

SUBMISSION FROM THE BRITISH HOSPITALITY ASSOCIATION

About us

The British Hospitality Association (BHA), incorporating The Restaurant Association, is the national trade association for the hotel, restaurant and catering industry. It has in membership almost every publicly quoted hotel group, many independent hotels, restaurants and clubs, major food and service management companies, motorway service operators and many local hospitality associations, as well as hospitality education establishments. In total, it represents more than 40,000 establishments with over 500,000 employees across the UK. The association promotes the interests of the entire hospitality industry to government ministers, MPs, MEPs, MSPs, AMs, the EU Commission, the City and the media.

Hospitality represents one of the most important sectors that comprise the wider tourism industry. The importance of tourism to the Scottish economy is well known to the Committee and the scale of this is not further rehearsed here. The Committee may, however, be less aware of the economic contribution made by hospitality. Key facts, drawn from a report prepared by Oxford Economics for BHA are presented below.

The impact of the hospitality and tourism industry on Scotland's economy

- The hospitality industry is one of the main pillars of the Scottish economy and is a major economic driver in almost every part of the country.
- Hospitality directly employs over 220,000 people – 8.6 per cent of Scotland's jobs – and, indirectly, a further 120,000 people. It accounts for £7.9bn in turnover and £4bn to the Scottish economy in wages and profits (Gross Value Added – GVA).
- Hospitality can potentially create 46,000 jobs by 2020 providing the right supportive framework¹ is created. Those local authorities in Scotland with the highest levels of direct hospitality employment are projected to create the largest number of net additional hospitality jobs.
- Hospitality's wealth-generation and job-creation potential is spread throughout Scotland with towns, cities and especially rural areas benefiting from its activities. It also plays a significant role in the social and cultural life of every community.
- In terms of direct hospitality employment, the largest local authority areas are Glasgow and Edinburgh, followed at some distance by Aberdeen; employment in rural areas is more spread-out. But, as a percentage of total employment, Highland and South Ayrshire are the authority areas most dependent on

¹ The report 'Hospitality: Driving Scotland's Local Economies' identifies a number of calls to action which can facilitate growth and job creation in Scotland. Key among these are a reduction in the rate of VAT on visitor accommodation; a reduction in the rate of Air Passenger Duty and easing of the difficulties encountered by potential international visitors in obtaining visas to visit the UK. Clearly, these particular issues are a matter for the UK Government. The full report can be accessed at: www.bha.org.uk/about/reports/hospitality:drivinglocaleconomies

hospitality in terms of employment – not far off one job in every five. In no local authority area does this number fall below nine per cent.

- Edinburgh and Glasgow are also the areas that contribute the greatest Gross Value Added to local economies but hospitality is a major contributor to wages and profits in all key tourism areas, especially Highland and Argyll & Bute.

Key points for consideration

Tourism funding

The continued funding of VisitScotland and EventScotland is of particular concern to the hotel and hospitality sector. With the build up to 2014 having now well and truly begun, we recognise the importance of these two agencies in the delivery and support of The Ryder Cup, Commonwealth Games and Year of Homecoming, all of which will be very important drivers for the tourism economy in the coming years. We therefore welcome the additional funding made in Budget 2013-14 which VisitScotland is receiving to help maximise these opportunities. Arguably there is a case for further increasing VisitScotland's marketing budget – for domestic and international leisure travel, for business tourism and to support events - to best position the country to take advantage of the eventual global economic recovery. The international tourism marketing of Scotland, especially in emerging markets is, to a significant degree, dependent on the activities of VisitBritain, whose budget is controlled by DCMS. This may mean that the international promotion of Scotland is vulnerable by budget decisions made in Westminster and makes a case for insuring that VisitScotland is adequately resourced for this function.

Culture and External Affairs

BHA Scotland welcomes the Scottish Government's investment in Scotland's culture and heritage and the acknowledgement of the importance of these to the nation's tourism market. However, we note that the funding for culture will be reduced over the next three years by over £2 million over the spending period (£9m in real terms), which will have an impact on the size and scale of cultural events taking place in Scotland. This, coupled with cuts to local authority budgets will squeeze our funding for festivals and events which the hospitality sector values. Restrictions on local authority funding can also affect their ability to support local destination management organisations and the maintenance of 'public realm' which can impact on visitor perceptions of our towns and cities.

BHA also notes that the funding for Europe and External Affairs will be cut by over £1 million, which may diminish the impact which the Scottish Government can have on key markets. However, we recognise that much of the funding to support the tourism sector in this area will be channelled through VisitScotland. The cutback to Historic Scotland – a major provider of visitor attractions and events - of over £5 million over three years will also have consequences for the wider tourism market. We do however welcome the £1m increase in funding to Historic Scotland for historic properties.

Infrastructure, Investment and Cities

If Scotland's hospitality sector is to continue to develop then infrastructure improvements are critical. We welcome the continued financing of major road, rail and digital infrastructure across Scotland, particularly the continued improvements to the A9, Borders Railway project and digital infrastructure in the Highlands & Islands. Roads such as the A82 and A83 which are important to tourism in rural areas require upgrading. However, we are concerned that the Scottish Government has dramatically scaled back on the Edinburgh-Glasgow Improvement Programme, which would not only have delivered benefits of providing stronger links between our two largest tourist markets, but would also have had the potential to bring a longer term legacy from the Commonwealth Games and The Ryder Cup.

Our cities remain key markets for our tourism sector and it is vital that capital funding for major projects across our cities continues. However, we are also aware that many more rural hotels and accommodation rely on a range of transport options (for customers and staff), which need continued support from the Government. Increasingly, our visitors are seeking integrated and affordable public transport options both to access the country and travel within it. The Scottish Government should continue to ensure that sufficient funds are available for island ferries, air routes and trunk roads across the country.

We welcome the fact that the budget lines for Scottish Enterprise and Highlands & Islands Enterprise increase over the spending period. While it is important that the capital budget is maintained via switching the resource budget into the capital budget, it is important the funds available to these agencies for tourism is maintained as we move towards 2014 and beyond.

Regulatory reform

We welcome the Scottish Government's consultation on a Better Regulation Bill and in particular the desire to improve consistency in how regulation is applied across Scotland's local authorities, especially in relation to licensing. While supportive of preventative measures to ease the burden of regulation we would also point to the potential cost of new regulations (such as the new Waste (Scotland) Regulations that will potentially be significant for smaller hotels, guest houses, B&B's, caterers and restaurants.

Skills and training

We welcome the decision to create a national employer recruitment initiative targeted at young people and SMEs. As one of Scotland's largest industries, greater emphasis should be placed on supporting skills and employment in our industry that can quickly create and offer sustained employment.

British Hospitality Association
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