



OFFICIAL REPORT
AITHISG OIFIGEIL

Culture, Tourism, Europe and External Affairs Committee

Thursday 14 January 2021

Session 5



The Scottish Parliament
Pàrlamaid na h-Alba

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CULTURE, TOURISM, EUROPE AND EXTERNAL AFFAIRS COMMITTEE
1st Meeting 2021, Session 5

CONVENER

*Joan McAlpine (South Scotland) (SNP)

DEPUTY CONVENER

*Claire Baker (Mid Scotland and Fife) (Lab)

COMMITTEE MEMBERS

*Kenneth Gibson (Cunninghame North) (SNP)

*Christine Grahame (Midlothian South, Tweeddale and Lauderdale) (SNP)

*Ross Greer (West Scotland) (Green)

*Jamie Halcro Johnston (Highlands and Islands) (Con)

*Dean Lockhart (Mid Scotland and Fife) (Con)

*Stewart Stevenson (Banffshire and Buchan Coast) (SNP)

*Beatrice Wishart (Shetland Islands) (LD)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Marc Crothall (Scottish Tourism Alliance)

Jane Martin (Scottish Enterprise)

Malcolm Roughead (VisitScotland)

CLERK TO THE COMMITTEE

Stephen Herbert

LOCATION

Virtual Meeting

Scottish Parliament

Culture, Tourism, Europe and External Affairs Committee

Thursday 14 January 2021

[The Convener opened the meeting at 09:30]

Tourism Sector (Impact of Covid-19)

The Convener (Joan McAlpine): Good morning, and welcome to the first meeting in 2021 of the Culture, Tourism, Europe and External Affairs Committee. We have received apologies from Dean Lockhart and Ross Greer.

Our first agenda item is evidence on the impact of Covid-19 on Scotland's tourism sector from members of the Scottish tourism recovery task force. I welcome Malcolm Roughead, who is the chief executive of VisitScotland; Marc Crothall, who is the chief executive of the Scottish Tourism Alliance; and Jane Martin, who is the managing director of business services and advice at Scottish Enterprise. I thank you all for joining us today.

We move straight to questions. We heard last from the tourism sector last summer, when the committee met during recess because of the pandemic emergency. At that time, there was some hope that growth had begun again in the sector, and there were some signs that there could be a little optimism, particularly in rural tourism and self-catering. Now we seem to be back not so much at square 1 as several steps back from it.

The Scottish tourism recovery task force reported last October. At that time it was, I guess, still building on that recovery and looking forward to rebuilding the sector. Was it premature to make plans and recommendations, given where we are now?

Malcolm Roughead (VisitScotland): I would not say that that was premature. We have to plan for all eventualities, and we had to be fleet of foot in order to take advantage of the various opportunities that, as the convener rightly pointed out, existed at that time. Hindsight is a great science; had we known then that the new strain was coming, we might have planned slightly differently. I think that we just have to be ready to push the buttons whenever we can, and to use all the support that is at our collective disposal to help business to get through this period.

Obviously, we have hope, because vaccines are being rolled out and are becoming more widely

available. However, that will take time, which means that businesses, some of which have had no revenue over the past nine months, must be supported so that we can—again, when we are ready—welcome people quickly and safely back into and across the country.

The Convener: Does that mean that some of the recommendations that the Scottish tourism recovery task force made last October will perhaps be revisited?

Malcolm Roughead: I think that they were the right recommendations, but we might have to revisit the duration of the support packages. Clearly, when this started, last March, no one realised that the situation was going to go on for so long. More support has come in; more was announced on 21 December. It is all about the timeline, but I am afraid that no one knows how long that will be.

The Convener: On the recommendations, the eat out to help out scheme was considered to have been successful at the time, and there was a request that it be repeated or built on. There was also quite an emphasis on restarting international tourism. There is an argument that that scheme and international travel were reasons why suppression of the virus failed and why we are where we are now.

Malcolm Roughead: The eat out to help out scheme was a great success. There is no evidence whatsoever that it helped to increase infection rates. I am sure that Marc Crothall will be able to amplify that point. Obviously, international travel has many restrictions placed on it, whether through quarantine or just lack of availability of travel. It is not just about travelling around Scotland; it is about getting into Scotland. Many countries are facing the same issues as us, and I do not see international travel coming back for some time yet.

The Convener: There is quite strong scientific evidence that the suppression of the virus that we achieved last year was undermined by people going on holiday to Spain, because virus variants have been traced back to Spain. That was reckoned to be one of the reasons why the virus came back again with such vigour. Do you think that, this year, people being told not to go on holiday to the continent would offer an opportunity, and is the Scottish tourism sector able and willing to reach out to people who would normally always look to the continent for their annual holiday?

Malcolm Roughead: The domestic market has always been a very strong market for Scottish tourism. The industry would certainly be prepared to welcome people safely. There has been a lot of investment already to make people feel reassured and safe, but there are travel constraints across

the country. Many variables need to be addressed before we are able to get people out and about in Scotland.

The Convener: Marc, do you want to come in on some of those themes? With the benefit of hindsight, do you think that we should have done some things differently last year?

Marc Crothall (Scottish Tourism Alliance): Thanks, convener. I would echo what Malcolm Roughead said. First, we must have a plan. Let us not forget that the tourism task force report sets out a set of recommendations for priorities for the Scottish and United Kingdom Governments in order to protect businesses and keep them afloat.

Unfortunately, as you said, convener, we are probably further back than we were this time last year. We need to be able to respond, but we must have a plan—otherwise, we will be left at the starting line. Getting that line of sight and working to a plan is important, but the immediate plan remains to protect our assets and our businesses and to allow them to reopen, as many desperately need and want to do, in a safe way. We have invested £80 million in personal protective equipment across our sector alone. My chairman said that he is sitting alone in his empty hotel, staring at an awful lot of investment in PPE that he made to make his property safe.

There will need to be some rebuilding of confidence with communities and people who want to travel, but it was encouraging to hear this morning on “Good Morning Scotland” about a report from national coach operators, who say that they already have very high demand for coach holidays this summer. That might be because their typical market is among people aged 50-plus, which is a population that will, we hope, have received vaccine prior to the summer season.

However, we need to allow people to move around. International travel is exceptionally important, as many parts of our industry are very dependent on it, including the golf tourism sector. The international inbound operators fill a lot of the hotel spaces and pick up the slack. Such visitors also spend the most money. Having the right measures in place—the test and release programmes—to remove quarantine and to accelerate that programme is important.

It was said to me the other day—rightly—that we, in the UK, are leading the charge on the vaccination programme. We should be first off the starting line in reactivating tourism fully, but it requires a collective effort. It obviously requires society to work with us, but it also requires a close look at the restrictions that were imposed on parts of the economy in the early part of the process. When we come out of the current period into the

new tier systems, some flex around that, to allow some movement, will be needed.

The weddings sector is a good example—£1 billion-worth of revenue has been lost to that sector. Many weddings have been held over until 2021, but the sector can function in such a way that it breaks even only if 50 people are permitted in that environment. That needs to be delivered in a safe way, so the weddings sector has also invested significantly to ensure that there can be safe movement. That brings with it other stuff.

The eat out to help out programme was a great lifeline for many businesses. People were going into safe environments and, as Malcolm Roughead said, there is no hard evidence to show that the scheme caused a massive spread of infection. The industry is learning every day and is conforming more every day to make sure that we can return safely.

However, going back to immediate need, I note that we are now in a far more desperate state than we were in a few months back. The money has dried up, but the costs of overheads are far greater at this time of year. Heating costs have gone through the roof—I am looking out of my window at the snow—and there are additional costs related to furlough. We need to consider the financial situation, because the repayment times for loans and everything else are starting to get near.

It is equally important to note that mental health is being tested in our sector. If there is any delay or slowing down, or if future support is not forthcoming soon, we will see many more casualties along the way, which would be a travesty for the sector as a whole.

The Convener: Thank you. We hear that loud and clear. A number of colleagues have questions. We will start with Claire Baker, the deputy convener.

