

Cross-Party Group on Tourism

Monday 17 January, 2022 at 3pm (online)

Minute

Present

MSPs

Evelyn Tweed
Siobhian Brown
Murdo Fraser
Rachael Hamilton
Jenni Minto
Colin Smyth

Invited guests

Lord Thurso, Chairman VisitScotland

Non-MSP Group Members

Beth Thoms, VisitScotland
Gavin Mowat, VisitScotland (Secretariat)
Scott McMurray, Scottish Parliament (Treasurer)
Alasdair Smart, ScotRail
Carol Matthews, LLTTNP
Fiona Campbell, ASSC
Gordon Morrison, Association of Scotland's Visitor Attractions (ASVA)
Ian McCall, Paths for All
Karen Christie, STA
Kelly Johnstone, Springboard
Kenneth Bramham, Scottish Tour Guides Association (STGA)
Anna Leask, Edinburgh Napier University
Leon Thompson, UK Hospitality Scotland
Marc Crothall, STA
Margo Paterson, Hostelling Scotland
Matthew Niblett, UKSTAA
Orchid Liu, UK Chinese Times
Peter Ovenstone, Heitage Railway Association
Phil Smith,
Ross Pollock, LLTTNP
Sarah Cameron, SENScot
Sheila Gilmore, VisitArran
Simon Ovenden, Scottish Land & Estates

Sinclair Williamson, SGHBBA
Stuart French, Platinum Golf Scotland

Apologies

Foysoil Choudhury MSP
Stuart McMillan MSP
John Erskine, Scottish Chambers of Commerce
Colin Wilkinson, SLTA
Ken Higgins, Elfenheim Park

1- Welcome and Introductions

Co-Convenor Evelyn Tweed MSP (ET) welcomed attendees to the first meeting of the CPG in 2022, and also welcomed Lord Thurso (LT), Chairman of VisitScotland (VS) as guest speaker.

2- Apologies

Apologies were noted by ET and Gavin Mowat (GM).

3- Minutes of the Last Meeting

Minutes of the last meeting held on 25/10/2021 were circulated beforehand and confirmed by those in attendance.

4- Office Bearers

ET moved to confirm Racheal Hamilton MSP (RT) and Colin Smyth MSP (CS) as Co-Deputy Conveners of the Group. Both were seconded by Murdo Fraser MSP (MF) and RT respectively.

5- Update on Funding Support

ET gave a short update on the funding being distributed to the tourism sector by VS. She noted that £9m is being made available to six sectors that have been impacted by the latest round of restrictions. It was noted by Sinclair Williamson (SW) of SGHBBA that Guest Houses and B&Bs had not been included in this support package and they remain dissatisfied with the Scottish Government's explanation as to why, a point echoed by Fiona Campbell (FC) of ASSC via the chat function.

6- STA Tourism and Hospitality Industry Financial Impact Survey

Marc Crothall (MC), CEO of STA noted that the presentation would be shared afterwards. MC made the following points during his presentation:

- Survey part of a UK-wide assessment of the impact of omicron. Majority of responses came post 5 January, after FM announcements. Responses across 31 of the local authority areas.
- MC noted cash reserves are a concern along with energy prices, staff, covid compliance, and reduced revenue. Implications of staff shortages. Outlook around potential for failure. What will make the biggest difference on the road to recovery. Support is welcome but more needs to be done.
- 37% of respondents had more than 50% cancellations; 38% had less; only 26% experienced zero cancellations. Serviced accommodation, restaurants and tour operators worst affected.
- Looking forward, levels of cancellations not as bad – but still high levels of cancellations. Albeit travel restrictions are lifting, return to normal confidence still not there.
- Overall comparisons to 2021 are significantly down. Un-serviced and serviced bookings looking okay. Domestically in particular, but international still a long way to go.
- 53% of respondents said they had less than two months cash reserves. 76% of food & drink; nearly 50% self-catering – serviced accommodation similar. Hugely concerning.
- 68% said primary reason for financial difficulty is a combination of increased cost and decrease in revenue - depending on sector. Particular problem for food & drink sector, coach and tour operators, which ultimately feeds through into the attractions and other parts of the economy. 28% said they weren't in financial difficulty.
- 41.5% said higher energy costs was most important reason. Cost of materials is second highest reason – basic maintenance costs etc. High level of covid compliance costs.
- Revenue implications. Dependant on place, city businesses likely to be more heavily reliant on international travel. 42.9% is a high score. Public not spending resulted in businesses failing or 'being up against it'.
- Staff shortages, implications of the covid isolation regulations took a big toll on being able to trade. The changes in restrictions has also resulted in fewer applicants coming forward to take up work. Face a challenge to change the perception that we are an industry that can stay open and trade through the future impacts of covid, or any variant that comes along.
- More than a third, 36% of respondents said their business is quite likely or very likely to fail. Again, down to cash reserves and the forward outlook of whether the recovery of international will happen fast enough.

