



CULTURE, TOURISM, EUROPE AND EXTERNAL AFFAIRS COMMITTEE

AGENDA

33rd Meeting, 2020 (Session 5)

Thursday 17 December 2020

The Committee will meet at 10.15 am in a virtual meeting and will be broadcast on www.scottishparliament.tv.

1. **Impact of COVID-19 on Scotland's hospitality sector:** The Committee will take evidence from—

Willie Macleod, Executive Director - Scotland, UK Hospitality;

Stephen Montgomery, Spokesperson, Scottish Hospitality Group;

David Weston, Chairman, Scottish Bed and Breakfast Association;

Bryan Simpson, Industrial Organiser, Unite Hospitality.

2. **Consideration of evidence (in private):** The Committee will consider the evidence heard earlier in the meeting.

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Clerk to the Culture, Tourism, Europe and External Affairs Committee
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Edinburgh
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The papers for this meeting are as follows—

Agenda item 1

Note by the Clerk

CTEEA/S5/20/33/1

PRIVATE PAPER

CTEEA/S5/20/33/2
(P)

Culture, Tourism, Europe and External Affairs Committee

33rd Meeting, 2020 (Session 5), Thursday 17 December 2020

COVID-19 Inquiry: Impact on the Hospitality Sector

Note by the Clerk

Introduction

1. As part of the Committee's ongoing inquiry examining the impact of the COVID-19 pandemic on the culture and tourism sectors, Members agreed to take evidence from the hospitality sector. Tourism and hospitality remain the two sectors hardest hit by the pandemic with a [study from the University of Edinburgh](#) finding that more than one in four hospitality businesses in Scotland could go bankrupt if the COVID economic downturn is as severe as the financial crash of 2008.
2. On the 9 December 2020, the [Finance Secretary announced](#) Scottish businesses will have access to a new £185 million package of targeted COVID-19 support. The announcement included—
 - A one-off payment to hospitality businesses in January to help them deal with the traditional post-Christmas dip in demand.
 - The development of grant schemes for hospitality, for the events sector, live music and cultural venues, and for the food and drink sector, including £1.8 million for brewers.
3. The announcement also includes support of £60 million to be provided to the tourism sector, details of which are expected to be developed in consultation with the industry.

Evidence session

4. The Committee will take evidence, via video conference, from—
 - Willie Macleod, Executive Director Scotland, UK Hospitality;
 - Stephen Montgomery, Scottish Hospitality Group;
 - Bryan Simpson, Industrial Organiser, Unite hospitality; and
 - David Weston, Chairman, Scottish Bed & Breakfast Association.

Supporting Information

5. The responses received to the Committee's call for evidence are updated regularly on the Committee's website and can be accessed at—
<https://www.parliament.scot/parliamentarybusiness/CurrentCommittees/115079.aspx>

6. Willie Macleod, Scottish Executive Director for UK Hospitality provided evidence to the COVID-19 Committee on 18 November 2020. UK Hospitality's accompanying written evidence for this session is reproduced in **Annexe A**.
7. Stephen Montgomery, spokesperson for the Scottish Hospitality Group provided evidence to the Economy, Energy and Fair Work Committee on 1 December 2020. Scottish Hospitality's accompanying written evidence for this session is reproduced in **Annexe B**.
8. A SPICe paper providing context to the evidence session is provided in **Annexe C**.

Mark Johnson
Assistant Clerk
Culture, Tourism, Europe and External Affairs Committee
14 December 2020

COVID-19 Committee**COVID-19: Social and Economic Impact of Restrictions over Winter****SUBMISSION FROM UKHOSPITALITY (SCOTLAND)****Introduction**

UKHospitality (UKH) is the UK-wide representative body for the hospitality industry and has many business members based, or with trading outlets, in Scotland. UKH represents a sector spanning international, national and local businesses engaged in the operation of restaurants, pubs / bars, coffee shops, contract catering / food service management, hotels, nightclubs, holiday parks and visitor attractions. The sector is a major contributor to the Scottish economy - in normal times (2019 data) it employs 285,000 people, generating turnover of £10.6bn and adding £6.5bn per year to the economy by way of GVA.

The wider hospitality sector supports a massive and diverse supply chain which includes food and beverage wholesalers, independent suppliers, trades & professions and, importantly, an inbound travel trade which is critical in bringing international visitors to the country. Indirectly, the industry supports a further 72,000 jobs and £3bn in GVA. Hospitality plays a major part in Scotland's business infrastructure and in social, cultural and community life. In terms of turnover and employment, hospitality accounts for around 80% of Scotland's tourism contribution.

The observations which follow concern the impacts of Covid-19 on the hospitality industry and the impacts of Scottish Government policies. Although retrospective to the onset of the pandemic in March, the comments expressed here are equally attributable to the forthcoming winter period.

Impact of COVID-19 on Hospitality and Tourism

Scotland's hospitality and tourism sectors have been disproportionately impacted by COVID-19. Following national lockdown in March, demand for tourism dropped completely, with the impacts occurring throughout the broad tourism ecosystem, particularly among hospitality and licensed businesses. There is no doubt that jobs across the sector have been and will continue to be lost as businesses contract as a result of reduced consumer demand and Government regulations and restrictions on trading. The hospitality industry does, of course, fully understand and support the imperative of protecting public health during the pandemic.

Oxford Economics has forecast that it will not be until at least 2023/24 that inbound tourism volumes will recover to their pre-Covid-19 level. This will be particularly difficult for these sectors whose growth closely resembles that of general economic performance. The Q2 2020 GDP data showed a decline of around 20% for the UK economy. For hospitality, this was at around 85%. VisitBritain forecasts a drop of 74% in international visitors and of 49% in domestic tourism with concomitant decline in spending.

This is borne out in reduced footfall and turnover in bars and restaurants and massively reduced occupancies and room rates in hotels, especially, but not exclusively, in cities.

Although many rural businesses have avoided the worst of these impacts, they have experienced cancellations and changes in consumer behaviour brought about by the Covid pandemic generally and by successive government policy interventions. In Scotland, at least a 57% drop in hospitality revenues is expected this year.

Hospitality businesses are on the brink of survival. UKH estimates that as many as 70,000 – 100,000 hospitality jobs in Scotland could be at risk; each job lost is a tragedy for the individual concerned and their dependants. It is imperative that adequate support is given to counter the impacts of government regulations and restrictions including the fixed costs of closure (running to tens of thousands of pounds per month) and other burdens including unforeseen increased borrowing incurred to offset erosion of reserves, much reduced cashflow and investment (estimated at between £80-90m) in safety & hygiene arrangements, operational changes and staff training to provide premises that are as safe as possible for staff, customers and, by implication, communities.

All of this has a bearing on the ability of the sector to recover. However, the industry is resilient, adaptable and innovative and it will quickly respond as markets return generating commensurate benefit for employment, supply chain demand and, indeed, public finances through VAT, PAYE / NIC, excise duties and, in due course, business rates.

The impact of Covid-19 goes beyond solely the impact on businesses. Hospitality plays a significant part in the social lives of individuals and communities – providing accommodation for business and leisure travellers, facilities in which individuals, families and community groups can socialise, venues for meetings, entertainment, cultural and life events such as milestone birthdays, weddings and funeral wakes. Holiday plans have been disrupted and there are concerns over whether festive activities can take place. The wider community impact is immense.

