CULTURE, TOURISM, EUROPE AND EXTERNAL AFFAIRS COMMITTEE

AGENDA

17th Meeting, 2020 (Session 5)

Thursday 20 August 2020

The Committee will meet at 9.00 am in a virtual meeting and will be broadcast on www.scottishparliament.tv.

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

   Malcolm Roughead, Chief Executive, and Riddell Graham, Director of Industry and Destination Development, VisitScotland;

   Marc Crothall, Chief Executive, Scottish Tourism Alliance.

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

3. Work programme (in private): The Committee will consider its work programme.

Stephen Herbert
Clerk to the Culture, Tourism, Europe and External Affairs Committee
Room T3.40
The Scottish Parliament
Edinburgh
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The papers for this meeting are as follows—

**Agenda item 1**

Note by the Clerk

PRIVATE PAPER

**Agenda item 3**

PRIVATE PAPER
Introduction

1. On 28 April 2020, the Committee launched a call for views regarding the impact of COVID-19 on Scotland’s culture and tourism sectors.

2. On 14 May 2020 and 25 June 2020 the Committee heard from the Cabinet Secretary for Rural Economy and Tourism regarding the measures taken by the Scottish Government to mitigate the impact of COVID-19 on the tourism sector.

3. The evidence session will focus on VisitScotland’s and the Scottish Tourism Alliance’s (STA) response to the pandemic and the work of the Scottish Tourism Emergency Response Group (STERG) and the Scottish Tourism Recovery Taskforce (STRT) of which both organisations are members.

Evidence session

4. The Committee will take evidence, via video conference, from—
   
   - Malcolm Roughead, Chief Executive, VisitScotland;
   - Riddell Graham, Director of Industry and Destination Development, VisitScotland; and
   - Marc Crothall, Chief Executive, Scottish Tourism Alliance

Supporting Information

5. VisitScotland has provided a written submission which summaries its recent COVID-19 related activities, this is provided in Annexe A. The STA response to the Committee's call for views is reproduced in Annexe B.

6. Since the Committee meeting on 25 June, the Committee has received a number of new responses to the call for views regarding the impact of Covid-19 which are attached in Annexe C. New responses have been received from—
   
   - Scottish Land and Estates;
   - Competition and Markets Authority;
   - Mayne’s Coaches;
   - Owen Phillips; and
   - Citizens Advice Scotland.
7. The responses received to the call for evidence are updated regularly on the Committee’s website and can be accessed at—

8. The Committee has requested monthly written updates from the Scottish Government on its COVID-19 related activity with regards to tourism. The most recent update is provided in Annexe D.

9. A SPICe paper providing context to the evidence session is provided in Annexe E.

Mark Johnson
Assistant Clerk
Culture, Tourism, Europe and External Affairs Committee
17 August 2020
Introduction

2019 proved to be a record year for Scotland’s tourism industry with £5.8 billion of overnight expenditure pushing the economic impact of tourism to £11.5 billion.

The Covid-19 pandemic eclipsed this impressive result, as tourism faced its greatest crisis.

This paper sets out a summary of the activity VisitScotland undertook to support the industry at its time of need. It also provides details of how we worked to restart tourism, bringing visitors back to destinations across the country, providing a life-line for businesses and the communities that depend on the valuable income brought by visitors.

VisitScotland’s Response to the Pandemic

VisitScotland’s response to COVID-19 started immediately in March 2020.

As an early hit sector, tourism was on the frontline of the pandemic, with businesses feeling the impact acutely and immediately, closing to guests and visitors just as the spring season began.

The business support actions VisitScotland took in the early phases of the crisis included:

The reconvening of the Scottish Tourism Emergency Response Group (STERG), comprising members from across the sector and used to excellent effect during other crises, including Foot and Mouth. Part of this work included the creation of an Action Plan to guide the sector through to recovery.

Two important business surveys were undertaken early on to understand the full extent of the then emerging crisis, helping to shape the subsequent response by the Scottish Government.

Real time updates on the VisitScotland.org COVID-19 advice pages, which amongst offer important information, signposted businesses to sources of funding. There were over 200,000 visits to this section from its launch at the start of the crisis through to preparations for reopening, including guidance for businesses on how to do this safely.

A frontline business support team consisting of VisitScotland’s Industry Relationship Managers and Quality Tourism Advisors assisted tourism businesses in understanding the financial help available. Actively reaching out to them to ensure no business in need misses a funding opportunity. In excess of 4,000 calls and online conversations have been held with businesses.
Engagement with national partners, sharing insight and intelligence on impact and plans for reset and ultimately recovery. This included work on Good to Go, a scheme developed with the other Visits in the UK, to help provide reassurance to visitors that it was safe to holiday in Scotland.

VisitScotland waived all Quality Assurance fees for financial year 19/20, releasing £1 million back into member businesses.

The creation of a Destination Support Fund resulted in £500,000 being invested in destination and sector groups to ensure their survival, helping them plan local recovery in line with VisitScotland’s promotion activity.

VisitScotland supported the £20m Creative, Tourism & Hospitality Enterprises Hardship Fund, managed by the Enterprise Agencies as well as the Pivotal Fund, launched at the same time, with VisitScotland ensuring that full recognition was given to the key role of businesses of scale in tourism around the country.

We also worked with Scottish Government to identify gaps in support and look for solutions, including the creation of an additional fund targeted at larger hotels that had been ineligible for earlier support due to higher rateable values.

In June, a £3 million B&B Bed and Breakfast Hardship Fund was launched and at the end of July two new funding packages, worth £15 million, were announced to support Scotland’s tourism sector as it continues to feel the impacts of coronavirus (COVID-19).

Together with the Association of Scotland’s Self-Caterers (ASSC), we announced a new £1 million Scottish Government grant available for self-catering businesses in Scotland. This fund was made available to help alleviate the hardship some self-catering businesses are facing.

The fund was made available for businesses who hadn’t received any support via other funds. Successful applicants were eligible to receive a one-off grant of £10,000.

A new support mechanism to help safeguard jobs at larger hotels – called the Hotel Recovery Programme – will open before the end of August 2020. The £14 million Hotel Recovery Programme consists of grant funding from the Scottish Government, plus bespoke packages of wrap-around business support provided by Scotland’s enterprise agencies and their partners.

The core purpose of the Hotel Recovery Programme is to help to secure up to 3,000 jobs at larger hotels until the start of the summer 2021 tourism season. The programme will offer financial support of up to £250,000 per hotel property.

This is a programme rather than just a fund. Successful applicants will be offered bespoke packages of wrap-around support from the most appropriate agencies. The programme will be jointly run by Scottish Enterprise, Highlands and Islands Enterprise, South of Scotland Enterprise and VisitScotland.
The agencies will work with Skills Development Scotland and local authorities where appropriate to put together an integrated and tailored plan that will help companies build a sustainable future that protects local jobs.

Supporting Scotland’s Events Sector

EventScotland, part of VisitScotland’s Event Directorate, convened a group of industry leaders to look at the specific needs of the events sector. As the impact of the pandemic started, it became clear that the events industry did not have a body to help champion its cause. We have filled this gap, and Peter Duthie, Chief Executive of the Scottish Event Campus is leading the new, industry-owned Events Industry Advisory Group.

This also led to the creation of a £10 million events support fund, which saw £6 million allocated to supporting the businesses in the supply chain for events, ensuring their financial survival. This fund will be administered by VisitScotland’s Events Directorate.

The Scottish Tourism Recovery Taskforce

Convened by Fergus Ewing MSP, Cabinet Secretary for Rural Economy and Tourism, the Taskforce, a short-life group, was established to look at solutions for the sector. Made up of 30 key businesses representatives, including VisitScotland’s CEO and Chairman, the Taskforce is working to deliver three workstrands: how to stimulate demand; how to boost business recovery; and an investment strategy bringing public and private sectors together.

Communities: the heart of tourism

Providing community reassurance about the re-opening of tourism has been and continues to be a priority for VisitScotland. Working through our regional leadership team and business partners, activity included meetings with community groups and local destination organisations, supporting local activity to provide reassurance that tourism would reopen in a safe way. Several online roundtable sessions were led by the Chief Executive, underscoring VisitScotland’s determination to put communities at the heart of the restart of tourism.

Work also included the development and sharing of a Visitor Charter, encouraging visitors to be responsible. Many destinations created their own Pledges, which were important initiatives in demonstrating to communities the steps businesses were taking to ensure everyone would remain safe.

This engagement continues with VisitScotland’s Regional Directors and Development Managers communicating and engaging with local partners and stakeholders to develop tourism and this includes community discussions around the opportunity of the Rural Tourism Infrastructure Fund.

Scottish Government funding administered by VisitScotland which has already committed £9 million to infrastructure projects designed to help alleviate tourism related pressure experienced by some communities.
Marketing: the right message at the correct time

Whilst normal marketing was put on hold, VisitScotland developed and deployed a four-phase plan to first engage with our consumer audience and then to build to a point when Scotland would be ready to welcome visitors back. All this activity was developed in line with and in support of the Scottish Government’s advice.

