Scottish Tourism Emergency Response Group (STERG)

STERG Sector Update Session
Wednesday 16th November 2022

Present:

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<td>Association of Scotland’s Self-Caterers</td>
<td>Fiona Campbell</td>
<td>Scottish Tourism Alliance</td>
<td>Karen Christie</td>
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<td>Association of Scottish Visitor Attractions</td>
<td>Gordon Morrison</td>
<td>Scottish Tourism Alliance</td>
<td>Marc Crothall</td>
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<td>Historic Houses Scotland</td>
<td>Andrew Hopeetoun</td>
<td>Scottish Tourist Guides Association</td>
<td>Gillian Barrett</td>
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<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>
<td>Stuart French</td>
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<td>British Holiday &amp; Home Parks Association</td>
<td>Jeanette Wilson</td>
<td>Scottish Government</td>
<td>Jonathan Ferrier</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>Hostelling Scotland</td>
<td>Margo Paterson</td>
<td>Scottish Hostels</td>
<td>Dominique Drewe-Martin</td>
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<td>Night Time Industries Association</td>
<td>Donald Macleod</td>
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<td>Sail Scotland</td>
<td>Daniel Steel</td>
<td>UKHospitality (Scotland)</td>
<td>Leon Thompson</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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Key Notes & Actions

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

   - KC welcomed Gillian Barrett, STGA to the call. GB is the new STGA Association Manager and takes over from Kenneth Bramham as the STGA representative on the call.

2. Sector Feedback and Comments

   Association of Scottish Visitor Attractions, Gordon Morrison
   - GM shared some of the highlights from the recent ASAVA / Moffat Centre sector wide survey which looked at the impact of the cost of doing business ant the cost of living crisis.
     - 88 organisations responded to the survey, representing 106 attractions.
     - The survey covered, visitor numbers, turnover, cost of doing business pressures, the actions that the sector are taking to mitigate costs, recruitment challenges, plans for next year and the interventions that the sector would like to see from government.
     - Visitor numbers are down however turnover is slightly better, so, when visitors do come, they are spending money. This may be attributed to the better than expected return of the North American visitors, however it was also noted that business events within the sector have also been fairly healthy.
     - Not much change on what is happening over winter, there was a fear that more business would be closing over the winter than would do normally, this is not borne out entirely in the survey. More businesses are deciding to reduce their offer or close partially.
     - Energy consumption remains a huge concern. 1 in 3 respondents reported that their current fixed price contracts are due for renewal within the next 12 months, this is leading to massive concerns as it is not clear what future bills could rise to. There are examples where bills have risen by 500%-600%, this could take an average £35k per year to £245k per year, this is not sustainable. 50% of respondents said they would be at risk of insolvency if no further action was taken by the UK government beyond 31st March 2023.
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- The majority (71%) of respondents said that they are looking at new ways to generate new income. This demonstrates the innovative nature of the sector and that it is a sector that looks to help itself.
- 52% of respondents are looking at how they can reduce their energy consumption.
- C. 40% of respondents are looking at a recruitment freeze, 27% are reducing their opening hours / the days that they are open, 26% looking to reduce staff training and development.
- 1 in 3 are increasing their prices beyond what they have already increased them this year. 38% are unable or unwilling to increase their prices (note – many attractions are free to enter).
- More and more members are looking at introducing variable pricing / dynamic pricing, or a pay what you can policy.
- There is concern from members that the worst is yet to come for the consumer, in terms of the cost of living crisis, and this is holding businesses back from price increases. The biggest concern for ASVA members is getting visitors through the door.
- When asked what the biggest short term barriers were to business, the number one response was the impact of the cost of living crisis on visitor numbers and spend, this ranked above the increase in the cost of doing business.
- The key measures that respondents would like the government to introduce included:
  ▪ Further measures to reduce the cost of living for the consumer
  ▪ An increase in marketing activity targeted at the rest of the UK audience
  ▪ An increase in marketing spend targeted at international audience
- It should be noted that c. two thirds of the sector are currently shielded from the energy crisis.
- For those who are already facing huge increases in energy costs the number one concern is going out of business.
- The report is being finalised and will be shared when available.

- MC noted that the Scottish Tourism Alliance (STA) were recently (Tuesday 15th November) invited to attend the UK Government Department for Business, Energy and Industrial Strategy Energy Schemes Stakeholder Briefing. Highlights from the briefing include:
  - A statement on the Energy Bill Relief Scheme (EBRS) Review is expected during the Chancellor’s Autumn Budget statement.
  - “High bar” for support is being set.
  - The EBRS Review will be finalised within the next three weeks.
  - All EBRS review material (data, case studies, etc) should be sent to ebrsreview@beis.gov.uk.
  - BEIS keen to capture what the impact/direct risks of closure would mean.
  - The outcome of the EBRS Review is expected to be announced before Christmas.