Claire Baker (Mid Scotland and Fife) (Lab): I will direct some questions to Marc Crothall. Given what you have just said about the immediate pressures that the sector faces, I do not think that we could overstate how much the tier 4 decision has impacted on the sector. I understand why the decision was taken, but the sector clearly needs support.

The Scottish Government announced just before Christmas that additional money would be given. Will you say a bit more about how you see that being distributed? You have expressed concern about the timescale for distribution. My understanding is that the grants will be available only to businesses that have not previously received support. Is that the right approach?

Marc Crothall: The grants that Fergus Ewing announced on 21 December following the Cabinet Secretary for Finance's earlier indication about the moneys—the £104 million to be split across the different sectors in the industry—are very welcome, but that was, clearly, just an announcement of money. Unfortunately, the criteria and mechanisms for delivery of the grants were not in place at the time of the announcement.

A huge amount of work is being done by the various agencies and the local authorities to put in place the delivery mechanism. It is important that work is being done in consultation with industry groups to determine and set the criteria for how best the moneys can be distributed and spread across the relevant parts of the sector.

I had a long conversation with the finance secretary and Mr Ewing yesterday. We have made clear our view, as have others, on the importance of timing, transparency, consistency and communication, and on the need for pace in delivery of the money to businesses.

The businesses that have had pivotal enterprise resilience fund money are not now excluded; those that have had it are able to access the funds. We are in a different place from where we were previously.

09:45

Although the headline figure for the total amount that is available is a sizeable number, when you break it down to the amount of money that each business will get in real terms, it is virtually nothing in some cases—for example, a £25,000 grant payment to a hotel that has a rateable value of more than £51,000. I know of hotels that are absorbing daily fixed costs that are well in excess of that sum of money. As fast as the money might come in, it goes out many times faster in a matter of days or weeks.

The same goes for the hotel support fund. The awards were made, then there was a policy change in the final scheme. That ultimately removed the coronavirus job retention scheme bonus payments that were due to go into business accounts in January, which wiped significant amounts from businesses' cash projections. Equally, there were changes in the tiers, which resulted in a lack of movement opportunities from the central belt into other areas. The rule of six was also imposed, so many businesses in the self-catering sector were no longer able to accommodate people.

The amount of grant falls way short of what businesses will need to move forward. That money was obviously announced before the current lockdown period.

The Scottish Tourism Alliance is a member of the UK Tourism Industry Council, of which I attended an extraordinary meeting with the Parliamentary Under Secretary of State and Minister for Sport, Tourism and Heritage, Nigel Huddleston, co-chairing the meeting. My colleagues from all sectors of industry who were around that table are sending the same loud messages to the UK Government: more money is needed to provide vital support for the sector, and so that we have no cliff edge for the furlough scheme, or for suddenly having to repay VAT, rents and so on.

The finance secretary said that distribution would start in mid-January, and we have been assured that the hospitality payments will arrive in people's bank accounts on 25 or 26 January. Other sectors should start to receive their money in February.

The criteria are important. They have been set by working alongside industry bodies. It obviously takes time to put such things in place, so our plea to the Government is that, if it announces funds in the future, it makes sure that all the mechanisms and processes that are required to distribute the fund are established before the announcement is made. This goes back to my point about mental health and all the other expectations of the industry; businesses want to know that the button can be pressed the following day and that money can start to flow into their businesses very quickly. Expectations have been raised, and desperation is much higher now.

In summary, we welcome the support but it is definitely not enough, and we need better timing and communication of announcements. VisitScotland found out that it would be asked to administer eight funds only on or around the day of announcement of the funds, just before Christmas, which was not the ideal time to find the resources that were required to be put in place. We need to work with the industry to shape the delivery mechanisms.

Claire Baker: Thank you. I know that other members are interested in the funding. Can you confirm that the money that has just been announced will have to be spent by the end of March, as that is the end of the financial year? Do you have any idea of what the gap might be between the support that has been announced and that which is needed? I recognise that there has been significant investment, which is really welcome, but it will not be enough.

I have one further question. Do you want to make any comment on the unemployment figures in Scotland? My understanding is that we have seen a more dramatic decrease in employment in the sector than has been seen across the rest of the UK. We have had a change of 8.4 per cent,

England has had a change of 6.1 per cent and Northern Ireland and Wales have both seen a change of 0.8 per cent. We have therefore seen higher rates of change in the accommodation and food services sector. Why has Scotland been particularly affected?

Marc Crothall: I will take that question first. Scotland has adopted a much stricter approach to the lockdown areas, and we feel that our recovery will certainly take longer because of the pathway that we have been taking. Businesses have not been able to sustain any other income or the level of income, or to get the level of support that they need to guarantee survival and the retention of their workforce. As I say, furlough still has a cost for business, so displacement has had to happen.

We are, of course, a seasonal industry and many in rural parts of Scotland will not see their business coming back to any sort of life until Easter at the earliest. With the flip-flopping on furlough and the uncertainty about the cut-off dates, businesses have unfortunately had to make tough decisions, not because of bad management but because of absolute financial necessity in all cases. The situation is far worse in cities than it is in rural parts, and the cities have the largest employers in the big hotels. Also, a lot of the workforce in larger hotels were European staff who have left the country and gone back to their country of origin, and they will count towards the number who are no longer in employment or the employment figures.

As for the gap in support, the strategic framework fund is £3,000 or £4,000 every four weeks and, as I said, when a business has fixed costs of £25,000 per day, that is a washout for some. I know that the committee heard from the hospitality sector before Christmas. An average pub incurs a fixed cost of around £7,000 or £8,000 a month, so there is still a gap there. For visitor attractions, there was a statistic showing that feeding the animals in the zoo at Blair Drummond safari park, for example, costs £50,000 a month. There is a wide gap in the basic framework, and the grant packages that are coming forward are very small in number.

There are other issues in the islands, which are in tier 3 at the moment but are closed to travel. Our sector up there is unable to host any form of tourism activity and has been unable to access the framework fund until now, although I know that the First Minister and the Cabinet Secretary for Finance are looking to address that.

It does not matter what tier a business is in—tier 1, 2, 3 or 4—if travel is not possible. The majority of our urban population who could move in to support domestic tourism need to be able to travel across Scotland. As Malcolm Roughead said, most travel and tourism has been domestic but,

with people not able to move about, businesses in areas that are in lower tiers have suffered as well and have had to scale back on their workforce overhead.

Claire Baker: I know that other members are interested in that subject, so I will stop there.

The Convener: Before I move on, I think that one of the panel members wanted to contribute.

Jane Martin (Scottish Enterprise): That was at a much earlier point, convener, and the discussion has moved on, so it is fine. Do not worry about it.

The Convener: Okay, we will move to Jamie Halcro Johnston.

Jamie Halcro Johnston (Highlands and Islands) (Con): On Marc Crothall's point about the islands, I have previously raised the concern that tourism businesses can potentially be open, but there are no tourists and the support is not available. We will probably cover that later.

Before I ask my questions, as a supplementary to the previous question, I ask for confirmation from Marc that the support that has been available so far has not only been not enough and not quick enough but too complicated. He talked about a number of different areas of funding and we have all looked at the variety of business funding and support schemes and the specific tourism schemes. There is a lot out there. Is part of the issue that some of the available support is not being delivered because there are so many different pots to apply for?

Marc Crothall: Yes. If we were to turn the clock back and do things differently, I think that everybody in our sector would love to take the approach that the Germans have taken, which is to assign a guarantee of, I think, up to 90 per cent of the fixed costs of business up to €500,000 a week, and to work with that model.

There have been various requirements for evidence of transactional bank accounts and due diligence in certain funds. They are sizeable amounts of money. We have had conversations with the finance secretary and there is a strong desire to look at how we can facilitate and ease the process. Work is being undertaken by colleagues with VisitScotland and others to create a process that is as simple and easy as possible.

However, our wedding sector and the tour operator sector are very complex, and it is important that the support goes to the right businesses. We want to target support to businesses that will drive the recovery. That is really important. If it is just a free-for-all, the worry is that we will end up with the support spread very thin and that it will not have the impact that we want and need it to have.