Scottish Government Support

UKH has generally welcomed the support that the Scottish Government (and, indeed, the UK Government) has put forward for the hospitality sector - for example, 100% relief from non-domestic rates, in the current financial year, CJRS / furlough (now continued until March 2021) and the reduction to 5% in the rate of VAT. However, more support is needed to help businesses through this period. The Coronavirus Restrictions Fund and the Scottish Government Hardship funds, totalling over £40million, have provided some support for businesses that are forced to close; however, it is wholly insufficient on its own to support the affected businesses. As the level of trading restrictions increase so should the level of support. For the hospitality sector it is essential that the Scottish Government outlines as soon as possible how it will use its share (understood to be ~£700m) of the £1.3bn recently allocated by the Chancellor to the devolved governments and, indeed, the more recent Chancellor's announcement of other than grants ranging from £1400-£3000 (per 4 weeks) a further £1bn.

As this submission is being prepared, there is no real detail available (other than that grants ranging from £1400-£3000 every 4 weeks related to rateable values) on the financial support from Scottish Government for businesses affected by the five-levels of control introduced by the Government's Strategic Framework. The adequacy of this support must be considered against the costs of closing and re-opening businesses and, indeed, the fixed costs of closure which run into tens of thousands of pounds per month.

UKH members have encountered difficulties with the application processes for various government-funded support schemes. There have been reports of mixed success with schemes such as CBILS and the Scottish Government's Creative, Tourism & Hospitality Enterprises Hardship Fund and the Pivotal Enterprises Resilience Fund.

It is essential that financial support is accompanied by a fully functioning and efficient application process and meaningful feedback concerning unsuccessful applications for discretionary support. There is continuing disquiet within the sector that larger hospitality businesses (with a rateable value above £51,000) were excluded from the earlier grant arrangement. While we, of course, understand the financial limitations for the Scottish government, more support is required while restrictions remain. It is essential that hospitality businesses prevented from safely trading through COVID restrictions are supported accordingly.

Restrictions, Closures and Cancellations

Scottish hospitality businesses were forced to close in March. While some were permitted to re-open in mid-July, there are sections of the industry that have not been able to resume trading – these include music and entertainment venues, nightclubs, meeting and conference centres. Business activity is constrained, in some cases severely, by the 5-levels of control currently in place. This comes on top of restrictions on capacity (to accommodate social distancing) and the previous 2200 curfew on licensed premises. The recently introduced measures will spell the end for many venues which have no cash flow and will have exhausted their reserves. Severe trading restrictions on those businesses not forced by law to close are tantamount to closure. The grant support that has been announced by the Scottish Government is welcome, but insufficient. Businesses in tourism and hospitality have already lost their peak season's trading this year, have little prospect of anything approaching a buoyant winter period and are facing a bleak outlook to the first quarter of next year – and beyond. Cancellation of major events like the Edinburgh festivals, sporting and entertainment events and the near collapse of aviation and international travel have also had a huge impact.

Helping Hospitality and Tourism Recover

UKH has concerns at the extension of the current restrictions and welcomes that they will be reviewed each week. Businesses have had to cope with regular and demanding change in legislation, regulations, guidance - often arising with little advance notice to allow preparation and resulting in severe disruption to, especially, the many SMEs in the sector. There has also been significant disruption and uncertainty within businesses that operate cross-border (within the UK) and across boundaries within Scotland where different regulations, including advice on travel, apply. A period of

stability and certainty is urgently required. UKH welcomes the decision made by the Scottish Government to pause any plans for a tourist tax or TVL. It is essential that this does not re-emerge as the industry eventually moves towards recovery. Given that businesses will be operating suboptimally for some time, they need all the support they can to remain competitive in the international tourism marketplace. The Government must also look at other powers that are within its gift to stimulate tourism demand, for example by reducing / removing Air Passenger Duty / Air Departure Tax on international travellers exiting Scotland. These and other measures to support the recovery of the hospitality and tourism sectors (including the continuation into 2021 / 2022 of relief from business rates and, although a reserved matter, extending the reduced rate of VAT on hospitality services) are set out in the recommendations to Government of the Scottish Tourism Recovery which report was published on 23 October. Scottish Government is urged to accept these recommendations and move at pace to implement them.

Economy, Energy and Fair Work Committee

COVID-19 – impact on Scotland’s businesses, workers and economy

Written evidence from Scottish Hospitality Group

As you may have seen from recent widespread media coverage, our group comprises many of the country’s largest and best-known restaurant and bar businesses, including The DRG Group, Buzzworks Holdings, Signature Pubs, Montpeliers, Manorview Group, Lisini Pub Co, Caledonia Inns, G1 Group, Siberia Bar & Hotel, Mor-Rioghain Group, and Caledonian Heritable. Collectively, we employ 6,000 staff across the country with a combined turnover of over £275 million.

We have joined forces to underline the message that Scotland’s hard-pressed hospitality sector represents a vital part of the solution to reduce the spread of coronavirus.

There is scant evidence to support a link between the hospitality sector and increased coronavirus transmission. Indeed, across our entire group’s scores of premises nationwide, we have seen only a handful of positive cases since July, despite serving millions of customers during that period.

Experience shows that people of all ages will inevitably find ways to socialise. Further, unnecessary and disproportionate restrictions on responsible hospitality businesses, which have gone to enormous lengths to protect customers, staff and the population at large, will undoubtedly lead to a sharp rise in uncontrolled socialising.

We have already seen many hundreds of house parties being broken up by police right across Scotland. Unlike restaurants and bars, such gatherings are unsupervised, not socially-distanced, without track and trace in operation and are one of the major risk factors limiting our ability to combat Covid-19.

To help you better understand the enormous lengths our industry is going to, I’d be extremely pleased to have you come and see for yourself the measures we have put in place and to speak directly to our dedicated and hard-working local staff who are keeping customers safe. We have venues across the country and any member of our group would be happy to accommodate a visit.

Instead of further, counter-productive measures being imposed on the sector, we want to work with decision-makers to come up with better answers that meet both health and economic goals. It’s vital we are part of those discussions.

We welcome the business support already in place, but the reality is that this is simply not enough, especially in the run-up to Christmas - one of the most critical trading periods of the year. The situation is even more acute given the latest restrictions and especially the curfew, which will have a critical impact on those crucial later trading hours. Many of us are already trading at a loss and some members estimate they will see their turnover drop by a further 25% due to the curfew.

So, we have two other requests:

1. For the Scottish Government to:

- waive business rates until at least March 2022
- introduce a business grant scheme for hospitality to prevent massive, nationwide business failures, affecting many of the country's best-loved venues.

2. For all parties to do what they can at Westminster to support the industry. We are asking the UK Government to:

- introduce a sector-specific job retention scheme until at least March 2022
- apply 5% VAT across all hospitality revenue streams until at least March 2022.