- Everybody would want to have targeted grants or sector specific grants or support. Some form of free money or financial support to help offset the losses. Removing COVID restrictions will help make a difference, allowing the sector to trade.
- Messaging that it is safe to travel, both domestic and international, getting people back out into towns and cities and not being told that it is unsafe, when the sector is one of the safest sectors to experience. Tourism is an industry that has always been responsible for safety and managing risk so the messaging, which comes at no cost, is important.
- And also providing greater clarity on the rules.
- Essential that the Scottish Government continues to back marketing campaigns for international markets, so we can drive as much of an international footfall into Scotland as we can – as well as not taking our foot off the gas on the domestic campaign. There will be an outbound spike of domestic people choosing to travel abroad and that puts even greater importance on making sure we get the international footfall coming here, visitors staying longer and importantly spending much more as well.
- MC concluded there and thanked all those who responded to the survey.

ET noted MC's contribution as being hugely helpful for MSPs. She said it will be interesting to see how that compares with the UK data and pointed to the need for collaboration with the UK Parliament on labour shortages.

MF asked MC whether the domestic market is filling the gap left by international market?

MC noted that over the survey period, the domestic market was told to stay at home. He referenced speaking to Vicki Miller (Director of Marketing & Digital, VS) and FC, and noted forward bookings for the domestic market until may look 'pretty strong'. He added there will be an outbound spike of people going abroad, so critical need for international markets remains. MC added, increasing energy and other household costs will also have a bearing on travel choices. International key – sufficient funding to VS to be able to market. MC also noted that the sector have had destination sector grants made available to the DMOs, and there have been other initiatives as part of the recovery, but the requirement is that all this money has to be spent by 31 March. MC suggested that given the pause and disruption over the six to eight week period, we are now trying to concentrate an expenditure of cash into a very tight window were the better return on investment would be to spread the activity over into the future financial year.

RH asked MC if the STA would be lobbying for Scottish Government to extend rates relief beyond the 3 months? And if STA members want to see an end to all restrictions, based on the data that we are seeing now?

MC said yes is the obvious answer. MC referred to sector grants, but noted there are other means to support the sector, including fiscal frameworks, business rates relief. He suggested the 3 months cap to £27,000 for the first part of the financial year is very welcome but hoped that will be reviewed and if anything, at the very least mirrored against what is being extended south of the boarder. MC added that removal of costs to businesses would be welcome particularly considering how businesses need to adapt to things like climate change. MC suggested there is a need to live with COVID in a safe way, and noted recent behaviour changes from the public. Given these circumstances MC said removing restrictions and allowing businesses to trade un-incombered is what's needed. MC reiterated the important role of messaging around it being safe to go out. He noted there are great assets out there to enjoy, but restrictions become a barrier and he cited the challenges around encouraging LFT tests for international travel and Europeans now needing a passport to enter the UK.

GM noted FC is having technical difficulties and is unable to ask questions, but the Convener should be aware she is contributing via the chat function.

ET noted FC's technical difficulties. In response to MC, ET noted that restrictions would hopefully be eased soon. She reiterated need for CPG MSPs to go out to sites to promote the positive impact of tourism. ET also noted an intention to bring forward a motion for debate on Tourism Month.

MC added that 1 March would be ideal for this. He noted that MF has kindly agreed to sponsor the STA parliamentary reception on that evening.

ET conveyed thanks to MF for doing that. And welcomed those contributions made so far to spread the positive message.