The first phase led with the powerful message of Dream Now, Travel Later. People were encouraged to stay at home and enjoy some of the very best of Scotland online. An ‘Absence’ film was created and links and details of tourism businesses promoting attractions virtually, or offering food and drink deliveries, were shared across all social media channels.

As lockdown restrictions began to ease the next phase of messaging, Stay Local, was rolled out, where people were encouraged to support their local communities and businesses.

Following this, as people were able to travel a little further, 5 miles, the messaging moved to encourage the rediscovery of what was on people’s doorsteps; again helping to support local businesses and boost interest in enjoying more of Scotland as easing continued.

With the return of some tourism on 3 July and the full reopening of the sector on 15 July, VisitScotland launched a £3 million campaign to welcome visitors back, initially focusing on residents of Scotland, encouraging staycations.

Restarting tourism

Through sentiment monitoring by VisitScotland and our colleagues at VisitBritain, it was clear that Scotland’s rural and coastal destinations would be a draw for visitors as lockdown eased. This has proved to be the case with, for example demand for self-catering accommodation up by 40%. However, it is a mixed picture with hotels in cities experiencing very low levels of occupancy.

The Staycation effect is giving a much-needed boost to tourism across the country; albeit with some destinations experiencing challenges brought by visitor numbers and some businesses and attractions and public toilets remaining closed.

In Scotland, the concept of responsible tourism is at the heart of the new 10-year tourism strategy developed by the industry in partnership with the Scottish Government and enterprise agencies, announced in March this year.

Responsible tourism is about maintaining the economic benefits of tourism whilst at the same time minimising any negative environmental and social impact. The need for the tourist industry to do its bit to drive down carbon emissions and environmental harms is a big part of it but so is making tourism work well for local communities.

The recovery from COVID will be important in enacting the responsible tourism vision. The big opportunity is to reset tourism, accelerating some of that activity to make Scotland the world’s leading sustainable destination.
Conclusion

The work continues and VisitScotland will support the industry in every way we can as it recovers. VisitScotland fully understands the challenge being faced by our industry partners and the work that lies ahead. However, one thing the crisis has underscored is just how important tourism and events are to Scotland; to the 207,000 people employed in the sector; the more than 14,000 businesses that make up the sector, located throughout Scotland’s mainland and islands; and to the fabric of Scottish life.

VisitScotland
August 2020
Written Submission from Scottish Tourism Alliance

Introduction

The Scottish Tourism Alliance (STA) welcomes the opportunity to provide evidence to the Culture, Tourism, Europe and External Affairs Committee further to their inquiry on the impact of COVID-19 on Scotland’s culture and tourism sectors.

The STA is the largest member organisation for tourism businesses in Scotland and the leading representative body for our tourism industry - our organisation comprises over 250 trade associations, businesses, destination groups and other organisations with an interest in tourism.

Our mission is to shape a vibrant tourism industry for Scotland’s visitors and people. We work hard to influence the creation of industry-friendly policy through evidence and insights to enable Scotland’s tourism industry to reach its growth potential.

The STA offers the best possible representation of the issues and challenges we face as an industry through continuous engagement with more than 70% of tourism businesses in Scotland and we act as the conduit between industry and Scottish Government.

We also lead the co-ordination of the future tourism strategy which has been developed through an equal partnership approach with a range of stakeholders from industry, Scottish Government and our public agencies. The new strategy, Outlook 2030 was launched on the 4th March at our signature conference.

The STA is governed by a Board with representation from many sectors within Scotland’s tourism industry and the wider economy. The organisation also has a Member Council, made up of key industry associations and groups who act as a sounding board as well as inputting into our policy agenda. The STA Council has been meeting weekly throughout the Covid-19 period, feeding back to government officials – many of these meetings have been attended by Fergus Ewing. The STA is also a member of the UK Tourism Industry Council that has convened weekly since the crisis began and has contributed to the conversations at a UK level.

In our submission, we would like to highlight the challenges faced by different sectors and groups of businesses with Scotland’s tourism sector, particularly where gaps in policy created by the UK and Scottish Governments have failed to address support needs adequately.

We would like to acknowledge and thank the UK and Scottish Governments for their support and recognition of the significant challenges faced by the sector and we
appreciate their rapid response. That said, we would like to highlight that there remains challenge and that some of those frustrations and challenges have been caused by different routes being taken of appropriation of grant funding. Despite the levels of grant funding received, there still remains groups within the sector where support is needed.

The STA is working in collaboration and partnership with the Scottish Government, public agencies and VisitScotland and are supportive of the approach in developing the response and recovery plan.

We have provided two separate documents:

1. The STA Issue Log – this details each issue currently faced by the tourism industry, the background, current situation and proposals for solutions where appropriate

2. The results of a piece of research the STA undertook in April with insights consultancy TRKR – Covid 19: Scottish Businesses Impact:


Context

- The tourism industry is a cornerstone of the Scottish economy - it plays a positive role in every region of Scotland;
- In 2018, there were over 15.5 million overnight visitors to Scotland, spending almost £5.1 billion. This includes over 3.5 million visitors from overseas;
- In 2018, spending by overnight tourists and day visitors in Scotland was around £10.4 billion. This generated around £12 billion of economic activity in the wider Scottish economy and contributed around £7 billion to Scottish GDP;
- Tourism is an important employer with 218,000 people working in the sector in Scotland – over 8 per cent of the workforce, or 1 in 12 jobs in Scotland's economy. Employment in the tourism industry has grown by almost 33,000 since 2011 and there are over 14,000 tourism businesses in Scotland. Over 10,000 of these businesses have fewer than 10 employees;
- In 2018, the sector represented 15% of total employment in Argyll and Bute, 13% in Highland, and around 10% in Edinburgh. The sector is the largest provider of employment in 16 out of 32 local authorities;
- Tourism touches every part of Scotland's economy and is a driving force for job creation across our communities;
- The tourism sector has been the hardest hit of all sectors due to the impact of Covid-19;
- Our industry moved to a stand still within days of the outbreak of Covid-19 in
the UK;

- We currently have no indication when our hotels, bars, restaurants, visitor attractions and businesses dependent on visitors (domestic and international) will open;
- The short-term support given to tourism businesses will not see many of them beyond the next few months – this is going into the busy summer season and with no ability to trade our industry will not have the income required to stay afloat over the winter months/shoulder season;
- Around 2,500 businesses in Scotland are unable to access any form of grant support; these businesses are now in a desperate position. None of them have qualified for grant relief or support other than business rates relief and much needed furlough. Getting financial support to these businesses is now a matter of urgency to avoid the likelihood of immediate collapse of a large number of these tourism and hospitality businesses;
- Many of businesses have already closed; some will only survive for the next four weeks. These businesses are the lifeblood of Scotland’s tourism industry and communities across Scotland; without them, we have no hospitality industry and a significantly compromised tourism product;
- Given the dependence of Scotland’s tourism industry in terms of seasonality; assurance will not be felt by all at the recent announcement to extend the government Job Retention Scheme. There are a great many businesses that will not survive beyond October as it will simply not be viable for them to start trading again until the Spring. Sadly, the extension to furlough alone will not be enough to stop many businesses from making redundancies, however, we look forward to learning more detail over the coming weeks;
- The cost of keeping many businesses closed (hibernation costs) range from £10,000 per month to £700,000 a month;
- The industry is dependent on having a robust supply chain to service it, such as laundry providers, food and drink producers, maintenance teams and it is therefore essential that these businesses are also protected;
- The impact of cancellation of events and closure of businesses related to these events have had a significant impact on the local communities where they were due to be held. Many businesses in those communities are dependent on this income;
- Long term support over the course of many years will be required to enable our industry to recover from the devastating impact of Covid-19;
- Businesses will also need support in procuring the correct safety equipment/PPE to enable them to open safely to the public and bring about the level of public confidence needed for long term survival;
- Businesses do recognise that they will have to restructure and repurpose themselves but there is a cost associated to do this and they must be able to access more grant funding to enable this;
- 48% of businesses won’t be able to retain any staff after May (end of furlough);
• 92% of businesses have inadequate or no relevant insurance;
• 88% of businesses said that their volume of business/income has disappeared;
• 82% of respondents said they were anxious, stressed or depressed;
• 31% of businesses said they only had enough reserves to last three months;
• 30% of businesses said they will have to reduce their workforce;
• 14% of businesses have now stopped trading;

**Conclusion**

As a major driver for Scotland’s economy, tourism requires a detailed solution for support in the short to medium term and for long term recovery.

Not so very long ago, before our overarching message focused around the almost overnight collapse of our industry, our dialogue was built around one consistent theme – the fragile state of our tourism industry.

As the representative body for tourism businesses in Scotland, our time was spent campaigning to remove barriers to sustainable growth; the amount of regulation the industry has had to contend with, the rising costs of doing businesses over many years, Brexit and migration proposals which threatened to cut off a vital part of our workforce and of course the additional levies that had started to creep into our landscape.