Stephen Montgomery on behalf of the Scottish Hospitality Group The Townhead Hotel, Lockerbie



Culture, Tourism, Europe and External Affairs Committee Impact of COVID-19 on Tourism and Hospitality in Scotland

This paper sets out a range of topics related to the impact of COVID-19 on people, organisations and businesses in Scotland’s tourism and hospitality sectors. It covers:

- Impact to date on the sector and general context
- Tourism and hospitality labour market
- Support for tourism and hospitality
- Local protection levels and restrictions – a hospitality view point as we approach the festive season
- Night-time economy
- Recovery plans
- Engagement and collaboration
- Legislative matters.

Members should note that UK Hospitality (Scotland) viewpoints referenced within this paper relate to the [UK Hospitality \(Scotland\) submission](#) to the COVID-19 Committee on 18 November.

COVID-19 impact to date and general context

With the launch of a new sector strategy, 2020 was supposed to be a new dawn for Scotland’s tourism sector. Hopes were high with a shift in strategic focus recognising that tourism is no longer just about tourist numbers (the [focus of the previous strategy](#)). Instead, the focus was on people, looking at the enrichment and prosperity of both residents and visitors. The new strategy, [Scotland Outlook 2030](#), was launched in early March 2020. At that stage, it still wasn’t clear the extent to which COVID-19 would shut down all facets of the industry at a scale never witnessed before.

However, the Strategy now needs to be framed in a new context. With international aviation at a virtual standstill since March, the closure of tourism sites and attractions, the cancellation or postponement of major festivals and events, and restrictions on public gatherings (indoor and outdoor), the impact of COVID-19 on tourism has been overwhelming and immediate.

Economic facts and figures

The most [recent data](#) show in September Scotland’s GDP is provisionally estimated to have increased by 1.6% compared to August. This is the fifth consecutive month of

increasing GDP, but output remains 7.6% below the level in February prior to the direct impacts of the COVID-19 pandemic. While the whole economy is 7.6% below February levels of GDP, not all sectors have been impacted equally, as shown in the table below. Accommodation & food services and arts, culture & recreation are by far the worst impacted sectors, with both recording GDP levels over 30% below February levels.

Cumulative percentage change in GDP since February 2020 to September 2020 by industry Scotland – source [Scottish Government Monthly GDP estimates](#) (published 25 November 2020)

	GDP change since February 2020
Arts, Culture & Recreation	-31.8
Accommodation & food services	-30.6
Health and Social Work	-16.0
Administrative & Support Services	-14.0
Transport & Storage	-13.7
Households as Employers of Domestic Personnel	-12.5
Mining and Quarrying Industries	-9.7
Information & Communication	-6.1
Education	-4.8
Manufacturing	-4.6
Electricity & Gas Supply	-2.7
Financial & Insurance Activities	-2.3
Wholesale, Retail & Motor Trades	-2.2
Water Supply & Waste Management	-1.4
Professional, Scientific & Technical Services	-0.9
Real Estate Activities	0.0
Public Administration and Defence	0.0

Recent [analysis from the ONS](#) also confirms the divergence of impact across sectors at a UK level. Services such as hospitality recorded almost no output in April and May, but industries such as information and communication, where staff could largely work from home, saw little change compared with February. Consumer-facing services have since bounced back to some extent, but they remain significantly smaller than they were in February. At this stage, it is difficult to separate temporary losses of output, brought about by coronavirus restrictions, from longer-term behavioural changes that could affect industries for years to come.

The decline in tourism related output is not surprising given that its ultimate contribution to GDP is driven by visitor numbers. Since March, international tourism numbers have flatlined and while summer saw some domestic tourism activity, it was for the main part significantly down on past trends.

[OECD estimates](#) indicate a 60%-80% decline in international tourism in 2020 as a result of the COVID-19 pandemic. The higher scenario of 80% accounted for

restrictions still in place in December. The [UNWTO World Tourism Barometer](#) predicted that reduced travel demand and consumer confidence will continue to impact results for the foreseeable future. In May, UNWTO outlined three possible scenarios, pointing to declines of 58% to 78% in international tourist arrivals in 2020. Current global trends point to a drop in demand closer to 70% (Scenario 2), especially as some destinations have re-introduced restrictions on travel. The extension of the scenarios to 2021 point to a change in trend next year, based on the assumptions of a gradual and linear lifting of travel restrictions, the availability of a vaccine or treatment and a return of traveller confidence. Nonetheless, despite this, the return to 2019 levels in terms of tourist arrivals would take between 2.5 to 4 years.

Reliance on the accommodation and food services sector

[Fraser of Allander](#) highlight that while most of the jobs in the accommodation and food services sectors – the sector most impacted by the crisis – are in cities, the parts of Scotland which are most exposed to declines in activity in this sector are mostly rural. Cities have much more sectoral diversity of employment, and even the substantial declines in activity that we have seen in accommodation and food services are not as notable in terms of overall employment in most urban areas.

Analysis by [Fraser of Allander found that](#) Oban North, Muthill, Greenloaning and Gleneagles, Loch Awe, Comrie, Gilmerton and St Fillans, and Crail and Boarhills are amongst those communities most exposed to declining employment in the accommodation & food services sector. The reason for this is simple, these areas have a high share of local jobs in this sector (at or around 50%). They estimate that 14-17% of jobs in these areas are vulnerable.

[Fraser of Allander](#) state that:

What this means is that, if we are to ensure local economic resilience across Scotland, we need to remember the reliance that certain parts of Scotland have on employment in a small number of sectors.

Furthermore, 'Accommodation and Food' Service businesses in rural areas tend to be smaller companies (small guest houses, cafes, tour operators etc), and therefore less resilient to a disruption in their activity. Data shows the more rural an area, the more dominant smaller operators are.

Impact on tourism and hospitality businesses

A [study from the University of Edinburgh](#) (September 2020) found that more than one in four hospitality businesses in Scotland could go bust if the COVID economic downturn is as severe as the financial crash of 2008. The model predicted that 28% of firms may default, costing around 58,520 jobs. In a more severe situation, such as a second prolonged lockdown, the level of default rose to 43% – almost half of all hospitality businesses and around 89,870 jobs.

The latest [Fraser of Allander Scottish Business Monitor](#) (11 November) found that tourism and hospitality industries remain the two sectors hardest hit, with almost 70% of businesses operating in this area expecting to cut jobs by the end of the year. This

research was done before it was confirmed that the Job Retention Scheme would be extended until March 2021.

The most recent (up to 29 November) [ONS Business Impact of Coronavirus \(COVID-19\) Survey \(BICS\)](#) found that—

- Scotland had the highest proportion of the workforce on full or partial furlough leave, at 15%, compared with 14% in both England and Wales, and 11% in Northern Ireland. These results are likely to reflect both structural differences between countries of the UK, but also differences in the nature and timing of restrictions that have been put in place to reduce the spread of the coronavirus.
- In Scotland, the industries with the highest net percentages of businesses experiencing a decrease in turnover were the accommodation and food service activities industry and the arts, entertainment and recreation industry, at 70% and 59%, respectively. The industries with the lowest net percentages of decrease in turnover were the professional, scientific and technical activities industry and the information and communication industry, both at 22%.

Tourism and hospitality labour market

Tourism is a labour-intensive sector, directly contributing around [218,000 jobs](#) (8.3% of all Scottish employment) in Scotland, using the Scottish Government definition of tourism. This is above the OECD average where it contributes [6.9% of employment on average in OECD countries](#).

