Economy, Energy and Tourism Committee

6th Report, 2012 (Session 4)

Report on The Winning Years

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Economy, Energy and Tourism Committee

Remit and membership

Remit:

The remit of the Committee is to consider and report on the Scottish economy, enterprise, energy, tourism and renewables and all other matters within the responsibility of the Cabinet Secretary for Finance, Employment and Sustainable Growth apart from those covered by the remit of the Local Government and Regeneration Committee and matters relating to the Cities Strategy falling within the responsibility of the Cabinet Secretary for Health, Wellbeing and Cities Strategy.

Membership:

Marco Biagi
Chic Brodie
Murdo Fraser (Convener)
Rhoda Grant
Alison Johnstone
Mike MacKenzie
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Dennis Robertson (Deputy Convener)
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Committee Clerking Team:

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Senior Assistant Clerk
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Economy, Energy and Tourism Committee

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Report on The Winning Years

The Committee reports to the Parliament as follows—

INTRODUCTION

1. This report sets out the Economy, Energy and Tourism Committee’s findings in relation to two evidence sessions to examine VisitScotland’s Winning Years strategy. These sessions were arranged following an earlier Committee inquiry into the issues currently affecting Scottish tourism.

2. To assist with this inquiry, the Committee sought the views of industry practitioners, training organisations, VisitScotland and the Scottish Government.

3. The Committee thanks those who gave evidence.

4. This report represents our conclusions and recommendations at this stage. As the Winning Years continue until the end of 2014, the Committee intends to keep this subject under review and monitor the effectiveness of this strategy.

THE WINNING YEARS STRATEGY

5. As described by VisitScotland—

“The Winning Years is the collective term for the eight major events and milestones taking place from 2012-2014. It is a call to action to get the tourism industry, and a range of other partner organisations working together to deliver for the visitor economy over the coming years.”

6. The eight major events are—

- The Year of Creative Scotland (1 January – 31 December, 2012)
- The Queen’s Diamond Jubilee (2 – 5 June 2012)

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1 VisitScotland submission 12 September 2012.
The London Olympic (27 July – 12 August) and the Paralympic Games (29 August – 9 September 2012)

Disney-Pixar’s Brave (opened in UK 3 August 2012)

The Year of Natural Scotland (1 January – 31 December 2013)

Homecoming Scotland (1 January – 31 December 2014)

Glasgow Commonwealth Games (23 July – 3 Aug 2014)

The Ryder Cup (26 – 8 September 2014)

KEY ISSUES RAISED IN EVIDENCE

The Olympic and Paralympic Games 2012

7. The Olympic and Paralympic Games were viewed by VisitScotland as a great opportunity for Scottish tourism. Scotland House, based in London, was opened by the First Minister to be used in a bid to capitalise on the number of visitors at the Olympics and encourage them to have a holiday or do business in Scotland.

8. Both at home and abroad, the Games themselves were viewed as a success. However, despite the feel good factor generated by the Games, issues concerning security and ticketing were widely reported both at home and abroad, whilst many of London’s major hotels and tourist attraction reported a significant drop in visitor numbers.

9. In evidence to the Committee, Stephen Leckie, Chair, Scottish Tourism Alliance, commented on the number of passengers using Heathrow as a hub airport to travel elsewhere in the UK—

“…Heathrow itself feeds Britain, but during the Olympics there were fewer passengers through Heathrow and London was quiet—which meant that the rest of Britain was quiet and many BHA members and others in England and Scotland were not very busy. The worry is whether something similar is going to happen in Scotland with the Commonwealth games.”

Lessons for Glasgow 2014

10. Discussing the lessons which could be learned for the Commonwealth Games, Gordon Arthur, Director of Communications and Marketing, Glasgow 2014, commented that the drop in the number of people visiting the centre of London was in part due to—

“…a highly efficient – perhaps over efficient – communications campaign from the organising committee…to try and get those working in London to stay away…because of the pressures on the transport system.”

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11. As the focus for the Commonwealth Games will be Glasgow city centre, the displacement effect seen in London was not expected to be replicated in Glasgow.

12. Much of the media attention in the first few days of the Olympics was focussed on the issues of why there were so many empty seats when the majority of the events were sold out.

13. The Committee heard from Gordon Arthur that there were lots of things that London did “terrifically well” which Glasgow could replicate and build on. However, he continued—

“There were other areas in which we need to understand why things did not work so well and whether we can avoid the same pitfalls in our programme.”