That was our ‘perfect storm of rising costs’ period. This was something that every tourism business experienced and the STA created a platform for productive discussions with governments and policy makers to create an environment where tourism could do better; businesses being able to pay and reward staff properly, meet the cost of their overheads, invest in creating a quality product, service and experience, support the supply chain and go a step beyond running just to stand still. This is now our ‘we have no more reserves’ period. Without continued support for the long term, hundreds of businesses will close for good within the next two months and our tourism product will be significantly weakened.

Social distancing is likely to be part of our lives for a long time, which has a direct impact on quantity; the number of people in a restaurant, bar, hotel, coach, plane, ferry, visitor attraction, event and so on. It will be years before our industry looks anything similar to what it did previously; indeed, it may look entirely different.

Quality will become more important than quantity – businesses will not be able to generate profit from numbers.

This is also an opportunity for Scotland’s tourism industry to lead the way with best practice and show the world that through collaboration between government, public
agencies and industry, we were able to recover and rebuild a stronger, more sustainable industry for future generations.

Radical change is needed, strong, consistent support must be in place to protect and support such an important economic driver for Scotland’s economy, our communities and our people.
## IMPACT OF CORONAVIRUS ON SCOTLAND’S TOURISM INDUSTRY - STA KEY INDUSTRY ISSUES

Last Updated: 12-May-20

<table>
<thead>
<tr>
<th>STA Issue Raised</th>
<th>Background</th>
<th>Possible solution</th>
<th>Status</th>
<th>SG Response &amp; Action</th>
<th>Status Open / Closed</th>
</tr>
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<tbody>
<tr>
<td>Self catering - 75% Grants on Subsequent properties</td>
<td>The way your business is structured and the way that the rates assessor has chosen to assess your property determines in many cases how much grant support you can access (all properties rated together vs all properties being rated individually) – why was the amount of support not dependent on this like being of a scale that you paid VAT? Or based on your turnover average over 3 years? The amount of grant support is not always relative to the scale of the business, both in terms of turnover, visitor numbers, employees, level of visitor experience, impact to the rural economy. How things are rated doesn’t reflect the items listed.</td>
<td>Review.</td>
<td>Raised STA Council meeting on 12th May with the Cabinet Secretary.</td>
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<td>Unfairness of Grant Funding (£10k LA Grant vs £25k Hardship)</td>
<td>Launch timing of the initial Business Support Fund and the Creative, Tourism &amp; Hospitality hardship Fund has resulted in many businesses applying for £10k grants and now finding that they are unable to apply for the bigger hardship grant of £25k.</td>
<td>Look at measures to resolve the discrepancy.</td>
<td>Raised STA Council meeting on 12th May with the Cabinet Secretary. Acknowledged as an issue to be reviewed.</td>
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<tr>
<td>Eligibility Criteria For The Creative, Tourism &amp; Hospitality Hardship Fund</td>
<td>There is confusion around the eligibility of some businesses for the Hardship fund, for example those with a RV&gt;£51k, those below RV£51k but receiving NDR relief and Destination Management organisations where there are contractors and not employees.</td>
<td>Clarification is required.</td>
<td>Raised STA Council meeting on 5th May. Reuben Aitken to respond.</td>
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<tr>
<td>B&amp;B Eligibility For Hardship Fund (who do not have a business bank account)</td>
<td>B&amp;B's continue to fall through the business support gap. 45% of the Council-Tax paying B&amp;B members run their business using a personal bank account, the issue of having a &quot;business bank account&quot; being a condition of Scottish Government grant help for B&amp;Bs needs to been looked at and changed.</td>
<td>Requirement for a business bank account for council tax paying owners to be reviewed and alternative solutions sought. The issue was raised in the Scottish Parliament on Wednesday 6th May and the FM promised it was being looked at.</td>
<td>Raised at the STA Council meeting on 12th May with Cabinet Secretary.</td>
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### Rates Evaluation