7- Building a Sustainable Recovery for Tourism

LT, Chairman of VS, gave a presentation looking back, comparing short-term and long-term prospects and then looking at responsible tourism. In his presentation he noted the following:

- LT recognised just how ghastly a time this has been for everyone in the industry. We've noticed how much of an economic driver city hotels are.
- Evidenced by occupancy in Glasgow and Edinburgh around COP26, where average room rate in Glasgow was just over £250 and £210 in Edinburgh. LT remarked, this demonstrates how attractive Scotland remains and the fact that we did COP26 so well is actually something in our favour going forward.
- 2019 was such a great year for Scottish tourism. LT noted, we had record visitors and record spend, and something like 210,000 jobs and £7bn of GDP – so a really important economic provider.
- VS did 2 things very quickly. We got STERG going again, LT noted STERG has proved a great vehicle for making sure we get the best of what we could for the

industry. LT said that 5 years ago VS board decided to invest in two things, one was its people and the other was its IT. As a result we had the systems to start working from home very quickly. It's been a huge learning curve but also some great positives have come out of that.

- LT told of how VS pivoted away from being a marketing organisation to being a fund delivery organisation. He noted the annual report showed over £77m funds distributed to some 3800 businesses across 18 funds. Now in the process of pivoting back.
- LT noted VS is now back in the fund giving business which we are very pleased to be able to do. He noted the success that they were announced in December and payments are beginning now. LT noted that given the governance work, many VS staff had been working through Christmas and New Year to get the funds out. LT added, that staff have worked hard to deliver for Government aspirations, it's meant that we've had to do it very much along the lines of the other funds, but it's meant that cash is going to businesses.
- LT noted that VS continue with 'brand maintenance', which is about remaining in contact with people, particularly the diaspora. He mentioned examples of youtube videos and doing burns night messages. LT added that VS have worked hard to continue with relationship calls so that we are better placed to exploit pent-up demand when time comes.
- LT summarised three potential scenarios; 1. Worst case – restrictions remain, international travel remains low and VS can only market in the UK; 2. Best case – is restrictions largely gone, international travel can return and the bulk of VS spend can get international markets back. LT suggested option 3, a mixture of 1 & 2, is more likely. LT noted that VS are ready to go either way.
- LT suggested, thing to remember for long-term is that Scotland is an incredibly strong and powerful international brand. He noted that all of the values that underpin brand Scotland, why people come here and the products that we've got to offer all remain very strong, so in the long term we can be optimistic.
- On sustainable tourism LT noted that millennials and post-millennials want to buy sustainable and carbon neutral products. He suggested they want to buy an experience that allows them to enjoy themselves as before but without the carbon. LT noted they will pay more for it and that this is an opportunity. LT remarked that at VS this has focused around 2 strands; strand one environmental sustainability – leading by example, and also slow tourism where people are encouraged to get to know a place. LT suggested VS can lead people in that direction and there's evidence to show this is happening.
- LT said strand 2 is sustainability of communities. He referenced his own area around NC500 where there is a debate about what people get from tourism. LT suggested tourism should be about extracting the maximum amount of money for the minimum amount of environmental and social consequence. Therefore, communities and the environment need to become important stakeholders in

tourism. LT noted VS efforts helping to inform and encourage people to think in that way.

- In summing up LT noted industry has a long term opportunity to become a net zero destination. He remarked that if everyone looks to where they can seize the opportunity over the next 5-10 years Scotland has an opportunity to be the destination of choice.

ET noted VS staff have done an amazing job getting the money out in such a short space of time and she said it had been very much appreciated.

MC noted that Tourism & Hospitality talent development programme is re-running for the second time and has 1,475 registered. He said importance of responsible tourism is very much reflected in the modules. He added, 2,000 already gone through this, thanks to investment of nearly £2m from Scottish Government.

LT remarked, 2030 strategy has sustainability at its very heart, so this is an absolutely integral part of achieving that strategy.

RH asked LT, if he thought the short-term lets licensing scheme was something the Scottish Government should drop?

LT noted that VS will advise the Scottish Government if possible on whatever impacts there might be, and that's all on record. He added that if Scottish Government ask us to do something and it's in our ability to do it we'll do it. LT noted he had personal opinions on the matter but declined to be drawn on those.

RH apologised for putting LT in an awkward position, but noted it was in her interests to represent her constituents.

LT agreed that it's an important issue. He added that his thinking on whether or not to impose various taxes has been informed by looking at what you are trying to achieve and then consider very carefully that you are going to tax the right person to achieve that end.

8- AOCB

ET noted her thanks to everyone for coming along. No other business was raised, and the date of the next meeting remains to be confirmed.