14. And that Glasgow 2014 was—

“…currently procuring our ticketing provider and we have built into the contract provision a range of lessons from London 2012 so that we produce a ticketing programme that fills all our stadia, is built on accessible pricing, and is accessible and easy to use.”

Potential benefits for rural areas
15. The Committee was concerned that with Glasgow being the focus of the 2014 Games, rural areas may not reap any benefit. This is an issue of which the organisers of the Games are aware, and during the next six to nine months will develop a much more detailed plan ensuring the impact of the games is felt beyond Glasgow, including working with VisitScotland’s marketing bureau to package Scotland as a destination rather than just a place to see these games.

16. The organising committee is also working with Creative Scotland and Event Scotland to capitalise on existing events and hopefully create new events across Scotland in the lead up to and during the Games.

17. Gordon Arthur stated that, “we must ensure that our communications system does its best to support all sectors of the industry and encourages people to visit the right places across Scotland”

Education and Skills
18. The importance of well-trained, educated and motivated staff was commented upon by several witnesses. Without quality and the right people, Stephen Leckie felt that Scotland could not capitalise on or beyond the Winning Years—

“The challenges facing us are quality, people, skills and the young folk coming through……..it is also about ensuring that our staff are well trained

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and look after our customers and that we have a training plan for every unit, country and area in Scotland. That situation, too, is a bit patchy just now.”

19. In evidence to the Committee, the Minister for Energy, Enterprise and Tourism stated—

“There is an acute awareness among all the people who are involved in developing skills in Scotland that we need to offer a high-quality product, smile at our customers and welcome them to Scotland, and that factor must underlie how the training is taken forward.”

20. Offering this high quality training, however, had been difficult due to the cluttered nature of the skills development landscape People 1st told the Committee—

“An awful lot of work has been done […] to address the problem. Some of it has been led directly by People 1st, and other work has been done in other areas through some of the other organisations, colleges and workplace providers.”

21. The East Lothian Hospitality and Tourism Academy is a new initiative which aims to provide young people with the educational building blocks and work experience needed to prepare them for the range of employment opportunities in the sector. Ray McCowan explained—

“We are really keen to open up to young people across the regions the idea that the industry has enormous possibilities.”

David Allen, People 1st, commented—

“Ray has demonstrated a very good example. Other examples are now coming to the fore in Scotland that replicate something very similar and which should be commended and applauded because we need more of that.”

Other barriers to growth

22. The Committee heard evidence from several witnesses about other barriers that may hinder the achievement of the target of 50% growth in tourism revenue by 2015. These included Air Passenger Duty (APD) and VAT.

Air Passenger Duty

23. On APD, Willie MacLeod, British Hospitality Association (BHA) commented—

“The BHA has identified APD as one of the barriers to growth in tourism and international markets and it supports the campaign that is being led by the airlines to have APD removed.”

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24. Meanwhile, Dr Mike Cantlay, Chairman, VisitScotland stated that "inbound APD is not about austerity; it is lunacy."\(^{13}\)

25. The removal of APD, whilst possibly resulting in an increase in passenger numbers, might also lead to an increase in the number of flights. The Minister was challenged about whether the resulting increase in emissions would impact on Scottish emissions reduction targets. He did not accept that this would "inevitably cause a massive problem", and stated—

"The point is that, if we are successful in securing these direct routes, people will not have to go through London to get to Scotland; they will need to take only one flight, not two."\(^{14}\)

*Value Added Tax*

26. In relation to the UK rate of VAT acting as a disincentive to visitors, Dr Cantlay told the Committee—

"The UK is one of only 14 EU countries that apply the full rate of VAT on restaurant meals; the average for the rest of the EU is 8.8%, not 20%. We have the second highest rate of VAT on accommodation in Europe; the average for the rest of Europe is 10.3%, not 20%."\(^{15}\)

27. In his oral evidence, the Minister stated that a VAT reduction in France had led to 30,000 more jobs being created.\(^{16}\)

**CONCLUSIONS AND RECOMMENDATIONS**

28. The Committee welcomes the evidence from industry practitioners who, on the whole, felt that the Winning Years were a "great marketing idea that is working for VisitScotland"\(^ {17}\) and "a fantastic opportunity for Scotland"\(^ {18}\).

29. However, we also note concerns that the Winning Years is focused more on urban areas and large high profile events, and that rural areas might not benefit equally from the strategy.