That is by no means saying that everybody who works in our industry needs help and support but, if we are going to target good and meaningful support, it has to have a degree of process about it. However, the pace of delivery of the grants, framework funds and everything else through local authorities could always be quicker. I know that that is being worked on every day, but we have seen how the process for the self-employed worked in Her Majesty's Revenue and Customs, and I am not aware of any real issues with the furlough repayments. It would be wonderful if we could be as quick as that. It is about getting any future funds out quickly so that they can help businesses to stay afloat, which they need to do, and help to build the recovery.

Jamie Halcro Johnston: I have two more questions for Marc Crothall. I am sorry that you are getting all the focus, Marc, but it is interesting to hear from the sector. You mentioned the £80 million that was spent on PPE. I have family and friends who work in the sector and I know that a huge amount of work went into ensuring that accommodation was right, that rules were followed, that PPE was provided and all of that, and then they found out two days beforehand that the rules had changed.

We all appreciate why the rules sometimes have to change and restrictions have to be brought in, but the lack of clarity in some areas is a huge issue. How do we improve the situation? We are likely to be living with restrictions for some time and changes will be needed. How can the Scottish Government and ministers get better at ensuring that you get as much notice as possible and that they recognise and take into account the investment that is being made to improve safety?

Marc Crothall: Continued dialogue and collaboration and early conversation are needed. We are in a pandemic that requires a collective effort. It has been said time and again by people in our sector and others that we are here to help and support that. We recognise the severity of the health agenda and its importance, but we are a solution to recovery and we need to get back to work. Therefore, timely communications are needed.

I am pleased to say that a lot more communication is happening now but, with the pace of change in the virus, the timing has perhaps drifted back to where it was previously. Yesterday, for example, we saw yet another change to facilities in the takeaway sector. Many businesses that had invested heavily in their PPE for indoors will now have to amend their building structure if they want to continue trading. We are here to work together, but we want that on-going early conversation in order to work through solutions. Let us look at the scenarios that could

happen further down the track so that we can prepare for them in advance, pull the plans off the shelf and inform people quickly. The guidance and so on should be available at the time of the announcements so that businesses know what to do.

It is a fast-moving environment but, as we go back into what we hope will be a more relaxed environment, if there is an opportunity to readjust some of the restrictions within the existing tier structures, the industry is here to work with everybody who will make the ultimate decisions on what is safe and not safe. A huge number of people are obviously frustrated to know that, with the amount of investment that they have made when cash is really tight, it is just sitting there and they are not able to get any return on it. That is very worrying, but we hope and expect that customer confidence will be high and that people will come into our environments, go to our attractions and take part in our outdoor events and activities with confidence and comfort, knowing that the investments have already been made.

10:00

Jamie Halcro Johnston: Part of the future will be recovery. Although we do not know how long the current situation is going to continue, we obviously want a sector that is ready to recover. I have been contacted by a large number of bed and breakfasts and self-caterers with concerns about the introduction of regulations on short-term lets. What are your thoughts on how that might impact on the recovery, and what is the position of the STA on that?

Marc Crothall: Our position at the start, a few months back, was to ask for a complete pause on the process. We felt that it was not the time to take forward that initiative or legislation, and not simply because the industry was pretty much shut and needing to work through what was a desperate situation for all. It has come as a complete surprise to us all that B and Bs are even in the legislative document.

Any international—or any other—tour operator would speak of the importance of having a bed and breakfast sector and a self-catering sector to provide stock. They are a vital part of our industry, and the last thing that we want or can afford to have is many of those businesses basically closing their doors because of increased costs due to a legislative licensing requirement.

None of those sectors has ever said that there could not always be improvement, and we all want to see best practice and quality. However, the policy is being put in place to address a few minor misbehaviours and bad operators, and issues in

some city centre areas. A blanket approach across Scotland at this time is not right.

We therefore urge the Scottish Government and others to pause and reflect. If the Scottish Government is not going to pause, it has to work carefully with the industry to make sure that, together, we shape the right approach and protect as many operators as possible in the best way possible by being sensible about, for example, any form of licensing fee structures, without damaging our opportunity to capture and host as many new visitors as we can in the future.

The Convener: Does Jane Martin want to come back in on some of the issues that we have touched on so far? I am aware that she has not had the opportunity to talk about that from the Scottish Enterprise point of view.

Jane Martin: I will add a point about simplification and the complexity of the process for businesses. We are getting the message loud and clear right across the partnership that, although lots of new support is coming on stream, businesses do not know whether it is right for them, how they access it or whether, if they apply for one thing, it means that they cannot apply for something else.

We have therefore already stood up an emergency team to work with VisitScotland, local government and other enterprise agencies to join all that up and to create a really simple ready reckoner and advice about where to apply and what to do. That is on the find business support website.

As Marc Crothall said, it is also about removing the exclusions and ensuring that there is consistency. We are very alive to that issue and work is under way now so that, by the end of January when we go live with some of the new funds, we are not adding to the clutter. I wanted to make that point to note that that has been recognised and that work is under way.

Christine Grahame (Midlothian South, Tweeddale and Lauderdale) (SNP): I will make a brief comment on something that I was not going to comment on. I cannot let the point about short-term lets pass. My understanding is that the regulations will not capture bed and breakfasts. We all know a bed and breakfast when we see it and we all know a short-term let when we see it. With bed and breakfasts, proprietors are usually on the premises; with short-term lets, the proprietor is usually not on the premises. Further, there are issues in rural areas, because I have complaints in my patch. I simply wanted to put that on the record, because the point that was made is perhaps not correct.

I will move on to forward planning. I hear what was said about the question of where a virus

multiplies. We are now aware that the new variation is community wide. It is not specific to certain locations, areas or practices. In addition, in relation to the comment that was made that the 50-pluses will be using the tour buses in the summer, we must be mindful that, even if someone has had the vaccine, they must obey social distancing and all the other rules, because we will not have community herd immunity. The vaccine protects the individual but not necessarily the rest of society; we do not know whether someone who has had the vaccine can transmit the virus.

Do not get me wrong, I think that this is hellish for you all. You are trying to dance on the head of a pin, keep businesses going and make plans for the future, not knowing how that future will pan out practically. However, we are learning that variation and mutation in the virus will continue and that it is not possible but probable that we will perhaps still be required to take some protective measures, such as face coverings, in the winter. Some precautions might even—God forbid—go on into 2022.

In your plans for the domestic market in particular, can you look ahead and think about what you can do in the worst-case scenario, in which the situation ends not in the summer or autumn—on which hospitality relies a great deal—but in the winter? In relation to that aspect of your forward plans, what will you be able to do to have your businesses running but still be Covid secure, as might be required?

Those were my questions about forward planning. As I am getting to ask them all at the one time, my next question is about what is caught by the categories of hospitality and tourism. I heard the point about bed and breakfasts. A business in my area rents out caravans and camper vans for people to tour and it is not caught in the categories of hospitality and tourism. Is the panel aware of other businesses that fall through the net? I am talking about not supply stream but other front-line tourism businesses that fall through the net and which the Government should perhaps consider having on the identified list.

Marc Crothall: I assure Ms Grahame that B and Bs feature in the legislative document that has been published, which I am happy to share with her. That is why it has caused the furore and concern that it has.

Christine Grahame: I know that, but I know that the minister does not intend to target B and Bs. They might be in the legislative document, but I do not think that they will be in the regulations.

Marc Crothall: It would be great if that could be confirmed as a matter of fact with immediacy, as it

is causing a huge amount of concern, as Ms Grahame well knows.

As Malcolm Roughead said, the situation is a moving feast. The STERG and the industry group together have to forward plan and look at all scenarios; a whole load of work has been done around scenario planning. If—God forbid—we are still where we are this time next year, plans will naturally be looked at. Businesses are focused on how they navigate their way out of this. We need an exit strategy.

As the First Minister and Prime Minister have said, our exit strategy in this country is the vaccine. The roll-out of the vaccine therefore has to be accelerated and delivered as quickly as possible. I hope that all efforts will be made to ensure that we administer the vaccine and that, if we were in the fortunate position of suddenly having an extra 2 million doses dropped on our doorstep next week, Scotland could get ahead of the game and get it done to reassure and build confidence.