The sector is a leading source of employment and job creation, providing a high volume of jobs for low skilled workers, together with higher skilled jobs. The sector employs many seasonal, part-time and temporary workers. In normal circumstances, the sector can help provide diverse employment opportunities for women, students and older workers, not only in major cities but also in remote, rural and coastal areas, as well as other often economically fragile locations where alternative opportunities may be limited.

Wider labour market conditions Scotland

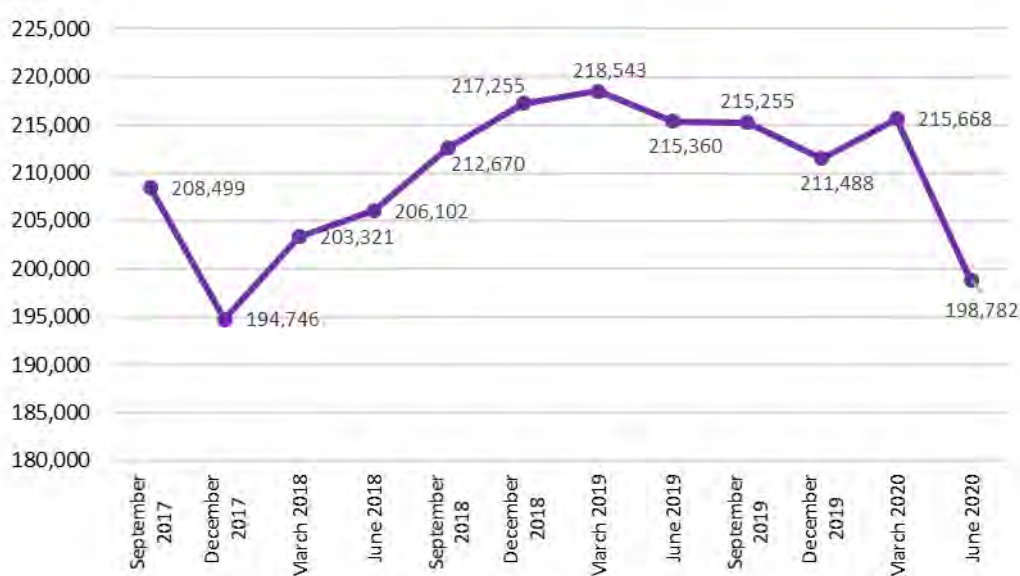
Headline [labour market measures](#) show the current unemployment rate is unchanged from the previous month at 4.5% (UK as a whole 4.8%), with the employment rate at 74%, up 0.4%-points on the previous month (UK 75.3%).

Scotland's labour market remains somewhat 'frozen' given the continued operation of furlough support. However, data for the UK as a whole paint an increasingly bleak picture for the labour market, with rising redundancies and subdued levels of vacancies and hours worked. The reintroduction of the full furlough support scheme through to March 2021, with workers eligible for 80% of their salary for hours not worked, has pushed the point of the anticipated shakeout in the labour market down the road. There were over [183,000 jobs still furloughed in Scotland](#) at the end of September. For comparison, the number of people claiming unemployment related benefits in October was 211,000.

Accommodation and food service activity labour market

ONS [workforce jobs data](#) show in the quarter March to June 2020, jobs in the accommodation and food services sector decreased by approximately 17,000 (8%). This is the lowest level of employment recorded in the sector since December 2017. These figures are likely to mask the true scale of the impact of the pandemic on the sector, as those on the Job Retention Scheme will be counted as employed in the data. Updated workforce jobs data for September 2020 is expected to be published on 15 December 2020.

Workforce jobs – accommodation and food service activities – Sept 2017 to June 2020



Source: ONS Workforce Jobs

COVID-19 is having devastating impacts on tourism employment. The World Travel and Tourism Council (WTTTC) have forecast that 100.8 million jobs are at risk globally. An ILO sectoral policy brief has identified tourism as one of the most vulnerable sectors that is extremely likely to witness a drastic fall in jobs as a result of the COVID-19 crisis.

For the workers affected by tourism related job losses across Scotland, this will be a very difficult time. Aside from the immediate hardship of losing their job, there are likely to be far fewer employment opportunities in the economy for them to seek. We know that even relatively short periods of unemployment can have long-term negative effects on individuals, particularly on young people.

The [World Travel & Tourism Council](#) has warned that nearly three million UK travel industry jobs look set to be lost because of the “confusing patchwork” of bans, quarantines and uncoordinated testing.

Across the UK, [hospitality has seen 650,000 job losses](#) this year due to the impact of coronavirus restrictions on the industry, according to software provider Fourth. While these estimates aren't comparable with official ONS data, they provide an indication of the scale of impact. The data revealed that the workforce has shrunk by 26% year-on-year.

- The pub sector has experienced the least negative impact, with a drop in labour of 21% over the course of the year.
- This is followed by quick-serve restaurants with a drop of 26% and the restaurant sector at 28%.
- The most impacted sector has been hotels, where there has been a 31% reduction in labour compared to last year.

Support for tourism and hospitality

In response to COVID-19, a range of business support interventions have been announced by both the Scottish and UK governments. Below is a time line of the key dates and business support announcements relevant to the tourism and hospitality sectors.

- **18 March 2020** - the Cabinet Secretary for Economy, Fair Work and Culture [announced a £2.2 billion package of support](#) including non-domestic rates relief; grants for hospitality, retail, and leisure; and halting the introduction of the Visitor Levy Bill.
- **20 March 2020** – lockdown imposed where the majority of the economy were ordered to close across the UK.
- **30 April 2020** - [Creative, Tourism & Hospitality Enterprises Hardship Fund](#) and [Pivotal Enterprise Resilience Fund](#) launched.
- **7 May 2020** - [Tourism Destination and Sector Support Fund](#) – now closed. A total of 81 membership organisations were successful in applying.
- **2 June 2020** – the Scottish Government announced £3 million [support fund for B&Bs](#) operating from a personal bank account opened for applications on 15 June.
- **25 June 2020** - Good to Go' initiative launched and [Scottish Tourism Recovery Taskforce \(STRT\) launched](#).
- **3 July 2020** - Self-contained self-catering holiday accommodation across Scotland [able to reopen](#).
- **5 July 2020** - The UK Chancellor, [Rishi Sunak announced](#) a raft of support measures to revive the UK economy including a VAT cut to 5%.
- **8 July 2020** - [First Minister confirmed](#) the opening of 39 air bridge routes.
- **15 July 2020** – tourism sector [reopening started](#).
- **26 July 2020** - A funding package of £10 million has been established by the Scottish Government to help the events sector.
- **29 July 2020** - [Two new funding packages](#), worth £15 million, have been announced by Scottish Government – Hotel Recovery Programme and self-catering support.

