is discussed further at the next meeting.

Action: At the next meeting on 16th November, RD is to propose options on how the group could be reset to work in the future (RD)

4. Meeting Close

- RD thanked everyone for their time and for their continued input.

Next Meeting
The next meeting is scheduled for Wednesday 16th November, 9.00am-9.30am.