Christine Grahame's point about a person potentially transmitting even if they have had a vaccine is well understood. We have to create herd immunity as quickly as possible. For example, Bernard Donoghue, who is the chief executive of the Association of Leading Visitor Attractions—ALVA—has done some analysis of the age profile of visitors to those attractions. At the moment, given the queue or batting order of who gets the vaccine, 80 per cent of their audience will not, in fact, receive the vaccine until the autumn. Clearly, that same effect will flow through into our industry.

We have to accelerate the process and do everything to reassure. The industry is there to help with that process; organisations, businesses and venues have volunteered their services to really push it on. It is a fluid document and the role of the STERG, with the industry, is to continue to be ready to respond and to develop future planning as things move on. That obviously includes the need for Government to respond to the levels of support that are required to protect the industry at the same time.

We have thousands and thousands of colleagues on furlough, including in our supply chain, and it is vitally essential that they are supported. It would be a travesty if we allowed businesses to fail and if there were no businesses for staff who are on furlough to return to. We must make sure that there is Government support for the industry and that the industry, along with Government and the agencies, continues to work up plans. Malcolm Roughead and his team in VisitScotland must evolve the marketing plans. It is vital to maintain relationships with our international partners, as inbound and

international operators, including airlines, are key to our recovery.

Christine Grahame: Is anyone else going to answer my question about the example of the chap whose business consists entirely of renting out caravans and motor homes? That is not deemed to be part of hospitality or tourism. Does anyone have similar examples? That is his business. People rent a motor home to go on a wee tour of Scotland. What is your position on businesses in your sector that are not being caught? Are you making representations to Government about that?

Marc Crothall: The supply chain has faced that problem. As I pointed out, the supply chain is vital to business recovery. The wedding industry is a good example. Photographers, dressmakers, florists and cake makers all feed into that experience.

Some businesses slip through the net because they do not have premises; it is a case of trying to find them. The Camping and Caravanning Club is working with the manufacturers of such vehicles, many of the operators of which are members. If we consider amusement arcades, the British Amusement Catering Trades Association has a supply chain that manufactures the machines that go into those premises. You cannot have a front-line business if you do not look after those that are behind that front line.

We say that tourism is everyone's business. In the current climate, more and more businesses are realising that a vibrant tourism sector is essential to their survival. As well as involving joiners, plumbers and tradespeople, tourism is part of every community. I hope that businesses that fall through the gaps would be able to access the discretionary funds that sit with local authorities. Every case must be looked at, but a much greater amount of money than is currently available is needed across a wider range of the economy.

Christine Grahame: Do you accept that finance is limited and that support—whether it comes from the Scottish Government, which depends a lot on the UK Government, or from the UK Government itself—will therefore be limited? I would not expect you to put a cap on it, but we all need to accept that, do we not?

Marc Crothall: Of course we do. The industry acknowledges that and is using collaboration and partnerships in an effort to be as efficient as possible so that it can survive. There are great examples of innovation and of businesses coming together to survive.

I come back to the point that we will not be able to rescue every business. We must target support at the businesses that will drive recovery. If we

shore up those businesses, that will create new employment that will stimulate other activity.

Malcolm Roughead: In answer to Christine Grahame's question, Marc Crothall and I are approached by many businesses that do not seem to fit the classifications. Exclusive-use venues are a good example, as are businesses that sell hospitality packages at major events such as the Six Nations championship or the Open. I assure the committee that Marc and I are making their case.

10:15

The Convener: I will use my position as convener to come back in on that issue, because I have examples of it in my constituency. You would not think that catteries and kennels were part of the tourism sector, but if people do not go on holiday, they do not put their pets into catteries and kennels, so those businesses are falling through the net as well.

There has been talk about a discretionary fund for supply chain businesses but, in some cases, local authorities have not yet set up a discretionary fund. At least one of the local authorities in my area has not yet set up a discretionary fund. Jane Martin or Malcolm Roughead might have a view on that. Are local authorities overburdened? If local authorities are not getting the money out, should somebody else administer some of the funds?

Jane Martin: It is a fair point that local authorities are doing a lot of the heavy lifting, given what they are required to do and how quickly they are required to do it. My understanding is that their approach to discretionary funding is almost a sequence that involves getting the new funds out by the end of January or early February, processing as much as possible of the strategic framework stuff and then using the discretionary funding for anybody who falls through the gaps. I think that local authorities are trying to get some of the new funds out—such as the top-up funding—and then apply the discretionary funding where there are genuine gaps. Because some of that work is under way, local authorities are being asked for discretionary funding when they think that another fund might meet the need. That is part of the challenge.

In addition, we are working with the Government and with local government centrally to consider whether there is anything else that we can put in place quickly to help. We might even look at a private sector model or something else that will allow us to scale up very quickly.

On the point about forward planning, there are issues to do with the sector and how we all operate. There are some basic capabilities that we

in the public sector need to face into, such as the ability to turn things around quickly, and the ability to scale up to make it easy for businesses to apply for funding and to get it out of the door. Those are some of the things that we need to factor in—we need to put things in place as quickly as possible so that, as and when we need to, we can deliver in quite a different way. That is my perception. There are a few things that we need to learn and sort as a result of the current situation.

Beatrice Wishart (Shetland Islands) (LD): The conversation has been interesting. I have been thinking back to when we were talking about businesses having to survive three winters and comparing that with where we are now. Although the funding from the UK and Scottish Governments is very welcome, do you feel that some sectors have missed out? I am thinking particularly of the self-catering sector, parts of which have had only one tranche of funding. Although the islands are under level 3 restrictions, some businesses feel that they might as well be in level 4 because, as Marc Crothall pointed out, there is no travel to the islands. Do you have any thoughts on businesses that have been left out or disproportionately affected in the tourism sector?

Marc Crothall: We have to remember that our night-time economy is still closed and has never opened, and that our events sector has been devastated and has never got back to life. Many businesses have not been able to trade at all. On 15 July last year, or whenever it was, there was a mass exodus to the rural economy and, thankfully, the self-catering sector was able to accommodate and host many of the visitors. However, rules changed along the way. The rule of six came in, which restricted a good number of operators in accepting bookings. Because of the way in which the framework works, there has been disruption to travel and other travel impacts, but support has not been paid out to everyone who has been affected.

The visitor attraction sector has not had a lot of support, given the size of the sector. I think that a third of visitor attractions have not reopened at all, and they are heavily dependent on visitor footfall. The outdoor events and marine tourism sectors are also vital. None of those sectors in the economy has been able to trade.

On your question about the disproportionate impact, the self-catering sector got moneys at the beginning of the process and it has had further grants. In the current process, those with rateable properties can access the framework payments. However, that is a small amount of money in comparison with not just the revenue loss but the high overheads that businesses have to meet. I hope that, as the discussions continue, the island issues will be addressed.

Level 3 is one thing, but level 1 is another. To go back to the point about hotels, the client base of the Torridon hotel comes predominantly from the central belt or further afield, so it had to take the decision to close much earlier than others, because it was unable to host. Businesses are being responsible in doing what the First Minister and others have asked of them, and they are choosing to close in areas where they know that there is no support. However, they cannot stay closed and still keep staff on their furlough payroll while maintaining the costs of simply keeping the business from falling to the ground, such as heating costs and everything else. The whole support package needs to be reviewed. It is not a bottomless pit. Let us hope that the self-catering sector will bounce back and be one of the early sectors to see recovery.

To go back to cities, the real concern is that the cities have been absolutely slaughtered, in the sense that there has been no movement at all in our city centres. The big hotels there and the restaurants and other businesses that feed off the people who go into those city centre hotels are struggling to survive. The level of support in the city centres has probably been disproportionate—certainly, it is disproportionate to what is required to keep businesses afloat.

Beatrice Wishart: Mr Roughead, do you have any comments on that?