<p>| Rates Evaluation | From 1st April 2022 the new rates evaluation will be in place. The tone date for this is April 2020 – this will set rates for the next three years (April 2022 onwards). | Scottish Government take steps to delay the valuation for 2022 or Scottish Assessors are asked to take on board the current trading environment when evaluations are being made. | Raised STA Council meeting with Cabinet Secretary 28th April |
| Community Welcome | Communities need to be ready to welcome visitors once again. There has been very clear guidance from government not to travel to the Highlands and Islands, this will need to be reversed. | When the time is right - Positive messaging from the the government to encourage travel within Scotland | Raised STA Council meeting with Cabinet Secretary 28th April |
| 140 days let / Available to let | Confusion over 140 day let or 140 day available to let. Self catering businesses with &lt;140 days let constituted an 'unviable business'. | Clarity required. Flexibility on the 140 days let criteria. Suggest taking into account prior year trading history. | Logged 24th April | Raised most recently STA Council meeting 12th May with the Cabinet Secretary. |
| Lifting of Lockdown Restrictions - Alignment | Alignment between UK Government and Scottish Government plans for a phased re-opening. If for example some business types in Scotland are going to be forced to remain shut for a longer period than their counterparts in England then there would need to be assurances that longer term support will be put in place. | Clarity required on current thinking | Raised STA Council meeting with Cabinet Secretary 28th April | (Raised by colleagues across all sectors on the COVID-19 Business Update Call on Thursday 23rd April which Cabinet Secretary Fiona Hyslop attended) |
| Lifting of Lockdown Restrictions - Timing &amp; Guidance | The timeline for announcements by government on the easing of restrictions was key to ensure businesses can prepare sufficiently. Many businesses are asking the same questions about what and how businesses can operate and what working practices will need to be employed. | Clarity and guidance on the relaxation of current restrictions is required with as much advance notice as possible. | Raised STA Council meeting with Cabinet Secretary 22nd April |
| Reduction of Ongoing taxes and charges | Going forward there is a need to look at all ongoing taxes and charges being faced by businesses to see what can be reduced, for example VAT concessions. | | Raised STA Council meeting with Cabinet Secretary 22nd April |
| Pub Companies Pursuing Tenants For Rent | It has become evident that Pub Companies are contacting their tenants to check whether grants have been received in order to ask for backdated rent payments. This is an additional stress which the sector doesn't need right now. | Support from the Scottish Government to help with this is requested | Raised STA Council meeting with Cabinet Secretary 22nd April |
| Local Authority Refunds To Community Groups | Within the rural and island communities there are many community groups who run events. The groups have to apply to the local authority for various permits and licenses in order to operate. With COVID-19, many events have cancelled and yet local authorities may be retaining any fees paid by these groups. For some groups with financial reserves this may be ok, however for many community groups they may be forced to cease operating in future years, which will have impact on their tourism economy. | Reassurance that not-for-profit groups will not be penalised for being responsible and cancelling events with plenty of notice | Raised STA Council meeting with Cabinet Secretary 22nd April |
| Formal Event Cancellation | Formal instruction to cancel events is required from either the UK or Scottish Governments in the way that other governments such as Denmark, Germany, France and Belgium have done. Due to contractual arrangements significant financial penalties could be incurred if events cancel without being in a force majeure situation. | A formal statement requiring the cancellation of events | Raised STA Council meeting with Cabinet Secretary 22nd April |</p>
<table>
<thead>
<tr>
<th>DMO Support</th>
<th>Most DMOs are publicly funded so are still operating. Some DMOs are privately funded and as such are closed and staff furloughed. This causes some concerns on two fronts:</th>
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|             | - There’s no support for DMOs overall.  
- Those who are publicly funded are able to continue working and therefore keep their businesses operating and in the public eye. This puts privately funded destinations at a disadvantage. I wondered if any thought had been given to this and the lack of parity among DMOs |
| Consideration of support for privately funded DMOs to operate. | Raised 21st April  
VisitScotland Destinations & Sector Survey issued to establish support needs. Initial findings issued 23rd April to STERG. Full proposal being prepared. |
| Licensing | It seems very few councils are operating dealing with applications for licensing planning and building standards. We not only need to look at today - Occasional licences for now to permit some trading for a start but need to plan for the future other applications in limbo. If licensing applications are not dealt with then once this is over we will be looking at a possible 6 month time lag for licensing applications being dealt with adding further to the trade burden. | Could we suggest that at least they look at and deal with business applications for planning and building standards so that businesses are on the mark when this is over. This would also assist building state and other suppliers. | Raised STA Council meeting 14th April |
| Crown Estates/Local Authorities grant scheme | “Coastal businesses and third sector organisations affected by COVID-19 can now benefit from a £7.2 million Scottish Crown Estate fund which is devolved to councils. The 26 councils in Scotland who have coastlines can use their remaining share of the fund which they have not yet allocated to offer direct support to struggling coastal enterprises and organisations, after agreement by the Scottish Government and COSLA. The fund, from Scottish Crown Estate net revenues, is normally used for projects delivering coastal community benefit.” | Clarity sought as to whether this is new money or simply the tail end of https://www.gov.scot/news/scottish-crown-estate-3/ | Raised on Covid-19 Business Update call 14th April with confirmation that the Chair would respond. |
| Financial Support For The Marine Tourism Sector | Paper prepared by Sail Scotland and Wild Scotland on 13th April and submitted by STA to SG team on 14th April. A further paper to support the case for Hardship Grants For Marine Tourism submitted by Sail Scotland and Wild Scotland on 17th April to SG team. Key points summarised below. | a) Boat operators, Marinas and Moorings to be included in Covid-19 key sector list. Recognition as key tourism and hospitality operators. | Raised also in letter from British Marine Scotland to COSLA 20th April. |
| | | b) Boats are not Premises - Access to hardship grants requested. Access to a hardship funding grant of £10,000 for each business that meets specific conditions. | Supporting paper to Hardship Grants For Marine Tourism submitted by Sail Scotland and Wild Scotland on 17th April. Raised also in letter from British Marine Scotland to COSLA 20th April. |
| | | c) Marinas, Moorings and Harbours - support for not for profit operators in rural locations that are facing grave loss of earnings in 2020. Recommend a facility mothballing and future service guarantee grant is made available to each operator who through their marine tourism activities meet specific criteria. |  |
| Grant Appeal Process | There is concern among members that grant applications from businesses are being unjustly rejected. | Suggest that an appeal process is considered as updated information and clearer guidelines to local authorities may influence the success of an application. | Raised at STA Council meeting with Cabinet Secretary on 8th April. Raised at STA Council meeting 14th April. |
| Travel Package Regulations | There is an urgent need to protect the cash flow of tour operators to prevent business failure. | Suggest amendment to the current travel package regulations to allow a credit note to be given instead of cash refund to protect cash flow at the moment. | Raised STA Council meeting with Cabinet Secretary 8th April. |
| Return To Work For Rural Workers | Many rural workers, not in 'key' jobs, do mainly work on their own. The nature of their work can't be done at home and I would hope that these workers would soon be allowed back to work, especially where they are self-employed. As well as game keepers and ghillies, people in the construction industry, road builders, forestry and others can often work in isolation. If these people go bankrupt the whole tourism sector will suffer, rural Scotland is already short enough of tradesmen such as electricians, plumbers etc. It would be good for these people's mental health and in some cases keep environmental schemes alive, which in turn benefit Scotland and its tourism trade. | Consideration be given to rural workers who work in isolation be allowed to return to work. | Raised STA Council meeting with Cabinet Secretary 8th April. |
| Key Worker Accommodation | Clarity required for accommodation providers on allowing Keyworker accommodation - How are the keyworkers properly identified? - Risks of key worker infection then isolation? - Risk to local community? - PR support of being seen to be open? | | Raised by ASSC in Paper of 8th April.  
Raised by Visit Inverness Loch Ness 8th April. |
| Access To Financial Support Packages Beyond Current Crisis Period | Serious concerns are being raised about the survival of businesses in the longer term (more than one year). There needs to be a serious look at how our industry is going to be supported beyond the immediate term.  
(Many businesses e.g. visitor attractions, outdoor adventure sector or those in rural and island destinations are predicting an 18 month gap with no income from September 2019 to March 2021.) | Suggestion for example, the government backed loans scheme should be capital and interest free for a significantly longer period (e.g. three to five years) to support our industry | Raised at STA Council meeting and TIC meeting on 25th March. Raised at STA Council meeting with Cabinet Secretary on 8th April.  
Raised at STA Council meeting 14th April.  
Raised at STA Council meeting with Cabinet Secretary 22nd April  
Raised at STA Council meeting with Cabinet Secretary 28th April |
| Coronavirus Support – Access to £25,000 grant / £10,000 (Reserved v Devolved) | a) There are conflicting messages over eligibility for the grants. Clarity is sought as to whether it is by property owned by the business –Also Scot approach differing to rest of UK.  
Grant scheme restrictions to be revisited if criteria not poss. to be as per UK then consideration be given to property types eg. multi-site pubs, restaurants hotels - criteria could be determined by number personnel employed in each unit – individual unit VAT & rates contributions. – State aid restricts no more than £200k? | Joint letter sent by Trade Associations to Ms Kate Forbes MSP on 29th March seeking formal clarification.  
Discussed at High Level Tourism Working with Fergus Ewing MSP Group 2nd April.  
To be taken forward to the Economy Cabinet meeting on 3rd April.  
Raised with Cabinet Secretary at STA Council meeting 8th April.  
Raised TIC meeting 8th April |
Letter addressing eligibility for support grants of £25,000 for hospitality, leisure and retail properties with a rateable value of between £18,000 - £51,000 submitted by UKH Scotland to Cabinet Secretary 10th April.
<table>
<thead>
<tr>
<th>Business’s RV Threshold applicable for Grants (Reserved v Devolved)</th>
<th>a) There is concern that there has been an upper limit of £51000 rateable value set for these grants as many hospitality leisure business, pubs, restaurants small medium independent hotels are rated much higher - so do not qualify – rates relief welcomed but FREE cash is what is needed URGENTLY</th>
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<tr>
<td></td>
<td>Consideration to be given as to increasing the £25k grant entitlement to properties with RV of upwards of £100k or no limit</td>
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<td></td>
<td>Suggestion that we have a sliding scale that operates in bands for allocating grants based on Rateable Value above the £51k threshold.</td>
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<td>Issue raised directly with Fergus Ewing MSP during STA Council meeting (25th March) and Large Business Owner Operators Round Table (26th March).</td>
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<td></td>
<td>Latest discussion 20th April with Fergus Ewing MSP.</td>
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<td></td>
<td>Working group set up. Paper prepared and submitted to Cabinet Secretary 28th April.</td>
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<td>Working Group discussion with Cabinet Secretary 29th April.</td>
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<td></td>
<td>b) Given the scale of businesses in the OH, the number over £51k RV is relatively small. However, there are lots of businesses at the other end. The difference between the £10k small business grant and £25k hospitality grant is significant and happens at a single point in the rates values - £18K. There are lots of businesses - hotels, restaurants, etc in the £15k to £18k zone (maybe in £5k chunks). They have quite large overheads but are getting the same cash grant as the smallest business.</td>
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<td></td>
<td>Some form of transition from the lower grant to the upper grant, say over £3-5k would really help these business. There are many more in this space than in the over 51K space, most of which have easier access to credit solutions</td>
</tr>
<tr>
<td></td>
<td>Raised STA Council 14th April</td>
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<tr>
<td>Self-Catering Sector</td>
<td>a) Self-catering has not been included on the list of businesses who are eligible for the programmes in the Scottish Government Coronavirus Business Support Fund which is being administered by local authorities. The guidance provided from the UK Government, is explicitly clear that self-catering accommodation is eligible for support.</td>
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<td>Ensure that self-caters in Scotland can access the grant support like our counterparts in the rest of the UK.</td>
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<td>Ensure eligibility criteria for self-catering is fair and comparable with other businesses under revised guidelines.</td>
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<td>Kate Forbes MSP and Fergus Ewing MSP notified in writing of issues in advance of the Economy Cabinet meeting to be held on 27th March.</td>
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<td>Raised in a letter to Scottish Government Ministers on 31st March, (Fergus Ewing, Cabinet Secretary for Rural Economy and Tourism. Kate Forbes, Cabinet Secretary for Finance. Fiona Hyslop, Cabinet Secretary for Economy, Fair Work and Culture.</td>
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<td>Raised with Fergus Ewing MSP at the High Level Tourism Working Group on 2nd April.</td>
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<td></td>
<td>ASSC paper submitted to Scottish Government Officials on 14th April.</td>
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<td></td>
<td>b) The revised guidelines for the self-catering grant set out by Kate Forbes MSP on 27th March was welcomed by many. The issue of demonstrating primary income for grant applicability is challenging.</td>
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<td></td>
<td>Criteria around demonstrating primary income should be revisited in recognition that many in this sector have multiple business.</td>
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<td></td>
<td>On 29th March, ASSC proposed suggestions to relax the caveat associated with the self-catering grant.</td>
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Self-Catering Sector

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</table>

All current issues detailed in a paper submitted by the ASSC to the STA and onward to Scottish Government Officials on 14th April.