- **29 July 2020** - [Coronavirus \(COVID-19\) Support Scheme for Self-Catering Businesses](#) guidance published.
- **3 August 2020** - [Eat Out to Help Out Scheme](#) (the scheme has been used more than 10.5 million times in its first week and has also led to an increase of 19% in the number of people visiting the UK's high streets).
- **7 August 2020** - [Hospitality rules tightened](#).
- **11 August 2020** - £10 million for a range of [measures to recruit and retain apprentices](#), including additional funding for the Scottish Government's Adopt an Apprentice programme.
- **10 September 2020** - changed to rules around indoor and outdoor gatherings (i.e. maximum of 6 people from no more than 2 different households, indoors and outdoors with children under 12 being exempt but must still not be from more than 2 different households).
- **24 September 2020** – [VAT reduction](#) in the hospitality and tourism sectors on food, accommodation and attractions of 20% to 5% will be extended until the end of March next year.
- **24 September 2020** – UKG announce the [Job Support Scheme](#) to protect viable jobs in businesses who are facing lower demand over the winter months due to COVIS, to help keep their employees attached to the workforce. The scheme will open on 1 November 2020 and run for 6 months.
- **8 October 2020** - the [National Transition Training Fund](#) was launched to help people who have lost their jobs or who are at risk of redundancy as a result of coronavirus to develop the skills required to move into sectors with the greatest potential for future growth and job opportunities.
- **9 October 2020** – [partial lockdown with extra restrictions in the central belt](#)
- **9 October 2020** – [COVID-19 Restrictions Fund](#) to provide one-off grants of up to £3,000, depending on rateable value, to bars, restaurants and other businesses required to close by regulations. Local Authorities will also take applications for a discretionary business hardship fund, with payments of up to £1500. Applicable from 9 October until 1 November.
- **9 October 2020** – [UK Government's Job Support Scheme \(JSS\)](#) will be expanded to protect jobs and support businesses required to close their doors as a result of coronavirus restrictions until March 2021.
- **23 October 2020** – [Scotland's Strategic Framework](#) was published. A five-level framework to vary rules at a local authority level for a rapid but proportionate response to COVID-19. Applicable from 2 November.
- **2 November 2020** – [Strategic Framework Business Fund](#) available to businesses required to close by law or to significantly change operations due to COVID-19 restrictions. Funding for eligible business will cover the period of any closures or restrictions with the earliest claim date being 2 November 2020 onwards.

On the **9 December**, the [Finance Secretary announced](#) Scottish businesses will benefit from a new £185 million package of targeted COVID-19 support. The announcement included support of £60 million to be provided to the tourism sector, details of which will be developed in consultation with the industry. At the time of

writing, no further details were available. However, specific support detailed in the announcement included:

- £15 million for the wedding sector and its supply chain, including photographers
- one-off grants totalling £15 million for mobile close contact services, such as hairdressers
- £19 million fund and one-off grants for taxi drivers
- £5 million for travel agents
- almost £6 million for coach companies and tour operators
- £1.5 million for visitor attractions.

The [Scottish Tourism Alliance \(STA\)](#) were critical of the lack of detail in the announcement.

“With the majority of our industry either closed or partially open, operating mostly in an unviable, unsustainable manner with the continued restrictions, I know that all business owners will be eager to learn more of the detail of today’s announcement; further clarity around the allocation of funds for each of our sectors, how the packages of support will be distributed, criteria for application and dates when funds will become available is of critical importance and I very much hope a subsequent announcement will be made within the next few days.

Our industry has been left in limbo for an unacceptable period of time with no clear or helpful indication of when support will land, forcing many business owners into temporary and permanent closure to stem the daily haemorrhage of outgoings which are required to remain even partially operational during this period of restrictions.

Despite the announcement of a total package of support, I know there will be widespread disappointment and frustration from many across the industry that the detail on what level of funding businesses can expect to receive, how these funds will be distributed and when, was not made clear in today’s statement. This is what businesses had hoped for and expected from the Finance Secretary; they have been left to make hugely difficult decisions within a continued context of unknowns.”

Activity to support training and employment support needs of the tourism and hospitality sector has included the following initiatives.

- **Young Persons Guarantee** was allocated £60 million as part of a total of [£100 million for employment support and training](#) to tackle employment challenges. £10 million of this will be used to [support a range of measures to recruit and retain apprentices](#). The guarantee is that within two years, every person aged between 16 and 24 will have the opportunity, depending on their circumstances, to study; take up an apprenticeship, job or work experience; or participate in formal volunteering.
- The **SDS On-line Free learning Portal** helps individuals who have been furloughed or made redundant to find free on-line courses from a wide range of training providers. The portal has been viewed over 211,599 times since its launch in late April.

- **Individual Training Accounts** (ITAs) re-opened by SDS. These provide individuals with up to £200 towards the cost of a training course. Applicants need to be unemployed or earning less than £22K per year.
- The Hospitality Unite [website](#), initially set up to help hospitality workers find alternative employment during lockdown, has now switched focus to support the **UK Government's Kickstart** initiative for young people. It will provide a free online service to make it easy for both hospitality businesses and those 16-24 year-olds wanting to start a career in the restaurant, pub, hotel, bar and wider leisure sector to take advantage of the new Government funded scheme.
- **Up-scaled PACE services** promoted to employers through a range of channels using the PACE toolkit. In April - September, PACE assisted 3,290 hospitality sector workers made redundant and worked with 93 hospitality employers.
- **SDS Adopt an Apprentice** programme expanded to increase incentive for employers to take in an apprentice who has been made redundant. Employers will now receive an incentive of £5,000. Info available at <https://www.apprenticeships.scot/for-employers/adopt-anapprentice/>

Brexit support needs

The Scottish Tourism Alliance (STA) hosted a [round table EU Exit discussion](#) with the STA Board, Council and Scottish Government officials on 2 December. Issues raised included:

- Workforce / labour concerns
- The loss of expertise for example language skills
- State aid implications
- HMRC lack of engagement
- The risk that additional costs could be incurred by those wanting to travel to the UK / Scotland will impact Scotland's competitiveness

It was suggested that the challenges and concerns of COVID have over shadowed preparation for Brexit and businesses may therefore be ill prepared.

Industry views on COVID support

In [evidence to the Economy Committee](#) (1 December), Stephen Montgomery from the Scottish Hospitality Group highlighted the following views in relation to support.

"To be fair, a lot of the issues do not relate to local authorities. The main issues relate to conversations that I have had with the people who are dealing with it at the Scottish Government. On the 20 per cent top-up furlough, which turned into the £1,650 grant, they are still trying to navigate a way in which that will be paid. However, it could be paid very simply, in the same way that they paid the hardship grant and the forced closure grants. I do not see what the hold-up is.

Are they still trying to work out where the money is coming from? We are not sure. We cannot get a straight answer. All that we are hearing is our businesspeople saying that the money should have been ready for distribution at the start, when the restrictions were put in place. That seems to be an on-going issue not just for the SHG, but for hospitality as a whole. As far as

hospitality in Scotland and all the trade bodies are concerned, there is no engagement on that. Such things—the financial side and the execution—need to be planned before restrictions go live. That is an on-going problem that is causing major worries and financial concerns for our operators.”

UK Hospitality (Scotland) has generally welcomed the support that the Scottish Government (and the UK Government) has put forward for the hospitality sector. However, at the time preparing their submission (11 November) UK Hospitality (Scotland) were of the view that there was no real detail available (other than that grants ranging from £1400-£3000 every 4 weeks related to rateable values) on the financial support from Scottish Government for businesses affected by the five-levels of control introduced by the [COVID-19 Strategic Framework](#).