Historic Houses Scotland, Andrew Hopetoun
- Positive and constructive AGM held yesterday.
- Views from members typically reflect the comments from the ASVA / Moffat Centre survey.
- Members are now closed or will be closing shortly for the winter season, there is no appetite to extend the season into the winter.
- Overall, it has not been a bad season.
- The filming and corporate entertainment market have done well this year.
- Moving forward there are concerns, particularly about the appetite of consumers to visit venues - this will limit what can be done with price increases. Although consumers are accustomed to price increases, they should be within reason.
- Costs are continuing to rise. Insurance costs, for example venue insurance, has gone up significantly.
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Association of Scotland’s Self-Caterers, Fiona Campbell

- Yesterday the ASSC issued a survey to get a sense check on Christmas and New Year bookings as well as Q1 2023. In general, there are less bookings, shorter bookings and even in some cases no bookings for Christmas and New Year which is unheard of. Businesses are hoping for last minute bookings.
- Key issues are, cost of living crisis and STL licensing costs, it was noted that people are responding under a huge amount of stress and uncertainty. In the October ASSC survey, 39% of respondents reported mental health problems that they had never had before.
- People are closing for the first time over the winter – as a sector this is not the norm as is deeply worrying.
- People are not yet applying for their STL licence due to the huge amount of uncertainty around the policy.
- Following the CPG on Monday (14th), FC had a call with the Convener. The Convener recognised that the unintended consequences of the scheme have gone way beyond their policy intention and is keen to collate evidence from CPG members to try and do something.
- FC has prepared a briefing on the concerns associated with the short-term let legislation which can be shared with the group.
- FC reiterated that the sector is currently facing a significant uphill struggle and help to survive is critical.

Scottish Agritourism, Caroline Millar

- CM highlighted ways in which the Agritourism sector is trying to help itself. As an example, some farms are investing in solar and other forms of renewables such as wind to try and offset the increase in electricity costs. It was noted however that progress is being impacted by delays in planning / connections to the grid etc, if these areas could be improved and speeded up it would help businesses to address the challenges they face.
- There are many examples where planning is hampering progress and stifling growth opportunities in the Agritourism sector. Planning must be aligned with the principles of growth; it needs to be much easier for businesses to get on and implement their plans otherwise the sector will not realise it’s ambitions.
- Uncertainty around STL continues, Aberdeenshire for example do not yet have any costs. Recent evidence also shows that businesses are continuing to close down, particularly farmhouse bed & breakfasts – it was noted that this will be a significant loss to the hospitality offering as they offer a rich, authentic experience. Scottish Agritourism is trying to collate evidence on this to present at their conference in December.
- The Scottish Agritourism conference will be held on 6th & 7th December at Perth Concert Hall.
- The Scottish Agritourism growth tracker is now complete and will be shared at conference.
- FC highlighted that the National Planning Framework 4 has been released, FC stressed that as an industry we must deal with this as it will be catastrophic, particularly for the Agritourism sector. As an industry we must be on top of this, if it goes live in January then we will have a problem.

Scottish Tourist Guides Association, Gillian Barrett

- GB joined the STGA in September 2022 as Association Manager.
- GB noted that the STGA are rebuilding their team following the pandemic. New team members are expected to be onboard in January.
- STGA will run their Blue badge course in 2023. The application form is due to go live this month. 36 students are required on the course to cover the number of guides who retire each year.
- Due to increase in the cost of living, the cost of the course will need to increase however this will need to be balanced with affordability.
- Members are happy to be out guiding and it was noted that there has been a lot of work this year.
- Driver guides have struggled due to increases in fuel costs.
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- Guides who cater to Japanese, Chinese and Russian visitors have struggled.

3. Future of STERG / STERG Sector Call
- As noted on previous calls, STERG will cease to operate once the new Tourism & Hospitality ILG is up and running. STERG will therefore stand down at the end of the year and with that the STERG Sector Call will also end.
- Sector leads and STERG partners have highlighted the value of the fortnightly calls and both groups have expressed a desire for them to continue.
- It was noted that the STA feeds the intelligence gathered on the STERG Sector call into the fortnightly Business Organisations call which is run by the Scottish Governments Economy group. A priority on the agenda for this group is hearing feedback from industry about what it’s like on the ground.
- The STA would like to propose that the fortnightly calls continue as an STA Sector call. Calls would remain at the same time, a Wednesday morning from 9.00am-9.30am and would be chaired by Marc Crothall. Colleagues from VisitScotland and Scottish Government would be invited to attend and to provide relevant updates. Invites will also be extended to other sectors who sit on the STA Council.
- The following points were highlighted by those on the call:
  - The Sector call is a valued forum for all who join the call.
  - The call provides a good sense check on the current state of play in the industry.
  - It is a good opportunity for sector leads to come together.
  - The contributions and updates from VisitScotland have been valuable and it would be important to maintain this.
  - Rather than a round table update from all sectors, which could become repetitive, it would be useful to discuss specific topics or questions.
- Overall, the STA proposal was well received by those on the call, and it was agreed that this proposal should be shared with all members of the STERG Sector call for endorsement.

4. Meeting Close
- KC thanked everyone for joining and for their input.

Next Meeting
The next meeting is scheduled for Wednesday 30th November, 9.00am-9.30am.

The final STERG Sector call is scheduled for Wednesday 14th December, 9.00am-9.30am.