Malcolm Roughead: Marc Crothall has alluded to the sectors that have probably not received the support that they were looking for. In the events sector, in particular, nothing has actually happened. The events industry advisory group was set up to give the industry a voice so that those in the sector could have access to and inform ministers and civil servants. As with the hospitality sector, the events sector has put a lot of effort into making sure that people could feel safe but, clearly, social distancing is one of the big issues. There is no likelihood of mass participation events taking place with audiences at the moment.

A number of funds have been announced to help the supply chain as well as the major venues. With business events, for example, none of the major conferences that are usually held in the country has happened, which plays into the point that Marc Crothall made about the cities. Scotland usually punches well above its weight in that area.

Through the latest funds that are coming, we will address a number of those areas. For example, there will be a funding package for hostels. Marc Crothall mentioned the marine and land outdoor operators, which are important. Obviously, the cruise market, which is important in Beatrice Wishart's area, has disappeared, although we are working closely with cruise operators on a recovery package for further down the line, when

people can get on ships and visit our harbours and the country again.

Beatrice Wishart: Going back to support for island communities, there was an announcement earlier this week of £3.3 million for those communities. That is welcome, although we have not seen the finer detail of it.

I want to move on to the information that is being collected on tourism businesses. How much information are you gathering about businesses that are now permanently closed and the level of redundancies in the sector? Can you give an update on that?

Malcolm Roughead: Yes, I can. Marc Crothall will probably want to come in on that, too.

Through STERG, VisitScotland's insight team carried out an industry survey, details of which have just been released. It is no surprise that cash flow is one of the biggest issues that the industry faces. There were more than 3,000 respondents. By carrying out their own surveys, the various sector bodies, such as the Association of Scottish Visitor Attractions, have been able to identify how many businesses have been able to open, how many have closed or laid people off, and so on. We need to collate all that information so that it can be fed into the recovery plan. That might be a role for STERG. We need to know how many people have lost their jobs and where the gaps are going to be, so that we can replenish them.

Marc Crothall: We continue to convene our forums. It is quite timely that, this week, we have three forums. The first is for the hospitality and licensed trade sector. It involves all the trade bodies and the whole breadth of hospitality and accommodation providers, from the agritourism sector to camping and caravans, as well as hotels, pubs and restaurants. A second forum is for the tourism community: tour guides and outdoor adventure and marine businesses. We also have a destination management organisations forum, in which roughly 30 DMOs come together. They share with us daily the intelligence that they gather from their own member base.

We have also resurrected an issues log, because that worked very well for us at the beginning of Covid and informed some of the decisions about the urgent needs of the industry.

On the movement of people, the timelines for businesses' decisions on whether they can retain people or let them go relate very much to the furlough gates, as I suppose they might be called. However, as Malcolm Roughead said, it is important that we do a mapping exercise of the industry as a whole, in order to understand where our product is, whether it is still afloat, and how to rebuild and target support and make the right

marketing efforts in those areas so that we can respond in a positive way.

Beatrice Wishart's second question has escaped me. However, on maintaining a fluent dialogue with the industry, my inbox is very alive—as is Malcolm Roughead's and, I am sure, every MSP's—with comments from across our sector as a whole, because we are all itching to get going again.

On the positive side, one of the initiatives that we set out in the task force recommendations was to launch a programme of training and development for the sector under the emerging talent fund. We want to do our bit to engage those employees who have been displaced from their employment—put on furlough or even made redundant—and give them something that will enable them to stay active and in touch with the industry. I am delighted to say that, yesterday, we officially launched that programme, whereby the first tranche of 1,000 colleagues from across the industry—there are no barriers, whether by age or sector—will be able to register and take part. There will be 24 trainers online. The development programme has been shaped by, and is therefore fit for, the industry. That is thanks to the support that has come through for that project, which will continue. It is being co-ordinated by Hospitality Industry Trust Scotland, which is very well in touch with the industry, and the STA supports it. The initiative is being driven through the tourism skills group, with Skills Development Scotland support. It is a welcome and positive announcement about proactivity and the achievement of an outcome from an early recommendation of the task force.

10:30

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): Marc Crothall just said that MSPs' inboxes will be full. On 4 January, we had already sent out more responses to constituents than we did in the whole of January 2020, which is approximately six times the normal workload.

I want to explore the future, rather than where we are. The just-published Covid vaccination plan includes a graph that shows when it will be complete. It shows that nearly 3 million people in nine target groups will have had their first jab by the beginning of May and their second jab by the beginning of July. Those are people like me who are in their mid-70s and who are considered to be more vulnerable. However, they are perhaps also the people—this is an opinion, not a fact—who might represent the most readily accessible market for domestic tourism and staycations. They are also probably the most cautious about risk, particularly health risk.

Malcolm Roughead, what approach are we going to take to marketing to give people confidence about participating in tourism and to get them to see the opportunities and where they can go? Marc Crothall referred to the difficulties with international tourism, so, as an example, it strikes me that there are huge opportunities for people to trade up—[Inaudible.]—perhaps more higher level tourism destinations. For example, I am fortunate to have visited the Torridon hotel on many occasions, and I look forward to doing so again. However, there might be an opportunity for many people to visit it at a discount who would not previously have thought about doing that. Are we being sufficiently creative in our marketing and in our approach to building confidence—[Inaudible.]—tourism at this early stage, in advance of the slower return that we expect for international high-value tourism, which will depend on air transport routes being reinstated and many other issues?

Malcolm Roughead: Through Marc Crothall's good offices, we are working closely with all the destination organisations to ensure, first, that their members are part of the we're good to go scheme, a pan-UK scheme that has been developed to give exactly the reassurance that you are talking about. It lets people know that they can travel to a premises safely and that all necessary steps have been taken to ensure that they will be looked after. About 9,000 businesses across Scotland have already signed up.

Following on from that, we have been developing a platform on visitscotland.com that allows businesses to say that they are open, because one of the biggest issues that we will have is knowing which businesses will be open at any time. The platform will be called “look before you book”, and it will allow people to see whether visitor attractions and restaurants are open and whether tour operators are operating in certain areas, which will be important.

On top of that, we are trying to ensure that Scotland remains top of mind. We are relatively fortunate in that all the sentiment research that we carry out indicates that there is still a huge amount of positivity towards having a holiday in Scotland among international visitors and people across the whole of the UK. “Dream now, travel later” is very much the message of the campaign, which shows people all the things that they will eventually be able to do when we are allowed to. We suspect that it will lead to a localised campaign, because it will start with the domestic market.

Secondly, we anticipate the European market coming back on stream, albeit further down the line. The final one is the long-haul market. Marc Crothall mentioned the need to make sure that we are in continuous contact with our business

partners overseas, and we have been very careful to do that. You would be surprised at how many destinations do not keep in touch with their major accounts, but we certainly do. They appreciate that, because we give them up-to-date information on the state of play. We are also helping them to look at making sure that their product is bookable online, and we are feeding them ideas that they can offer to their own clients, when they are ready to travel.

Quite a lot of work is being done behind the scenes, and that is all part of the forward planning that I was talking about. Obviously, we cannot activate any of that at the moment.

Stewart Stevenson: Thank you. That is quite interesting. I do not put myself forward as typical of my age group or interest group, but I will simply say that I have seen nothing that has been directed to me as an individual. I do not watch much television, so maybe I am cut off from some of the channels that are used.

I go back to my suggestion that there is a trade-up opportunity that probably exists for this year only, until we are able to fill up our higher-value opportunities with tourists next year and the year after. Of course, some people who trade up this year might trade up in subsequent years, so taking that opportunity might be an investment. Furthermore, they could tell their friends, families and offspring how much they enjoy the Torridon hotel—I go back to that example for the sake of argument, although it is by no means the only opportunity. What are we doing to extend the market and get more people trading up?

Malcolm Roughead: Of course, that is very much down to the individual operators themselves. We do not set pricing policy, but we can give operators our insights and demonstrate the demand that is there, and then we can offer the industry platforms for people to utilise, so that they can reach those markets.

Just prior to Christmas, we held a webinar called “Reconnect Scotland”, which was a bit like the expo that we would normally have around April. We brought buyers and suppliers together virtually—there was somewhere in the region of 500 of each. That allowed direct contact with the people who were going to contract with them and sell on their rooms, et cetera.