UK Hospitality (Scotland) believe that it is imperative that adequate support is given to counter the impacts of government regulations and restrictions including the fixed costs of closure (running to tens of thousands of pounds per month) and other burdens including unforeseen increased borrowing incurred to offset erosion of reserves, much reduced cashflow and investment (estimated at between £80-90m) in safety & hygiene arrangements, operational changes and staff training to provide premises that are as safe as possible for staff, customers and, by implication, communities.

UK Hospitality (Scotland) has called for the Scottish Government to look at other powers that are within its gift to stimulate tourism demand, for example by reducing / removing Air Passenger Duty / Air Departure Tax on international travellers exiting Scotland. These and other measures to support the recovery of the hospitality and tourism sectors (including the continuation into 2021 / 2022 of relief from business rates and, although a reserved matter, extending the reduced rate of VAT on hospitality services) are set out in the recommendations to Government in the [Scottish Tourism Recovery Report](#) that was published on 23 October.

Local protection levels and restrictions – a hospitality view point as we approach the festive season

The weeks of increased socialising in the run-up to Christmas and new year are extremely important for pubs, restaurants, events companies, night clubs and hotels. Many hospitality firms make as much as 40% of their annual profits between Halloween and January.

Operating below capacity

UK Hospitality (Scotland) highlight that the impact of restrictions on the sector are borne out in reduced footfall and turnover in bars and restaurants and massively reduced occupancies and room rates in hotels, especially, but not exclusively, in cities. Although many rural businesses have avoided the worst of these impacts, they have experienced cancellations and changes in consumer behaviour brought about by the pandemic generally and by successive government policy interventions. UK

Hospitality (Scotland) believe at least a 57% drop in Scottish hospitality revenues is expected this year.

Business activity is constrained, in some cases severely, by the 5-levels of control currently in place. This comes on top of restrictions on capacity (to accommodate social distancing) and the previous 10pm curfew on licensed premises.

Operating below capacity and under restrictions, such as travel restrictions, limited trading hours or without alcohol, is not viable for some businesses to breakeven and cover costs. The announcement that the [Gleneagles Hotel will close until February](#) illustrates this point. On this matter Marc Crothall, [CEO Scottish Tourism Alliance said](#):

“The news that Gleneagles will be closing its doors until February comes as no surprise to me given the recent announcements. I have been having conversations with hoteliers the length and breadth of the country and many are doing similar. The costs of remaining open and providing a total experience which the customer expects, with limitations and uncertainty are too high. While furlough is a welcome support for staff who would almost certainly be without a job right now in many businesses had it not been extended, it offers no direct financial benefit to businesses and a much greater degree of financial support is needed immediately to enable those both open and closed to remain solvent and bounce back when we are through the crisis period and into recovery.”

Job losses

A submission from UK Hospitality (Scotland) states that there is no doubt that jobs across the sector have been and will continue to be lost as businesses contract as a result of reduced consumer demand, Government regulations, and restrictions on trading.

UK Hospitality (Scotland) estimate:

...that as many as 70,000 – 100,000 hospitality jobs in Scotland could be at risk; each job lost is a tragedy for the individual concerned and their dependants.

Some hospitality sub-sectors never reopened

Scottish hospitality businesses were forced to close in March. While some were permitted to re-open in July, there are sections of the industry that have not been able to resume trading – these include music and entertainment venues, nightclubs, meeting and conference centres.

Hospitality opening times

The [Scottish Hospitality Group \(SHG\) has said](#) that pubs and restaurants will not survive Christmas unless they are allowed to stay open until 10pm. They have urged the Scottish Government to change rules in Levels 2 and 3 of the coronavirus restrictions. Hospitality venues in Level 3 must close at 6pm and are not allowed to sell alcohol, while in Level 2 closing time is 8pm indoors – where no alcohol can be sold – and 10.30pm outdoors for food and drinks. The SHG said by extending opening times to 10pm businesses could “operate a full dinner service and bring in enough money to cover fixed costs such as rent, furlough contributions, and staff pension payments”.

Nic Wood, director of the Signature Pub Group, said: “The more viable we can be then the less of a burden we will be on the country and we will still provide safe places for people to socialise”.

Travel restrictions

[STERG meeting notes](#) (3 December) highlight that greater clarity and visibility is urgently required around Scottish travel restrictions. It was felt that although the Scottish Government website advises against travel to Scotland from the rest of the UK, this message has not been made loud enough or clear enough. In addition, there is no clear, visible communication from the UK Government advising against travel to Scotland and therefore the travel restriction messaging is not reaching visitors who may come from south of the border.

STERG members felt that that in general Scottish Government communications on guidance are not providing the necessary clarity for industry or for visitors and it was emphasised that this needs to change. More needs to be done to sense check communications in advance of publication to ensure the messaging is clear and to ensure that the communication covers all the likely questions which will arise from industry. It was suggested that VisitScotland are more actively involved in sense checking communications.

It was acknowledged by Scottish Government representatives at STERG that the communication process wasn't working and that the complexity of guidance and the number of different parties involved in agreeing the guidance didn't make the process easy. It was agreed that improvements could be made.

Changing restrictions

Businesses have had to cope with regular and often demanding changes in legislation, regulations, and guidance. UK Hospitality (Scotland) believe these changes have often arisen with little advance notice to allow preparation and have resulted in severe disruption to, especially, the many SMEs in the sector.

There has also been significant disruption and uncertainty within businesses that operate cross-border (within the UK) and across boundaries within Scotland where different regulations, including advice on travel, apply. 'A period of stability and certainty is urgently required' according to UK Hospitality (Scotland).

The current Strategic Framework level restrictions are reviewed on a weekly basis.

Hospitality sector calls for changes to Strategic Framework

Hospitality [operators have called on the Scottish Government](#) (30 November) to rethink restrictions being placed on businesses. Industry leaders [wrote to the First Minister](#) highlighting what they called 'the devastating impact of the unjust measures which are threatening the existence of businesses and putting jobs at risk'.

"In Level 2 and Level 3 areas the restrictions are having a devastating effect on trading and are, in some instances, imposing closure on businesses that are legally permitted to remain open, not least because of travel restrictions. The relaxations announced for the Christmas period between 23-27 December may give heart to millions of Scots but bring no cheer to hard-pressed hospitality businesses that have invested heavily to provide Covid-secure, safe, welcoming venues but are denied the chance to open their doors. Nor is there much to be positive about following your comments about Hogmanay."

"It is simply unjust that our sector is forced to struggle under increased restrictions when there is little evidence to show that hospitality is responsible to any material extent for transmission of Covid-19 infection. Data published by Public Health England (PHE) suggests that supermarkets are likely to be the most common source in England where people are exposed to the virus followed by secondary and primary schools, hospitals, care homes, colleges, warehouses and pre-school nurseries. Hospitality businesses were lower on the list. It is a matter of regret that there is no similar published research for Scotland, but it will be unlikely that findings would be materially different here."