30. We were pleased to hear evidence that the organisers of the Commonwealth Games are planning to work with VisitScotland to work on a package holiday idea encouraging people to build the trip to the games around a holiday in other areas of Scotland.

31. The Committee recognises that whilst VisitScotland has responsibility for marketing Scotland as a whole, it is for all those involved in the tourism industry to market themselves.

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32. The Winning Years encompasses a series of event until 2014. The Committee was pleased to hear that initial discussions had taken place already to put in place plans beyond 2014, but was concerned at the lack of detail available currently. **We recommend, therefore, that VisitScotland provide the Committee with regular updates about its proposed marketing activity beyond 2014, as part of an annual progress report.**

33. The Committee notes that since it took evidence on the Winning Years, the Gathering event planned by Stirling Council for 2014 will no longer take place. It has written to VisitScotland and the Scottish Government to seek further information on any events that will be planned in its stead.

34. The launch of the Inspirational Skills Legacy 2014, designed to increase the reputation of the sector as a professional and viable career choice, and to help tackle some of the current economic challenges Scotland currently faces is welcomed by the Committee.

35. We also welcome the fact that the Scottish Government has made representations to the UK Government regarding the issue of Air Passenger Duty. The Committee invites the Minister to provide us with an update as discussions progress.\(^19\)

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\(^{19}\) Alison Johnstone MSP dissented from this paragraph.
ANNEXE A: EXTRACTS FROM THE MINUTES OF THE ECONOMY, ENERGY AND TOURISM COMMITTEE

22nd Meeting, 2012 (Session 4), Wednesday 5 September 2012

The Winning Years strategy: The Committee took evidence from—Stephen Leckie, Chair, Tourism Leadership Group; Andrew Dixon, Chief Executive, Creative Scotland; Willie MacLeod, Executive Director, Scotland, British Hospitality Association; Gordon Arthur, Director of Communications and Marketing, Glasgow 2014; Professor John Lennon, Director, Moffat Centre for Travel and Tourism Business Development, Glasgow Caledonian University; Ray McCowan, Director: Curriculum Strategy and Academic Planning, Jewel and Esk College; David Allen, Director of Scotland, People 1st.

23rd Meeting, 2012 (Session 4), Wednesday 12 September 2012

The Winning Years strategy: The Committee took evidence from—Dr Mike Cantlay, Chairman, and Malcolm Roughead, Chief Executive, VisitScotland; Fergus Ewing, Minister for Energy, Enterprise and Tourism, Scottish Government.

29th Meeting, 2012 (Session 4), Wednesday 7 November 2012

Inquiry into the Winning Years Strategy (in private): The Committee agreed to defer consideration of this agenda item until a future meeting.

30th Meeting, 2012 (Session 4), Wednesday 14 November 2012

Inquiry into the Winning Years Strategy (in private): The Committee agreed its report and the arrangements for its publication.
ANNEXE B: ORAL EVIDENCE AND ASSOCIATED WRITTEN EVIDENCE

Please note that all oral evidence and associated written evidence is published electronically only, and can be accessed via the Economy, Energy and Tourism Committee’s webpages, at:

http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/55884.aspx

22nd Meeting, 2012 (Session 4), Wednesday 5 September 2012

ORAL EVIDENCE

Stephen Leckie, Chair, Tourism Leadership Group;
Andrew Dixon, Chief Executive, Creative Scotland;
Willie MacLeod, Executive Director, Scotland, British Hospitality Association;
Gordon Arthur, Director of Communications and Marketing, Glasgow 2014;
Professor John Lennon, Director, Moffat Centre for Travel and Tourism Business Development, Glasgow Caledonian University;
Ray McCowan, Director: Curriculum Strategy and Academic Planning, Jewel and Esk College;
David Allen, Director of Scotland, People 1st

WRITTEN EVIDENCE

Scottish Chambers of Commerce (116KB pdf)

23rd Meeting, 2012 (Session 4), Wednesday 12 September 2012

ORAL EVIDENCE

Dr Mike Cantlay, Chairman, and Malcolm Roughead, Chief Executive, VisitScotland;
Fergus Ewing, Minister for Energy, Enterprise and Tourism, Scottish Government.

WRITTEN EVIDENCE

Scottish Local Authorities Economic Development Group (98KB pdf)
VisitScotland (146KB pdf)
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