We are still very active in that space and we are encouraging businesses to think innovatively. Many have already demonstrated their innovation and resilience in dealing with the pandemic.

You make a good point. The world will look very different once we come out of the pandemic. It will not necessarily be about volume; it will be about value.

Stewart Stevenson: Jane Martin, is Scottish Enterprise reactively or proactively supporting the development of new platforms and channels? For example, I know that Scottish Enterprise has been heavily supporting our flourishing financial technology sector. We are more dependent on tourism than many other countries, so are there similar initiatives in the tourism sector that support new technologies? Is Scottish Enterprise going out and speaking to the sector so that we can be innovative at that level and give opportunities to front-line businesses to better reach the people whom we might get to spend money in Scotland?

Jane Martin: That is a good question. The support that Scottish Enterprise has given to the industry in the past decade has been in areas such as destination development, major projects such as the Victoria and Albert in Dundee, or capacity building, such as our programmes with rural leaders and destination leaders.

In our response to the tourism recovery plan, we are taking a step back and considering the capabilities, assets and connections that we can bring to the table to stimulate the long-term sustainability and resilience of the whole sector.

It would be a good idea to tap into our financial services network. We have been looking at some of the fintech work that is being done in Northern Ireland, which is about using open banking and links to business consumers to allow us to mobilise and to get hold of data more effectively and in real time. Those are initial conversations at the moment, but that is something that we could consider as part of the recovery plan.

We are all reacting to the immediate crisis by throwing resources at it and pulling people off other projects so that we can get money out to help people. That stands against what we must do in the next six to 12 months or the next five years. That is a challenge for all of us. It is a live conversation in my organisation, with our board and with agency chief executives and the Government. We are meeting next week to make sure that we have the right team in place and are not forgetting the medium to long term.

I cannot give other examples, Mr Stevenson, but you make a good point. That is where we can add value to the work that is going on across the system.

Stewart Stevenson: Marc Crothall wants to come in. I would like him to explore whether he thinks that the infrastructure is there. It would almost certainly be delivered by new technology actors from the private sector. How are we going to exploit the opportunity for uptrading that we have this year but that probably will not exist in future? It might help to tide us over while laying the foundations for other things.

Marc Crothall: You made a point about trading up. All businesses are carefully scrutinising their price points. They are also conscious of visitor expectations. Visitors want the experience that the Torridon and Gleneagles hotels would normally deliver. That is one reason why some of those properties chose to close their doors sooner: they were not able to meet customer expectations.

Pricing strategies will be affected by the future reliefs that businesses can be sure of, of which the most sought after has been a further year of business rates relief. Businesses also want to know whether VAT policy will change or whether VAT will remain at 5 per cent beyond March this year. Knowing those things would help businesses to make informed decisions.

Businesses have also built up sizeable new databases. The Scottish people were supportive of the industry during the period of opening when they were able to travel, and they will tell their friends about it.

You asked about infrastructure. I have three children in my house doing online learning and my wife running her business while I am talking to you. Digital infrastructure is critical. Digital skills are a high priority and are part of our learning and development programme. When a lot of people went camping last summer, we saw that we need better camping infrastructure in our rural economy and that we must be able to inform visitor behaviour. Malcolm Roughead has been leading a project on that. Good work is being done to get people to explore Scotland.

We hope that the rural tourism infrastructure fund, which was one of the strong recommendations made by the task force, will be upweighted to ensure that infrastructure can be improved in rural areas. That would allow visitors to travel more easily and would help communities that have been affected by a lack of infrastructure. Travellers would feel more confident. Of course, the rail network is empty and is there for us to explore further.

Continuous investment in infrastructure is vital—there is a big piece of work to be done in that regard. It was a central focus of “Scotland Outlook 2030” and was one of the key drivers of change in the tourism strategy that was outlined in that document. Investment in infrastructure, technology and skills represents one of the main levers of success that will drive recovery as well as growth in other areas of the country.

10:45

Kenneth Gibson (Cunninghame North) (SNP): Obviously, over the past few months, announcements have been led by events, but the deliberations that Parliament will engage in around

the Scottish budget for 2021-22 give us an opportunity to provide some stability. We do not know what will happen in the next couple of months regarding the pandemic, but we will at least have an opportunity to lay down some solid foundations. I would like each of the witnesses to say what their priorities for the budget would be. So far, you have been coy about the level of financial support that the sector should receive currently, so it would also be helpful if you could say what level of financial support the sector should receive in the next financial year.

Jane Martin talked about long-term financial stability, so it would be good if she could answer first. The support that is made available for the coming year is not a long-term factor, but it should at least help to lay some foundations.

Jane Martin: Marc Crothall and Malcolm Roughead will be able to talk eloquently about the needs of the sector and its wishes from a financial perspective. One of the key things that I would ask for is a line of sight to the longer term. Partly because of UK budget setting and so on, there is an issue around short-termism, with people knowing what they are going to get only at the end of the financial year.

Some of the work that has been going on in the Scottish Government around, for example, having a capital programme that stretches over five years is important in that regard, because that allows us to think about what resources we can put in over a three or five-year period with a degree of confidence and certainty. A lot of the things that we will need to phase in after this emergency concern what we need to do for the long term, so that length of capital programme would give us all confidence and enable our sector to swing behind some of the recovery plans.

Marc Crothall: I have touched on the business rates relief as being much needed. That will help to facilitate some investments. Again, there are businesses that are in a state of closure and that have not been able to do the maintenance that will enable them to stay in the strong position that they would want to be in with regard to quality. They have not been able to invest in their people and adapt. We have seen some great examples of how adaptations have happened—I referred to the agri-tourism sector in that regard earlier.

Access to support funds and grants that allow business innovation to take place is important. We want opportunities for people to access other working capital that does not require a level of repayment that puts extra pressure on a business. Obviously, the state aid challenge is in front of us as well.

My overarching message is that the envelope should be pushed as far as it can go for tourism.

The Government must recognise that every part of the economy is being impacted by the decline in tourism.

We have an amazing asset and a wonderful proposition. We have to support the marketing efforts of VisitScotland really well so that we can reach out far and wide. We need to reactivate our international sector and protect our flight paths, and we need to be at the forefront of getting the vaccine rolled out.

The envelope should be pushed as far as it can go, because the recovery programme will not be a quick fix. We have to build on it over the coming year and in the longer term, because we it will be 2023 until we can get back to the rate of footfall or the revenue take that we were seeing in 2019.

We have always said that the new strategy was focused on value and high quality—it is not a volume game. Given that value proposition, we must make sure that we can deliver a lot of the basics really well. Traveller expectations will be even higher. Travellers will make much more conscious decisions on choosing to holiday and on spending. They need to know that they can come here and that everything will work as it should; that our public realm is healthy, clean and vibrant; that our event programme is strong; and, importantly, that our people are invested in. We feel confident that businesses that are willing to provide those things have the right policy measures in place to allow them to be progressive, and that has to be good.

Push the boundary. My ask would be that every decision in the fiscal framework is looked at through a tourism lens. Recommendations were set out in the task force's submission to the Cabinet, which I know the committee has seen, and the majority of them are still valid. As for the other recommendations that we will make as part of the on-going review of the programme, we would ask for the full support of Government.

Kenneth Gibson: Okay, but the budget will have detail—200 pages, usually—of figures on what is allocated to each sector in the policy areas for which the Scottish Government is responsible, so I am keen to hear some sums from you.

From the start of this meeting, we have heard about the need for additional financial support. In your submission, you said:

“the level of support per business in most cases falling way short of the minimum fixed overheads business are still having to incur—the larger the business, the wider the gap.”

We would probably accept that, but Kate Forbes has to stand up and put figures to everything, whether it is for the national health service, local government, tourism or whatever. What direct funds should be committed to tourism? I am aware

of the need for, for example, rates holidays, but what financial support would you want monthly or annually? How can we get a figure to present to the Cabinet Secretary for Finance so that she is fully aware of exactly what the sector considers it will require as a minimum in the next financial year?