The [letter calls](#) on the Scottish Government to prioritise:

- A responsive review of levels and restrictions, with levels reviewed weekly in December
- Recompense for restrictions - adequate financial support to cover closure costs and restriction compliance, to avoid mass closures and job losses
- UKG and SG delivering a route to revival by extending the business rate waiver and VAT cut across 2021/2022.

Members should note (16 November) [correspondence from the Scottish Hospitality Group to this Committee](#). It related to proposals from the SHG for revising the Scottish Government's Strategic Framework 'to secure a viable short and longer-term future for our national hospitality sector'. It asks for policymakers to 'let us trade VIABLY or ORDER us to close and compensate us properly'.

SHG are looking for changes and clarifications to the Strategic Framework including:

- extended opening hours for food led businesses in Levels 2 and 3
- sector viability matrix where financial support can be targeted, offering more funds to those less viable, and less funds to those more viable, in each segment.
- increased notice and opportunity to prepare, in advance of any lockdown or changed restrictions. They estimate that for a food and drink premises costs to close and reopen can average around £5,000 per occasion.

Guidance

The Scottish Government has published (19 November) [Guidance for the tourism and hospitality sector](#), including procedures for staff and customer safety and an operations checklist. The Guidance acknowledges the sectors covered by the guidance are diverse with broad reach across Scotland's economic landscape, encompassing many thousands of businesses of varying models and size. It is therefore necessary for this guidance to take a strategic approach, but it is designed for use by:

- all accommodation providers (hotels, B&Bs, self-catering, caravan/holiday parks etc.)
- visitor attractions
- marine and adventure tourism
- other activity or experience tourism operations/centres
- tour operators
- pubs and restaurants
- retail aspects of tourism
- natural spaces insofar as they relate to tourism, such as the National Parks
- funfairs and amusement parks (static and mobile)
- licensed bingo clubs
- casinos
- guided walking tours.

The Scottish Government has also published [guidance for the events sector](#) and for [museums, galleries and heritage attractions](#), though there will be some read-across.

VisitScotland has provided a list of the most [frequently asked questions linked to the festive season](#) and what scenarios tourism and hospitality businesses might find themselves in. From what hospitality businesses can and can't do in respect of bookings to what's happening over the Christmas period to travelling between protection levels.

Night-time economy

The night-time economy is an important driver of tourism, leisure and business growth within Scottish towns and cities but less relevant to rural areas gives the dispersed nature of these economies.

The majority of the firms that are engaged in the night-time economy derive large proportions of their total income between the hours of 6pm and 6am – with a heavy weighting towards the weekends. In particular, business activities related to alcohol feature significantly in the night-time economy although clearly restaurants and cultural/leisure venues are also important, as are hotels and transport.

The sector is built on social engagement and social distancing does not align comfortably with this, resulting in the likelihood that businesses will become financially unviable in quick succession following the lifting of government measures. The reduction in business capacity, enforced spacing, queue management, and PPE brings into question not only the viability, but whether this is even something that can be managed in many night-time economy spaces. This is even before they account for the public perception of safety within businesses. [SPICe has published a blog](#) exploring in more detail the impact of COVID-19 on the night-time economy.

Recovery plans

Scottish Tourism Emergency Response Group

The [Scottish Tourism Emergency Response Group \(STERG\)](#) was re-established in March 2020 to help support industry. The STERG is chaired by VisitScotland and includes representatives of the industry, the Scottish Government Tourism Team, Scottish Tourism Alliance (STA), Scottish Enterprise (SE), Highlands and Islands Enterprise (HIE), South of Scotland Enterprise (SoSE), COSLA, Skills Development Scotland (SDS), transport sector and tourism organisations.

STERG has prepared a [national action plan](#). A revised version of the Plan was published October 2020. The original Plan has been structured around four phases – Respond, Reset, Restart, Recover – in line with the [Scottish Government's economic recovery plans](#) and there were detailed actions linked to time phases associated with the 4 Rs. However, the revised Plan now has 10 sections:

1. National response
2. Rebuilding our diverse businesses (*actions related to various business support packages*)
3. Protecting & supporting our passionate people (*skills and training related initiatives, many linked to SDS*)
4. Restoring our thriving places (*actions linked to visitor management in establishing a Visitor Management Strategy Group to develop a coordinated response to key issues and opportunities*)
5. Reimagining our memorable experiences (*actions linked to events and themed year activities*)
6. Industry intelligence (*data gathering from industry and trade bodies to capture real time impacts and identify support required*)
7. Industry communications (*STERG and partners keeping industry updated*)
8. Stakeholder communication (*particular emphasis on interaction between STA and SG*)
9. Research and global travel market intelligence (*VisitScotland focussed*)

10. Marketing recovery (*VisitScotland focussed*)

The revised STERG National Action Plan now has greater alignment with the national tourism strategy Scotland Outlook 2030.

Scottish Tourism Recovery Task Force (STRT)

The Scottish Tourism Recovery Task Force (STRT) met for the first time on 25th June and held their final meeting on 23rd September. Three workstreams developed a set of recommendations focused on three priority areas.

1. Stimulating Demand
2. Business and Workforce Recovery
3. Investment.

The workstream recommendations were consolidated into a Task Force report and submitted to the Cabinet Secretary for Rural Economy and Tourism, Fergus Ewing and Minister for Business, Fair Work and Skills, Jamie Hepburn on 1st October. The report will be proposed to the Scottish Cabinet on the 1st December. A detailed response to the recommendations set out in the report is expected from Scottish Ministers during December.

The [Task Force recommendations](#) were published on 23rd October. The group's recommendations include:

- working closely with the sector on necessary planning, advice and adequate compensation packages, if evidence-based restrictions are required
- facilitating international travel by progressing alternative options for robust COVID-19 testing regimes
- developing a package of short-term measures, including marketing support and sectoral advice via VisitScotland to boost demand and increase visitor confidence
- extending the Business Rates Holiday for specific affected sectors and regions by another year
- creation of a skills development package to retain talent and enhance staff leadership skills.

The UK Government is asked to consider a series of financial measures including further tailored support for the sector beyond what is offered by the current Job Support Scheme, reconsider the removal of duty-free shopping, extend the VAT reduction for hospitality and the supply chain, reduce the cost of loans via a government backed soft equity loan scheme and a review of taxation.

[STERG notes](#) (26 November) highlight concerns around the Taskforce recommendations linked to Airport Passenger Duty. The concern was that whatever is done regarding the aviation sector it must be in line with climate change targets and environmental expectations, this also applies to international connectivity and international marketing.

In terms of the Taskforce recommendations on funding, [STERG notes](#) (26 November) highlight progress is being made on funding support for parts of the sector that have not received as much support as others. Consideration is currently being given to the delivery mechanism for dispersing any such funding. Slower progress is being made on the top up funding proposals. It notes 'tourism unfortunately is competing with other sectors of the economy for a share of the consequential, (consequential cover health costs, social welfare costs as well as business support costs)'.

[Correspondence](#) (4 December) from the Cabinet Secretary for Rural Economy and Tourism to this Committee highlights the following on the Cabinet's consideration of the Taskforce recommendations.

On 1st December Cabinet discussed the report and recommendations of the Tourism Recovery Taskforce and recognised that the sector needs short, medium and long term support if it is to recover – including support for skills and training and for protection of jobs. I hope to be able to announce a number of support measures shortly, both in terms of financial aid and in development of recovery plans.