UK Government Support: FHL, CJRS & SEISS

i. Eligibility Criteria for Self-Catering Grants from Scottish Government

ii. Corresponding Member Issues Directly with Scottish Government

v. NHS Homes / Accommodation for Key Workers

20
| **Coronavirus Business Interruption Loan** | The shortcomings of the Coronavirus Business Interruption Loan have been raised by many businesses and the failure of the scheme to provide financial support and liquidity. And seeking personal security – although latter now relaxed still concerns re-taking on additional borrowing re being able to service additional debt – when revenue will be slow and uncertainty around interest rates beyond 1st 0% 12 months? | Pressure on banks to relax lending criteria and accessibility of loans. Impossible for businesses to forecast accurately and lending criteria is based on this. Bank lending, interest free loans not the answer in current situation for seasonal businesses in destinations such as Skye, we suggest a 2 year interest free debt bond, repaid either in full after 2 year or converted to a loan with interest rates based on Interbank Libor rate would be more appropriate. We have the assets (Businesses, products and Skyel!) to trade out of this situation, however the seasonal trading nature adds a different dimension, loans that include interim repayments, event at minimal rates, will affect our capacity to trade out of this crisis. | Issue raised directly with Fergus Ewing MSP during STA Council meeting (25th March) and Large Business Owner Operators Round Table (26th March). Fergus Ewing MSP to take forward to the Economy Cabinet meeting on 27th March and further discussion with SGov and UKGov. Discussed at High Level Tourism Working with Fergus Ewing MSP Group 2nd April. To be taken forward to the Economy Cabinet meeting on 3rd April. New scheme announced on 3rd April, the Coronavirus Large Business Interruption Loan Scheme (CLBILS) will ensure that more firms are able to benefit from government-backed support during this difficult time. It will provide a government guarantee of 80% to enable banks to make loans of up to £25 million to firms with an annual turnover of between £45 million and £500 million. For smaller firms applying for the Coronavirus Business Interruption Loan Scheme lenders have been banned from requesting personal guarantees on loans under £250,000 |

| **Businesses which fall in the SUPPORT GAP – as are outside of the Non-Domestic Rates scheme so do not qualify for grants** | These businesses are unable to access the government grants and include small B&Bs, usually limited companies; castles, many of which are visitor centres; charitable trusts, conference centres, breweries and distilleries and event companies. | Clarity required re Scotland approach as UK Govt latest includes - Reconsider the exclusion of these businesses to a business support grant. https://local.gov.uk/coronavirus-business-rates-relief-hospitality-and-leisure-sector The business types included on the list are: Amusement Arcades Conference and Exhibition venues Travel and Tour Operators Tourism Information Centres Tourism Boards/Destination Management Organisations Coach operators Travel/Hospitality Industry Charities (offices) Marinas/Boat Hire/Passenger Boat Facilities Raised in a letter to Scottish Government Ministers on 31st March, (Fergus Ewing, Cabinet Secretary for Rural Economy and Tourism. Kate Forbes, Cabinet Secretary for Finance. Fiona Hyslop, Cabinet Secretary for Economy, Fair Work and Culture. Discussed at High Level Tourism Working with Fergus Ewing MSP Group 2nd April. To be taken forward to the Economy Cabinet meeting on 3rd April. |
Deer forests, game larders and shooting businesses have been excluded from the £10,000 coronavirus business support payment. These businesses play an instrumental role in keeping Scotland’s rural economy going including their contribution to tourism in rural areas. There are equally a number of other small Ltd tourism companies that also fall through the same gap and as yet no financial support is confirmed. We believe that it might have been assumed by the Chancellor and officials that these small businesses would be picked up via the self-employed sole trader support scheme, however this is not the case. Many of these organisations have tried and failed to obtain financial support from the bank.
Coach operators rely on the busier summer period to recoup the losses made during winter, invest in newer greener vehicles and prepare the business for the quieter winter season. Without financial support it is likely that these businesses will not be able to survive this peak summer season let alone the off-season.

### Furlough and flexibility

**a)** There is need for flexibility in relation to furloughed staff. Many businesses require some staff presence in ‘closed’ premises for maintenance, security, IT, not least to meet insurance requirements, protect the building and contents and potentially provide accommodation for key workers. There is also a requirement for business to have resource available to rebuild / future planning.

Allow a proportion of staff who wish to volunteer to do so on a rotational basis. Consider flexible or part time furlough arrangements. Very least to allow for business owners senior management and others to work voluntarily in lockdown to help save business – pre plan for future

Suggestion that Furlough flexibility could perhaps follow the Dutch approach – they have acknowledged that where a business is happy to top up to 100%, the government is allowing these individuals to do some work for the business. Businesses need to bounce back and this means the workforce working in some capacity.

Issue raised directly with Fergus Ewing MSP during STA Council meeting (25th March) and Large Business Owner Operators Round Table (26th March).

Fergus Ewing MSP to take forward to the Economy Cabinet meeting on 27th March and further discussion within SGov and UKGov.

Raised in a letter to Scottish Government Ministers on 31st March, (Fergus Ewing, Cabinet Secretary for Rural Economy and Tourism), Kate Forbes, Cabinet Secretary for Finance, Fiona Hyslop, Cabinet Secretary for Economy, Fair Work and Culture.

Raised with Fergus Ewing MSP at the High Level Tourism Working Group on 2nd April.

To be raised directly with UKGov tourism ministers and Secretary state for Scotland for further discussion.

**b)** Many businesses have employed seasonal full time and part time staff post 1st March cut-off date. Current furlough arrangements therefore do not apply to these staff members.

Consider an amendment to the date of employee eligibility for furlough to be put back to the 21st March being the day after the announcement of the scheme.

Reserved

**c)** Given that the recommendation coming from the Chief Medical Officer for Scotland is that 13 weeks is likely to be the 'lockdown' period required to flatten the curve of the virus, businesses will be looking for assurance in the coming weeks that the Employee Retention Scheme will be extended for at least two more months from May.

Request for Employee Retention Scheme to be extended for the maximum time needed beyond May to protect employee welfare and retention.

Reserved

### Length of ‘Lock-down’

There is no clarity on the length of the lock-down period which is making it very difficult for businesses to plan for recovery. As much notice as possible is required to allow for businesses to forward / financially / resource plan and look to the future.

Clarity and timely guidance required from the government on the ongoing outlook for keeping lock-down measures / travel restrictions in place -

Raised with UK Gov ministers & Scottish ministers
<table>
<thead>
<tr>
<th>Online Travel Agencies (OTAs) (Industry Issue)</th>
<th>The refund of cancellation fees by OTAs unilaterally and out with cancellation policies in terms and conditions between Suppliers and their guests is causing extreme hardship to smaller Suppliers and threatens imminent irreparable insolvency to swathes of accommodation providers.</th>
<th>Issue raised directly with Fergus Ewing MSP during STA Council meeting (25th March) and Large Business Owner Operators Round Table (26th March). Fergus Ewing MSP to take forward to the Economy Cabinet meeting on 27th March and further discussion with SGov and UKGov. Response on T&amp;C’s issued by Booking.com on 29th March. Analysis required. UKH addressing on behalf of accommodation providers directly with UKGov and European and national associations.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-employment / Small Ltd Co.’s / Private Partnerships (Reserved)</td>
<td>a) Micro businesses who arguably would fall into same bracket as self-employed/sole traders but have registered themselves as a ltd company, who do not have any grant entitlement from business rates relief grants but are dependent on and will have declared business income profit in same way as a self-employed. This group are uncertain as to where they fit into this support scheme announced. Clarification is needed urgently. Further clarification sought from SGov and UKGov on solutions for those who don’t meet the criteria and could potentially fall through the gaps. Raised on COVID-19 Business Update call 30th March. Discussed at High Level Tourism Working with Fergus Ewing MSP Group 2nd April. Raised in a letter to Scottish Government Ministers on 31st March, (Fergus Ewing, Cabinet Secretary for Rural Economy and Tourism. Kate Forbes, Cabinet Secretary for Finance. Fiona Hyslop, Cabinet Secretary for Economy, Fair Work and Culture. To be taken forward to the Economy Cabinet meeting on 3rd April and will also raise personally with the U.K. Government tourism minister.</td>
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<td>b) There is also a problem for those self-employed people who work mostly in the summer season. On the criteria set, they will receive 80% of their full year average profits rather than 80% of the profit that they would have realised over the peak season. So, on the premise that this situation lasts for 6 months over this summer, their annual earnings will be considerably lower and for many, the higher earnings is what would see them through the winter off season months. Consider alternative means of calculation.</td>
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<td>c) The requirement to submit accounts for the last three years to demonstrate profit as a means of calculating support through the new government scheme has left many self-employed individuals across the tourism sector unable to access support since they have been trading for perhaps one year only, not three. Consider alternative means of calculation.</td>
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<td>d) It is also the case that most businesses will have had considerable start-up costs in the first year of operating which greatly reduces any profit which may have been made in that first year, therefore the calculation of financial support is skewed. Consider alternative means of calculation.</td>
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<td>e) There is also a problem with people who earn less than 50% of their income through running a self-employed tourism business. Guides are a good example of this. A recent survey has found that just under 50% of their members would not qualify because they work mainly in the summer and have other jobs that provide them with over 50% of their income. Consider alternative means of calculation.</td>
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<tr>
<td>Issue</td>
<td>Description</td>
<td>Action</td>
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<tr>
<td><strong>Insurance</strong> (Industry Issue)</td>
<td>Continuing concerns over the behaviour of insurance companies in relation to business interruption cover. Flexibility required. Issue raised directly with Fergus Ewing MSP during STA Council meeting (25th March) and Large Business Owner Operators Round Table (26th March). Fergus Ewing MSP to take forward to the Economy Cabinet meeting on 27th March and further discussion with SGov and UKGov. Evidence received from Independent Hostels Scotland on 20th April where members are having growing issues with insurance companies who are refusing to acknowledge Covid-19 as an infectious disease covered under business interruption schemes. Results of the survey are available. Raised STA Council meeting 12th May with Cabinet Secretary. Cabinet Secretary to pursue.</td>
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<tr>
<td><strong>Apprenticeship Levy (Reserved)</strong></td>
<td>This is an additional cost for businesses who are already struggling with cashflow. There needs to be an immediate deferral or cancellation of the Apprenticeship Levy. Or reimbursement where already paid. Issue raised directly with Fergus Ewing MSP during Large Business Owner Operators Round Table (26th March). Fergus Ewing MSP to take forward to the Economy Cabinet meeting on 27th March and further discussion with SGov and UKGov.</td>
<td></td>
</tr>
<tr>
<td><strong>Licence payments to PRS/PPL (Reserved)</strong></td>
<td>No cashflow in businesses to make these payments. Need to be halted/cancelled or part payment reimbursed. Issue raised directly with Fergus Ewing MSP during Large Business Owner Operators Round Table (26th March). Fergus Ewing MSP to take forward to the Economy Cabinet meeting on 27th March and further discussion with SGov and UKGov.</td>
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<tr>
<td>Regulation (Reserved and Devolved)</td>
<td>Regulation - Deposit Return Scheme, Food Standards Scotland Out of Home policy. Tied Pub Code Bill will introduce costs which can't be met.</td>
<td>Halt or cancel any regulation of this nature.</td>
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</table>
Written Submissions Received Since Evidence Session on 25 June 2020