Marc Crothall: That is a good question. It is a moveable feast, but be assured that I would like to come back to the committee with a figure. The task force's recommendations set clearly defined numbers for certain projects. However, as I have said, the scale of fixed-cost overheads to business and what they are in receipt of right now varies to a great extent, so how much money will be needed depends on how long we will be in this position.

I cite my chairman all the time, because he is happy for me to do so and he is public about such matters. He has borrowed an additional £5 million only to lose £6 million. That is a £1 million loss for one business alone that is a key part of Scotland's tourism fabric, and there are many other attractions. The Royal Yacht Britannia, for example, which is a key asset for Scotland, has a £350,000 monthly fixed cost to stay afloat.

The figure that we require is large, and I am not inclined to try to quantify it at this meeting. Numbers have been put in the task force's recommendations against each of the key outcomes that we were seeking to have delivered.

As far as the protection figure is concerned, it is about pushing the envelope as far as it can possibly go. If you look at the support that has been made available already to the sector—bearing in mind that that has not saved as many businesses or protected our assets in the way that we wanted—you could multiply that five times over and it probably still would not be enough.

Kenneth Gibson: Thank you. Can Malcolm Roughead be more specific about funds? Whatever figure the Scottish Government sets out, it will say that it is the right amount and the Opposition will say that it is not enough. Can VisitScotland assist with that question?

Malcolm Roughead: It is probably easier from a VisitScotland perspective to submit a figure, which we have done as part of the work on the task force's recommendations. We will also put in a budget submission that will be evidenced by the return on investment. That is the bit that we have to remember—it is not a cost; it is an investment. The return on the marketing investment is about £8 for every £1 spent, and we have been able to demonstrate that annually. Therefore, if we want to kick-start the economy at some point, I would argue that investment in the tourism economy would help. Marc Crothall has already alluded to

the various people who are involved in the supply chain, and we can see the impact across the whole country, irrespective of whether that is in rural or urban areas. We have been working on that budget submission.

I come back to Jane Martin's point made about a five-year plan. The five-year recovery plan should consider every touch point, including business support, skills and investment in infrastructure—it is not just about marketing—and pull all of that together so that we are able to present to ministers, Government and MSPs the cost and the return on that investment over a long-term period. The difficulty is that tourism impacts on many different areas and information is not all collated and aggregated in one place; if we can do that in the recovery plan, that will help our case and give people transparency about the value of the industry to the overall economy.

Kenneth Gibson: Speed of delivery and distribution of resources are important, but another issue that has been alluded to today is that different sectors in hospitality and tourism consider that they are not getting as good a deal as other areas—examples of that include self-catering businesses, which contacted me this morning, bed and breakfast businesses, which contacted me earlier in the week, and organisations in different geographical areas, including in Ayrshire. How can the tourism and hospitality industry do more to speak with a unified voice? It seems that, within the broad spectrum of the industry, certain sectors—whether this is to do with their geography or the product that they offer, or both—consider that they are not getting their voices heard as much as they should be. How can that be improved?

Further to that, there is a difference in approach among local authorities, and some are doing better than others. Is there a model authority out of the 32 that you think is doing things better that the others could emulate in how they deliver for the tourism and hospitality sector in their areas?

Malcolm Roughead: That is a very good question. You asked about the voice of the tourism and hospitality sector. Marc Crothall has—this is a tribute to the work that he has done—brought all the destination organisations and the trade sector bodies together, and they have a collective voice. Marc, as you have heard today, has eloquently defended and put forward their case. It is more about speaking with a united voice rather than about whether they have an individual voice. It comes back to my point about what the overarching picture looks like as opposed to the individual bits, so there are lots of strands to the issue.

You mentioned Ayrshire. I lead the visitor economy response for the Ayrshire regional

economic partnership. One of the asks is that it create a pan-Ayrshire destination organisation, whatever that would look like. The point is that they feel that their voice is not being heard, so we are working on that aspect.

On the point about local authorities, I have been impressed with how local authorities value tourism—they get its impact. Depending on the local authority, tourism is at the top of the list, somewhere in the middle or not quite as important. However, they all understand what tourism contributes not only to the visitor experience but to the communities who live there. I think that there is a growing realisation that day visits from people who live in the country are just as important, but that means that local authorities need to invest in the infrastructure around that as well, whether that is the local botanic gardens, parks or whatever else it happens to be. That is about quality of life.

The conversation has moved on from looking at people coming into the country as visitors to including the experiences that communities can take from the investment that goes into the visitor infrastructure. That is really important, because the importance of communities to the overall experience may have been lost over time.

11:00

We saw that through the summer, with some of the social issues—which were well recorded—in relation to people visiting national parks and other places of interest. That led to the visitor management strategy group, which is looking at two things. One is the issues that are being caused by Covid in the short term; the other is the long-term vision for visitor management, what that means for infrastructure, investment, amenities and facilities, and how we bring all of that together. A lot of work is going on, but it is the same old story about all of that taking place in silos as opposed to being part of a collective effort.

I would not pick out a particular local authority; they are all playing a great role. They do things differently, as is their right, but they all get the importance of the visitor economy to their areas.

Marc Crothall: I thank Malcolm Roughead for his comment. Our organisation is structured in such a way that we have an industry council that is representative of upwards of 30 national trade bodies of all the different sectors. As a sector evolves, it is not excluded but is invited into the dialogue. We convene on a regular basis through not just the council but the forums.

We work very closely with UKHospitality, which is without question the acknowledged, overarching sector lead in the UK, and the British Beer and Pub Association has its Scottish division as well. We also work with established trade bodies

including ASVA and ALVA. As I said, we are very joined up, and we have not closed our ranks to other businesses. Throughout the pandemic, we have shared all our intelligence and our updates, and we have invited and represented comments from individual businesses and independent groups that have established themselves. The Scottish hospitality group is a collective of some businesses that have appointed a spokesperson in Stephen Montgomery. As trade bodies, the sector groups are very together.

We have had regular dialogue with the cabinet secretary and good dialogue with the First Minister, and other party leaders have been included and invited to take part and engage directly with the industry through the channels of the forums and the STA. I think that we are seen as a trusted voice. I am not the best person to articulate the specifics of every sector of our industry, but where there is a common language and our policy agenda is shaped by our council, we happily represent that.

Going back to the point that was made about local authorities, I note that Malcolm Roughead rightly said that the situation has improved. However, certain authorities are ahead of others as far as the tourism agenda goes and have maybe treated it in a different way. There are some exemplars. Argyll and Bute Council is one that has stood out from the crowd. The Outer Hebrides group has also really grown in stature. South of Scotland Enterprise is in its early stages, but it is coming together with a good structure.

Things are also driven by the tourism collectives in local authority areas coming together, making their voices heard and working with the authorities. Malcolm Roughead mentioned Ayrshire. We need those Ayrshire businesses to get round a table and lead, but with the support of the local authorities as well. It is a collective effort, as it is at the national level. Communities are important, too, because the benefits that tourism brings in all those areas are well known to everybody. They are perhaps not always understood in some areas, but the position is 100 times better than it was eight or nine years ago.

The STA is now coming into its 10th year. Previously, we had, I think, 365 tourism groups. Those pockets of groups were ineffective. Bringing people together in the way that has happened over the past few years has been good—it has helped to amplify the collective voice of tourism. However, it can always be better.

As I said, we know from our relationships with our colleagues south of the border and with those around the UK industry council table that their agendas, the issues with tourism and the priority areas that need to be addressed are no different in Wales, England or Northern Ireland. I have regular

dialogue—pretty much weekly—with my counterparts on those issues.

Jane Martin: Malcolm Roughead and Marc Crothall have covered most things. Like Malcolm, I have been really impressed by how local authorities have, in the main, swung into action, when we think about what they are dealing with across the pandemic around basic services, education, social services and those kinds of things.

The Scottish local authorities economic development group is now meeting daily so that practitioners can share ideas and best practice on the funds and try to speed things up. SLAED has been working with us, VisitScotland and others to share information and best practice and see how we can join things up more effectively. People are highly conscious of the issues; it just comes back to the challenge that Christine Grahame articulated well at the start of the evidence session. How can we all respond at pace in a way that will get the job done and, in the short term, get the money out the door to businesses in a way that adds value? In spite of everything, local authorities are doing a very good job.