The Scottish Government continues to explore the resourcing of the funding requests and will respond on these shortly. Our budget considerations for tourism for 2021-22 will, of course, reflect our consideration of the recommendations of the Taskforce and, as you suggest, the work of the STERG. It was also recognised by Ministers that the enterprise agencies would have a key role in developing a 5 year recovery plan and we are looking at properly resourcing this at present. We will also continue work with the sector to ensure that tourism recovery is consistent with our climate change ambitions. The recovery from COVID-19 is an opportunity to grow back greener rather than building back the same, and this commitment is also reflect in Scotland Outlook 2030.

Budget 2021/22 discussions across Government are still at an early stage and, as I have indicated, the Cabinet is considering what financial support can be made available to address the recommendations on the Tourism Taskforce. I am not therefore in a position to provide further information on this at the current time.

Local initiatives to promote recovery

Scotland's Town Partnership (STP) has created the #ScotlandLovesLocal initiative. [VisitScotland has launched](#) a marketing campaign to support the #ScotlandLovesLocal activity, targeting people who live in Scotland to support local businesses and events and become a tourist where you live (if safe to do so). The activity features a virtual Christmas marketplace, that will be promoting themes throughout December, encouraging people to support local businesses whether that's visiting a local attraction, booking into a local hotel for the night or attending a virtual event.

In Edinburgh, high profile chefs and local business owners have come together to [promote a new campaign](#) 'Taste Edinburgh' aimed at ensuring support for Edinburgh hospitality this Christmas. Taste Edinburgh aims to encourage people to give the gift of Scottish hospitality at Christmas by buying online gift vouchers that will support the capital's independent and family-run restaurants, bars and hotels.

Engagement and Collaboration

Industry and government

In [evidence to the Economy Committee](#) (1 December), Stephen Montgomery from the Scottish Hospitality Group suggested there are challenges around collaboration and engagement with industry and both Scottish and UK governments as follows—

“The UK and Scottish Governments need to sit down, open the door and talk to hospitality businesses more than they are doing. I am in a group that gets a call once a week to tell us what is happening—not what is planned. We have no input at all, although the SHG has made many proposals to the Scottish Government for alleviating the issues that we are being hit by.

Some restrictions appear in guidance, as with the levels system. We got the information at 8.20 on a Friday evening about what would come into effect at 6 o'clock on the Monday morning. Operators cannot plan in such a situation, because they make food and beer orders three or four days ahead—that is the lead time.

The SHG encourages the Scottish Government to sit down with us and give us a seat at the table to discuss the Government's issues and to allow us to discuss our issues. That would create an easier working relationship, so that we can tell our operators and their staff where the Scottish Government is and what it plans to do. There is confusion among operators—and among customers, which is more important.”

[STERG notes](#) (26 November) highlight that lobbying activity directed at DCMS may not be having the necessary effect. Longer term money is required to support the recovery plan and therefore industry need to look at possible public / private approaches. It was noted that there is a growing sense of frustration from industry with the UK Government. UKH press releases which have followed the UK Government's recent announcements about the tier structures, for example, have stated that they are savaging the sector.

Across the hospitality industry at a UK level, there have been calls from hospitality leaders for a UK Government Minister for Hospitality after being ['hung out to dry'](#) during the crisis.

An industry disjointed?

[STERG meeting notes](#) (26 November) highlight that there are currently many different voices lobbying the Scottish Government which is causing confusion amongst Ministers and delaying the funding process. According to STERG notes the sector now

appears very fragmented and no longer speaks with one voice. This means that there is no longer any clarity about what the ask is.

The Task Force paper was an attempt to get alignment on sector requirements, but the lobbying has continued. It was noted amongst STERG that it would be very helpful to have just one representation of what is needed, which is proportionate and evidenced and not just a long list of asks.

It was acknowledged that the voice of the sector may have become disjointed, however this has probably happened because of the gap between the Task Force recommendations being concluded in August and the Task Force paper going to Cabinet in December. This delay has created a sense of frustration as many of the Task Force recommendations were identified as immediate rescue needs.

SG and UKG working together

[Correspondence](#) (4 December) from the Cabinet Secretary for Rural Economy and Tourism to this Committee highlight his future intentions around engagement with the UK Government and what he thought was a 'disappointing' tourism allocation in the UK Spending Review.

I am intending to have a further discussion with UK Tourism Minister Nigel Huddleston involving Scottish tourism stakeholders shortly, and will continue to press the case for additional consequential support for the tourism sector with the UK Government.

The outcome of the UK Government Spending Review for tourism was a disappointing one with, as I understand it, a flat cash settlement for VisitBritain and VisitEngland, with £5m flex to spend on as of yet undetermined activities. I know that Nigel Huddleston continues to press his colleagues in HM Treasury, and elsewhere in Government, for additional support for tourism, taking on board the views of the UK's Tourism Industry Council, with which he meets regularly.

Legislative matters

The [Programme for Government 2020-21](#) (PfG) ambitions and details of actions around tourism seemed limited given the scale of the COVID related challenges facing the sector. However, this likely reflects that the tourism recovery plan was still underdevelopment at the time of drafting the PfG.

The PfG emphasises that the existing tourism strategy, Scotland Outlook 2030, launched in March 2020, will form the framework for recovery and the Government will build on existing Tourism Rural Infrastructure Fund. The following tourism related legislative matters were highlighted in the PfG.

- The **Transient Visitor Levy (TLV)** has been put on hold as part of the response to the COVID-19 crisis and in recognition of the severe economic impact COVID-19 has had on the sector. The Scottish Government has stated "future

consideration of the levy will take account of the changed context the industry is operating in”.

- The Scottish Government state that they remain fully committed to introducing the **Air Departure Tax (ADT)** when a solution to the Highlands and Islands exemption issue has been found. They intend to engage with the HM Treasury on their consultation on Air Passenger Duty reform and will work with stakeholders to find a solution for aviation that remains consistent with climate ambitions.
- On **short-term lets**, the Scottish Government will lay secondary legislation to give local authorities powers to license short term lets and introduce control areas in December, so that it can be in force by spring 2021.

On 10 December 2020, the Scottish Government published a [consultation report](#) on their 2020 consultation on the definition of short-term lets and detailed proposals for the licensing scheme and control areas. In terms of [what happens next](#):

- on the week of 14 December, the Scottish Government will lay the Licensing Order, Control Area Regulations and the Business and Regulatory Impact Assessment (BRIA) at the Scottish Parliament
- subject to the approval of the Scottish Parliament, the Licensing Order and Control Area Regulations will come into force on 1 April 2021. Local authorities will have until 1 April 2022 to establish a licensing scheme and existing hosts will have until 1 April 2023 to apply for a licence
- the Scottish Government will be working with stakeholders to prepare guidance for both local authorities and, separately, hosts and platforms in spring 2021.

Alison O'Connor
Senior Analyst, Financial Scrutiny Unit
11 December 2020

Note: Committee briefing papers are provided by SPICe for the use of Scottish Parliament committees and clerking staff. They provide focused information or respond to specific questions or areas of interest to committees and are not intended to offer comprehensive coverage of a subject area.

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