Written Submission from Scottish Land and Estates

Introduction

Scottish Land & Estates is the voice of rural businesses throughout Scotland. We are a membership organisation representing a wide range of rural business, including those with interest in the tourism sector. It is by drawing on their extensive experience that we make this submission to the call for evidence to the CTEEA Committee, which we very much welcome.

Rural businesses are facing an extremely challenging period of uncertainty due to the Covid-19 pandemic, both in the short- and medium to long term. SLE members are grateful to both the Scottish and UK Governments for the economic measures and other steps they have taken in these unprecedented times. It is clear the coronavirus pandemic will continue to have a devastating impact on Scotland’s rural economy for some time to come and that impact will be keenly felt among the tourism and culture sectors in particular.

In this submission we will look to highlight the challenges faced by SLE members who are active in a variety of tourism-related businesses, such as the self-catering sector, country sports, general access taking and to the historic environment etc. We would also like to draw your attention to our Covid-19 Rural Business Impact Report which can be found here. This was informed by our members’ experience through the recent crisis.

Whilst focussing on the impacts, we are also carefully considering the process and type of economic recovery and what that will mean for rural businesses. There are opportunities for us to use this recovery to address longer term underlying issues and to embed climate change mitigation at the heart of economic recovery and growth.

Impact on Tourism

Tourism businesses like self-catering are a key component part of Scotland’s rural economy and have been among the hardest hit sectors due to the impact of COVID-19. A large number of self-catering operators have encountered severe problems with eligibility criteria relating to business support grants, which are being administered by local authorities in Scotland, and many are still missing out on funding that is available to their counterparts in the rest of the UK. According to the Association of Scottish Self-Caterers (ASSC) 67% of self-caterers are pessimistic about their business in light of COVID-19.

In our Rural Business Impact Report 20% of those surveyed felt they had been adversely impacted by COVID but that they were ineligible for grants due to either being involved in country sports tourism or having a diversified business and therefore missing out on the criteria for total loss of income. Many respondents stated that their tourism and leisure enterprises had suffered a total loss of income, putting
jobs at risk as they are ineligible for support. (The survey was carried out before the announcement of the Creative or Tourism and Hospitality Enterprises Hardship Fund, however this has now closed, and members are beginning to contact us about support again). Country sports (fishing, game shooting, deer stalking and wildfowling) are important elements of Scottish tourism especially in off-peak months and we would be grateful for the opportunity to work with others in providing continued support for the sector worth more than £150m to Scotland’s rural economy.

Clarity is required urgently on the potential to re-open as often decisions taken now have an impact, not only on the coming months but also years. Businesses need the confidence to invest in their business to enable them to continue to trade and maintain employment.

A small number of members told us they had taken advantage of extra loans, although some felt that by taking Coronavirus Business Interruption Loans (CBILs) they were merely pushing back the problem rather than solving it. Alongside this, issues were recorded of retail banks not being sympathetic and slow to respond to requests for support.

Rural areas have a higher proportion of seasonal jobs reliant on tourism. In our survey of members, it was found that 39% of those responding had made use of the furlough scheme, this was mainly in leisure and tourism related roles. Many vital rural businesses will benefit from the ability to furlough their staff partially. A stepped approach to returning to full capacity will protect jobs and give greater confidence to business.

45% reported an increase in access issues since the beginning of the pandemic. Associated commentary showed that the key issues were around a general disregard for responsible access with gates not being left as they are found, dogs being let off leads near livestock and a huge increase in the amount of litter (including used tissues and dog faeces, both bagged and unbagged). There has also been concern in rural areas about people bringing the virus to these communities and this concern may only increase as lockdown is lifted.

There has been concern that an additional burden is being placed on employers and business owners because of a difference in public health messages and official guidance. There have been reports of situations to date where official guidance allows businesses to continue to operate, however this comes in stark contrast to public messages encouraging businesses to cease operating unless their staff can work from home.

Recovery

As well as considering the strategic aspects of an economic recovery, on a basic level, businesses will be required to re-think business plans and understand much altered cash flow situations. We also need to be clear that coping capacity and ability to adapt as the country emerges from the crisis are highly variable both between and within communities and among different firms and sectors. Although some businesses will be able to re-open, it may be at reduced capacity or with inbuilt inefficiency which will have an impact on profitability and ability to retain jobs. A safe reopening does not
necessarily equate to a profitable or even commercially viable reopening. We are concerned that this fact has not been fully appreciated by either Scottish or UK Governments.

Throughout and following the Covid-19 crisis, rural businesses will be left with an immediate legacy of debt, reduced financial reserves and investment capability, disrupted trade, delayed growth and investment, disruptions to their employee base, unsold or outdated stock and reduced marketing budgets. These effects will clearly adversely affect their ability to recover once the immediate crisis passes.

Outdoor tourism, such as country sports, have the ability to bounce back quickly if given the go ahead to do so. This would bring a much-needed boost to rural communities, including food, drink, and hospitality sectors if it is able to do so. A framework for this has already been presented to Scottish Government jointly by Scottish Land & Estates, Scottish Gamekeepers Association & The British Association of Shooting & Conservation.

It is imperative we secure current roles as well as create new employment in the tourism sector. This will require new skills to be learned and an agile workforce of skilled and enthusiastic people. To enable this, we suggest training allowances are made available with a focus on leisure & tourism, and:

- Skills Development Scotland & Lantra to expand Skills Matching Service to other rural sectors;
- Reduction on employer’s national insurance along with tax incentives for creating new positions;
- Companies able to create employment to be given enhanced support by enterprise companies;
- Skills development and training to be eligible to similar tax treatment to research & development tax credits.

Outdoor access has been on the agenda since the beginning of lockdown and we are now starting to look at how we can best manage this for our members as lockdown begins to ease. The crux of the matter is around responsible access and promoting this through the Scottish Outdoor Access Code. SLE worked alongside SNH and other bodies to develop more detailed guidance to be followed during lockdown - https://www.outdooraccess-scotland.scot/access-outdoors-during-current-coronavirus-outbreak-guidance-public-and-land-managers. A large proportion of the messaging within this guidance will still be relevant when the countryside begins to reopen. There is certainly merit in greater collaboration from all associated organisations, SNH and the Scottish Government to ensure any easing of lockdown restrictions is a safe and well managed process. As restrictions are lifted, social distancing guidance and the need for people to avoid touching gates/sanitising hands must be communicated very clearly to reduce the risk of spreading the virus and to ease some of these concerns in rural communities. In terms of rural tourism businesses reopening, these should of course be subject to existing government guidance and risk assessed on an individual basis. The Scottish Government needs to set out clear re-opening milestones, so that all venues of the same type are clear they can re-open and avoid any venue/organisation opening first and being overwhelmed by visitor numbers. It is essential that businesses and other
organisations are given sufficient notice of any reopening: they will need to organise their staffing, systems, physical infrastructure, and communications. Government help will be needed to manage the public’s expectations – what people can and can’t do, encouragement to pre-book and not to travel on speculation, and what they can expect to be open etc when they arrive at venues. We are supportive of the “Check Before You Go” strapline, although it should be clear what is meant by this (e.g. will people be advised to check what facilities/car parks will be open prior to travel, and will they be asked to check the Scottish Outdoor Access Code/SNH guidance to ensure promotion of responsible access is as wide as possible).

Tax

We have a number of suggestions of taxation levers which could be used to support economic recovery but appreciate that some are reserved to Westminster.