The Convener: Christine Grahame has a small supplementary question—it must be brief.

Christine Grahame: Is my microphone on? I cannot see that.

The Convener: Yes, it is.

Christine Grahame: Thank you, convener. I listened to what was said about the importance of transport links for tourism and particularly for domestic tourism. ScotRail is adapting its business plan away from commuting towards the tourism sector and tourism links because home working will now be pretty endemic no matter what happens with Covid. Are you liaising—I am sure that you are—with transport providers, and particularly ScotRail, to extend tourism possibilities?

Marc Crothall: I am on the newly shaped ScotRail stakeholder panel, which Alex Hynes asked to be restructured, recognising the tourism connection as important. I was on the group before, but we are absolutely highlighting the opportunity and the importance of being able to move people around. There is direct input from me and the STA.

Christine Grahame: That is helpful. It was Alex Hynes who told me that ScotRail is shifting the balance.

Malcolm Roughead: We have regular meetings with all the transport providers including ScotRail, Caledonian MacBrayne and P&O North Sea ferries. We are well aware of that, and we are

helping them to shape the type of activity that they are looking to put in place.

Christine Grahame: Is that because of the change in the way that people will be working? That is the point that I was making.

Malcolm Roughead: Yes.

The Convener: The pandemic is clearly not over yet and it has affected the way that we live our lives, which will touch on tourism as well. For example, the impact on big hotels and city centres has been mentioned during our evidence session. That restructuring might not change, just as home working has had an effect on business tourism, for example. The success of Zoom means that businesses will change the way in which they approach large-scale conferences and communications in the future.

We are talking about a five-year costed recovery and investment plan, but should there not also be a restructuring plan? Do we not have to make some really difficult calculations about things that will not come back? There will possibly be new opportunities as well, but there might be a complete restructuring of the industry.

Malcolm Roughead: That is a very good point, and it is why we talk about “the new new” and not “the new old”. Life has changed. Going back to the point that Stewart Stevenson made about technology, I note that, in nine months, the digital capability of most of the population has grown immensely and businesses have seen the benefits that can be brought to bear through the use of technology.

The point that was made about business events was a good one. We might have some sort of hybrid, blended experience. There will still be a need for face-to-face meetings at some point but, even in our organisation, we will not have people coming into Edinburgh from the north, south, east and west for meetings. We do not need to have that because we can use Microsoft Teams. There will be times when we would like to bring everyone together, but meeting on Teams will save time and costs and it will allow people to get on with a full day’s work instead of spending a day travelling somewhere.

The plan needs to consider all those aspects, and you are absolutely right that they are not all threats; there are also a lot of opportunities. It is about spotting them and getting on with it.

Marc Crothall: I agree with everything that Malcolm Roughead has said. Great adaptations are being made by some of our venues. The Edinburgh International Conference Centre is a good example, given the events that it has hosted in the past few months—events such as award ceremonies have taken place.

However, let us not forget that people who come to Scotland want to experience hospitality, which is about people and conversation. Some of our unique selling propositions come from the stories that we tell and our interactions with people. There is opportunity. Skill sets have improved and, along with digital technology, we hope that the productivity of businesses will also improve. The consumer’s expectation will be that we will be able to share our stories through digital platforms and do things differently.

We use terms like “the new new” and “building back better”. The focus of businesses is on how they can exploit and explore new opportunities and innovate and adapt accordingly. One of the best examples of that during the summer season was the lambathon, which is coming up again. How many people experienced outdoor farming adventures through a digital platform, which prompted them to book to go into farm estates and live and breathe that experience?

I would love to be able to sit in front of you all and have a conversation sometimes, but it is actually very efficient for me to be where I am and have this conversation online. However, hospitality is about interacting with people face to face, so that might return sooner than we all think.

The Convener: Jane, do we need to restructure? Although there are opportunities, do you believe that there are also difficult decisions or changes that we need to face and adapt to?

Jane Martin: My short answer is yes. The question is how that will unravel over time. A consideration of what place is about will be at the heart of some of the restructuring, both in the tourism sector and more broadly. We have been used to cities being the drivers of tourism, visitors, commuters et cetera. What will be the role of place if we all work more readily from home? There is also the idea of the 15-minute commute.

Some broader policy and structural things are likely to go on that will cut across multiple sectors. Some of the norms in our thinking from an economic perspective about the role of cities will probably be challenged. What does more innovation mean for us? That is a broad issue that will require us to park some of our assumptions about norms and how things have operated in the past.

We are all learning as we go on, and there are both opportunities and some challenges. We will not always get it right. We will make choices and we need to be relatively fleet of foot. We need to keep talking, doing good data analysis and creating flex. During the past few months, it has been like turning a supertanker. We need to be much more fleet of foot. We are definitely thinking

about some of the fundamentals, and I know that my partners are doing that, too.

The Convener: I thank all our witnesses—Mr Roughead, Mr Crothall and Ms Martin—for attending and giving evidence today, and for accepting our running slightly over our time. The committee will consider the evidence that we have heard in private later in the meeting.

I will suspend the meeting for a few minutes to allow the witnesses to leave before we proceed to the next agenda item.

11:15

Meeting suspended.

11:21

On resuming—

Scottish Government Reports

The Convener: Agenda item 2 is consideration of written biannual updates from the Scottish Government in relation to a range of European Union issues—namely, the one-plus-two languages policy, horizon 2020, and the European social fund and European regional development fund. Members have a copy of the updates in their meeting papers.

Do members have any questions or issues that they wish to raise with regard to the papers? If so, please type an R in the chat box and I will bring you in.

Claire Baker: The reports are helpful. I have a couple of follow-up points about the report on the one-plus-two languages policy, which is an issue that the Education and Skills Committee takes an interest in, too. It might be worth writing to the Government to ask about the reduction in teachers. One of the tables in the report shows that there has been a slight increase in Spanish teachers but a reduction in German and French teachers. Could we ask for more details about the workforce? It is an ambitious programme that is intended to deliver more language teaching, and a reduction in teacher numbers might make that more challenging.

I also want to ask about the figures on those who sat exams. The report points out that there were changes to last year's exam programme. The Government has told us what numbers presented for languages, but I am interested in what percentage that is of the overall number of pupils presenting for exams. In other words, has the number of pupils who present for languages decreased as a proportion of the overall number? I do not think that the Government has given us that figure.

The Convener: That is fair enough. Those are points of clarification, which is fine.

Kenneth Gibson: The table on page 18 of the report on the languages policy shows that the number of language teachers has decreased by 5.7 per cent since 2013. As Claire Baker pointed out, the number of French and German teachers has declined significantly. It is interesting that we have Italian as a separate entry, with only 11 teachers, but in the category of "Other Modern Languages", there are 396 teachers, which has grown substantially from 276—the figure has gone from about one in five to about 30 per cent of all language teachers. However, that information is not broken down, so we cannot see what those languages are. It would be helpful to see the

direction of travel on the additional languages that are being taught in Scotland.

I also have a wee query about page 14, where, at the bottom, in describing the main results of a survey, curiously, it says that

“70% of secondary schools are providing the full L2 entitlement from S1 to S3”,

but it goes on to say that

“83% of secondary schools are providing the full L3 entitlement from S1 to S3.”

That does not seem to me to be right. More schools seem to be providing L3 in total than are providing L2. One would expect the situation to be similar to that in primary schools, where 88 per cent are providing full L2 and only 48 per cent are providing full L3. I just wonder whether there is a wee error in that.

I was also going to make the point that Claire Baker made that the figures on the number of young people sitting language exams and passing them do not show us the context unless we know how many people sat exams in those years and what the share was. Basically, we want to be able to see how languages are doing relative to other subjects. It would be helpful if we had that information.

The Convener: Are members content for the clerks to compose a letter to the Government on the points that Claire Baker and Kenneth Gibson have raised and for me and Claire to sign off the letter?

I think that everyone is content with that.

That concludes the public part of the meeting.

11:26

Meeting continued in private until 11:56.

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