- VAT on tourism businesses should be cut to help boost the economy. In the UK VAT on tourism businesses, at 20 per cent, is far higher than in many other countries, including France (10%), Spain (10%) and Greece (13%). A reduction in VAT to levels seen in other countries will ensure that domestic tourism is competitive and affordable. Competitive pricing will significantly boost the economy and keep our carbon footprint down;
- A moratorium on bringing forward legislation to allow local authorities to implement a ‘Tourist Tax’;
- A temporary 100% non-domestic rates relief for country sports businesses.

We look forward to discussing the issues raised in our paper – our members are willing and able to continue to make a very significant contribution to the country’s economic, environmental and social wellbeing.
Written Submission from Competition and Markets Authority

1. The Competition and Markets Authority (CMA) is an independent non-ministerial UK government department, and the UK’s primary consumer and competition authority. We work to promote competition for the benefit of consumers across the UK. Our aim is to make markets work well for consumers, businesses and the economy by promoting competition. Competitive markets and an effective competition policy can play a major role in delivering productivity and growth in the UK economy.

2. The CMA has responsibility for:

   - investigating mergers which could restrict competition;
   - conducting market studies and investigations in markets where there may be competition and consumer problems;
   - investigating where there may be breaches of UK or EU prohibitions against anti-competitive agreements and abuses of dominant positions;
   - bringing criminal proceedings against individuals who commit the cartel offence;
   - enforcing consumer protection legislation to tackle unfair business practices.

3. This submission to the committee provides an overview of the CMA’s response to the Coronavirus (Covid-19) pandemic to date. It focuses on cancellation and refund concerns in the tourism sector, and highlights the work we are undertaking on holiday accommodation which is particularly important to the tourism sector in Scotland.

CMA response to the Covid-19 outbreak

4. The outbreak of Covid-19 is an unprecedented and rapidly evolving challenge, that has prompted concerns that businesses might exploit the situation to take advantage of consumers.

5. On 20 March the CMA announced the establishment of its Covid-19 Taskforce to scrutinise market developments to identify harmful business practices as they emerged and to take enforcement action if there was evidence that firms may have breached competition or consumer protection law.

6. The Taskforce created a dedicated online form, allowing consumers to report concerns about business practices during the Covid-19 outbreak. The online form has provided an efficient means of categorising and analysing the intelligence we receive from the public. The CMA has received over 60,000 complaints about coronavirus-related issues between 10 March and 17 May from across the UK. In addition, we have sought to gather information about key consumer concerns directly from consumer bodies and enforcement partners across the UK. Notably we have gathered information from Which?, Advice Direct Scotland (ADS) and Citizens Advice Scotland and have kept in contact with key officials in the Scottish Government. We have also had regular dialogue with the Society of Chief Officers Trading Standards Scotland (SCOTSS), representing all 31 Local Authority Trading Standards Services in Scotland, as well as Trading Standards Scotland.
The CMA will continue to engage with the Scottish Government and these wider stakeholders as we continue our Covid-19 Taskforce work to ensure businesses and consumers are treated fairly.

**Concerns in relation to refunds and cancellations**

7. The restrictions on travel and business activity resulting from the Covid-19 outbreak have led to the widespread cancellation of holidays, travel, event bookings and other services.

8. Whilst the CMA understands that the vast majority of businesses are behaving responsibly and fairly in the unprecedented circumstances created by the Covid-19 outbreak, we were and continue to be concerned that a minority may be exploiting the situation by refusing to honour customers’ cancellation rights.

9. Complaints about cancellations and refunds now account for the majority of complaints received by the CMA Covid-19 Taskforce. Holidays and airlines account for almost 27,000 complaints received by the CMA (as at 17 May), three-quarters of the total number of complaints about cancellations and refunds. Intelligence from ADS shows that cancellations and refunds continue to be a prominent issue for consumers in Scotland. In the week commencing 1 June ADS reported that travel continues to be the primary type of consumer contact, with 95.92% of the travel contacts relating to cancellation rights.

10. Based on the complaints received by the CMA in relation to refunds and cancellations, and wider intelligence gathered from consumer bodies and enforcement partners, we identified 3 sectors of particular concern:

   - Holiday accommodation;
   - Weddings and private events;
   - Nurseries and childcare providers.

11. The CMA committed to a rolling programme of work in relation to cancellations starting with these areas as a priority and then moving on to examine other sectors, based on the information received by the CMA Covid-19 Taskforce. Given the increasing number of concerns raised about access to refunds and cancellations in relation to package holidays, the CMA has subsequently added this as a further area of work.

12. As well as committing to examining certain sectors, on 30 April the CMA also issued a statement on its views on consumer protection law in relation to cancellations and refunds during the current crisis. This statement covers cancellations and refunds across the culture and tourism sectors.

13. The CMA’s statement on cancellations and refunds covered a range of consumer contracts and different situations. It provides that, in most cases, the CMA would expect a full refund to be offered if:

   - a business has cancelled a contract without providing any of the promised goods or services;
• no service is provided by a business, because this is prevented by restrictions that apply during the current lockdown or;
• a consumer cancels, or is prevented from receiving any services, because of the restrictions that apply during the current lockdown.

Cancellations and refunds in the holiday accommodation sector

14. The CMA appreciates the significant contribution that the tourism sector makes to Scotland’s economy, and that this is particularly vital to rural economies in Scotland. We understand the enormous disruption the Covid-19 pandemic is causing to both businesses and consumers. This is a difficult situation for both parties.

15. The CMA acknowledges that most businesses are trying to do the right thing in these unprecedented circumstances and in selecting targets for enforcement action the CMA will obviously be mindful of the overall circumstances for the businesses involved, including the risk that Government assistance might be insufficient for those businesses to survive.

16. As noted above, holiday accommodation was outlined as one of the sectors being investigated by the CMA following reports of businesses failing to respect cancellation rights. The CMA had received reports that companies were refusing to refund customers for UK holiday accommodation they could no longer stay in due to lockdown restrictions. This includes holiday accommodation in Scotland.

17. The CMA took the decision to begin enforcement action against a number of holiday lets firms as a result of intelligence gathered by the CMA’s Covid-19 Taskforce. Vacation Rentals, which operates popular accommodation sites including Hoseasons and Cottages.com, voluntarily changed its policy following the CMA’s statement of 30 April and has now formally committed to make the following changes:

• to offer a full refund to customers who booked holiday homes but could not stay in them due to lockdown restrictions;
• to communicate its new policy clearly on its website and via social media;
• to provide the CMA with monthly reports on how many refund offers have been made and accepted.

Vacation Rentals operates a sizeable number of accommodation in Scotland, with over 1,000 holiday lets spread throughout the country.

18. Other holiday lets firms, however, have not yet done the same and the CMA’s investigation is continuing. Common complaints include companies refusing to provide full refunds at all or offering only vouchers instead of cash refunds. The CMA will continue with its inquiries into the holiday accommodation sector, which may ultimately lead to court action against companies which fail to comply. The CMA will also publish further information in connection with its wider rolling programme of work on cancellations and refunds during the Covid-19 pandemic, including in connection with concerns in the package travel sector.
Other areas of Covid-19 Taskforce work

19. The CMA’s Covid-19 Taskforce has also:

- Published guidance that makes clear that no action will be taken by the CMA against business co-ordination undertaken solely to address concerns arising from the current crisis. The guidance, which applies across sectors, sets out the conditions under which cooperation between companies will be exempted from competition law enforcement during the Covid-19 outbreak. Equally, the guidance emphasises that the CMA will not tolerate conduct which goes beyond what is necessary to respond to the pandemic and opportunistically seeks to exploit the crisis;
- Issued a general ‘refresher’ on how it is likely to approach ‘failing firms’ claims in merger cases. In a recent case the panel of independent group members who decide phase 2 merger cases provisionally cleared Amazon’s investment in Deliveroo in light of a deterioration in Deliveroo’s financial position as a result of coronavirus;
- Written to over 120 firms across the UK, accounting for 2,900 complaints, in relation to price gouging claims to warn traders of our concerns and to gather further information about the potential breaches of competition law;
- Provided advice and assistance to governments on so called ‘exclusion orders’ ensuring the risk of anti-competition behaviour and consumer harm are kept to a minimum.

20. The CMA regularly publishes updates on the ongoing work of the taskforce, the most recent report being published on 21 May.

21. We will study with interest the Committee’s evidence for any information or issues that might be relevant to our current cases or suggest other issues we may wish to look at in the future.
Written Submission from Maynes Coaches

Introduction and background

My name is Kevin Mayne. I am the Operations Director for Maynes Coaches, a coach operator based in the North East of Scotland and we are desperately seeking your help and support to save our business and the entire coach industry from the impact of Covid-19. I am also a member of the Scottish Executive committee of the Confederation of Passenger Transport (CPT) The CPT is recognised by Government as the voice of the coach industry, and the focus for consultation on national and international legislation, local regulations, operational practices and engineering standards. I have over 30 years’ experience in coaching, have held an international CPC qualification since 1993 and been a qualified industry trainer and assessor since 1995. I have decades of experience in the touring and driven across Europe with coaches to many places and thousands of passengers as well as holding industry engineering qualifications and operational knowledge of our industry.

Maynes Coaches is a family owned and operated coach company and has been the Mayne family’s company for over 73 years now. This is the fourth generation of Maynes, my father, brother and I, in the role of management and ownership of this business with our fifth generation taking up key roles in the business.

I have personally, and in collaboration with the Scottish sector of the Confederation of Passenger Transport (CPT), published some videos to spread the word and raise awareness of our cause in an engaging way. I have copied these links below if you would like to watch and find out a bit more on the crisis our industry is in. I also created the #CoachCrisis campaign on social media- dominantly on the Facebook and twitter platform, where supporters of our cause and industry colleagues have been actively posting with the hashtag. I have also copied in further information of the campaign in the Coach Crisis section of this document, inclusive of statistics and links for viewing.

The Coach Industry

If you are not familiar with the coach industry, we are the key and fundamental backbone of the UK’s, and global, tourism. Without coaches it is quite probable the UK- in all regions could grind to a halt as we have always been ready and willing to help.

The coach industry carries out work for the billion-pound tourism industry daily- from operating and driving tours in the UK, to Whisky work such as distillery tours and corporate jobs. We take children to school, grieving individuals to funerals, vulnerable people to disabled care facilities and turn up in high risk situations with shiny shoes to keep the nation moving. Currently my company is working with the NHS Grampian sector to provide a Covid-19 response vehicle and to transport patients to vital appointments and deliver medicines when needed. I understand multiple other operators are working with their local NHS authorities to support their community through these difficult and uncertain times.

The Coach Industry has always been there for the nation. When the trains stop, you get a coach to take you to where you need to go – whether it be a job interview, school
play or a hospital appointment. When planes are grounded it’s a coach and driver who are sent out. If everything in the city grinds to a halt and there needs to be an evacuation- we help. Trust me, I have been there personally. Every single time. Now we need help.

I am watching operators who I have worked with for years face heart-wrenching decisions to close family-run coach operations and make their trusted and loyal employees redundant. I am watching operators, newly established and decades old, have leased vehicles repossessed as they had no ability to continue payments. This time our inter-industry solidarity is not enough, and I ask for you to help us, in any way that you can.

The coach industry has already lost millions, and this is without the ability to forecast how much work has been cancelled by customers, tour agents and holidaymakers before we even had the opportunity to quote on it. The inability for much of our industry to keep up with the continuous outgoing expense- namely the payments of multi million pound vehicles and their upkeep- means that if stock has to be sold off or companies close who will be there to step up once the pandemic is over and life, for some, goes back to normal? This affects everyone, from parents and guardians who use school coach transport to the cruise ships who rely on coaches to transport passengers upon docking.

Without coaches, who connects the people?

**The environmental benefit of Coaching**

Our fleet has one of the lowest levels of carbon emissions within the UK industry and we personally understand the importance of reducing our carbon footprint and we can help you to do the same. With a standard car fitting four people and one of our standard vehicles fitting around 50 people, that’s approximately 13 cars to one coach- providing all vehicles were full to their capacity. So, if you opt to travel on-board one of our coaches with your family and friends, or book one of our coaches to transport your clients that makes a significant difference on YOUR carbon footprint and the environment.

According to the Department of Transport and their Energy & Environment Statistics, cars and taxis emit 69.7 million tonnes of CO2, that’s 18% of all domestic emissions. Whereas, coaches emit 3.4 million tonnes of CO2 - a mere 1% of all domestic emissions. Coach travel is a simple solution to reducing your carbon footprint, and at Maynes Coaches we are proud to do our part by helping individuals and companies make a difference.

The coach industry also continuously adapts to and invests heavily in meeting the guidelines for low emission vehicles and most recently the Public Service Vehicle Accessibility Regulation (PSVAR) update which has seen coach operators invest millions in their fleets in order to conform to these guidelines. These standards have been met and exceeded time and time again by our industry as operators achieve the optimum standard to keep the country moving in an environmentally friendly and safe way.
If the coach industry collapses, the impact on Scotland’s environmentally friendly status would be detrimental- not to mention the murder of Scottish Tourism.

The economic struggle of the Coach Industry due to the Covid-19 Pandemic and its threat to Scottish Tourism

The coach industry currently finds itself in a position much the same as venues and bars and clubs and the like – the virus has closed us down but our direct overheads to keep our property, to keep our vehicles sitting and some are in huge finance agreements for coaches worth £270k plus. All aspects of the tourism industry are tentatively waiting to see if the peak season may spring back up, even if this was later in the year as opposed to the typical summer months. When the pandemic is over the sector will be in a state of meltdown, and as a family owned operator I feel and can see this personally as we do everything in our business.

The fragile state of the coach industry does not only pose a threat to the coach industry itself- but operations such as Cruise Ship Tourism due to there being no coaches to transport passengers upon docking, tour companies that rely on coaches to operate their services, rail and train companies who call on coaches when the trains can’t run, and any business that you can list where coaches are used. The collapse of the coach industry would also decimate the economy of towns who are dependent on tourists and coach groups- the coach industry is the most effective method in bringing tourists into these areas. To put this into perspective – the average coach carries around 49 passengers and if the average passenger spend was £20 per day, it would bring in £980 of beneficial spend to the local economy. Hotel rooms at an average £45 per night per person would rake in £2205 in earnings. An average tour is 5 days long and requires 4 nights of accommodation. In total this generates £8820 in hotel accommodation and £4900 in spending to the local community. This in total generates a minimum of £13,720 to business in the local community. These figures can be inflated or deflated depending on the area but the rough average is a guideline of how much each coach contributes to a local economy – would any local area, town or tourist dependent area or business be in a position to lose this income? Would your constituency or hometown be able to lose this income?

Coach companies, like many other businesses in the tourism sector, are family run and family driven and the assets we do have are from years, generations, of hard work, tears and hope. Without the industry there is no way to join the public and tourists to the places and attractions in Scotland as, like you will understand, you can’t easily access every site or run every tour from a car, taxi or train.

Coaches are the workhorse of the Scottish Tourism industry. The industry supports 1.8m tourist journeys, equating to £850m of value to the Scottish Economy. We regularly transport large numbers of people to Scotland’s towns, cities, destinations, attractions and hotels. We play an essential role in cruise ship tourism, carrying passengers across the country from their port of arrival. We take children to school, grieving families to funerals, teams and fans to sporting events and provide vital local links that are critical to accessibility and social inclusion.
The direct impact of Covid-19 on the Coach Industry

The Coronavirus pandemic has put many industries under severe strain, however there are few sectors being hit harder than the Coach Industry. We, and many operators like us, have seen a total loss of business, not only during this initial COVID-19 isolation phase but also throughout the longer tourism season and even into the remainder of 2020. If nothing is done soon, we are at risk of the industry collapsing.

By its nature the Coach Industry is seasonal with many companies, such as ours, running at (or close to) a loss during the winter and using the busier summer season to supplement the business for the next winter period.

Whilst we understand and support the decisions taken by Government to encourage self-isolation, close schools and reduce travel, they are having a devastating impact on our business. During our busiest part of the year, we have seen the total cancellation of hires, tours and other services, which is set to continue for the foreseeable future.

Furthermore, we are receiving significant cancellations of major entertainment, corporate and sporting events throughout the remainder of the year as organisers take the decision to cancel or postpone events until the pandemic has passed and travel / social restrictions are lifted.

With little to no work now or for the remainder of the season, we were left with no option but to begin the process of furloughing drivers and other staff. However, we continue to face many large fixed costs which we cannot mitigate under current arrangements. Without support our company likely faces permanent closure within weeks. A coach that is sitting idle costs our company £250 per day on average. There is no denying that the furloughing of drivers has been a lifeline, but it is not a permanent fix and it does not mean that operators can withstand collapse.

Coach operators have all asked for finance loan holidays and payment holidays on any and every agreement that is possible however once the furlough tapers off and outgoing costs start again our industry faces a challenge that many other sectors won’t sympathise with. It is uncertain how many people will be able to or will want to travel by coach. The Virus is unpredictable meaning we can’t forecast when we will be able to take passengers back on board for leisure trips. Companies who do zero contract work currently face no income until at least next year because of the virus eating away the key season. Many operators also face increased financial strain with a lack of school contract payments and face the decision of only claiming furlough or the full contract payment – neither of which are individually enough to cover every cost of running a coach business. Personal bank loans are also not a viable option for every operator or individual to keep their business going either due to repayment schemes or poor credit or purely for the fact that the mass loan will again diminish all financial reserves come the next winter period.

I feel without a grant package the industry will die going forward. A coach is not or has not been a bus and in no way, shape or form is the industry comparing the two.
But shortly the buses will fully run again, and the coach will sit and wait for a normality to resume that may never come. Both industries are invested in moving people and have driven the country forward, literally, since their founding. However only the bus industry has been offered a lifeline and continual grants and funding time and time again – whether a pandemic is present or not – and sadly the coach industry has been marginalised and sent to its demise despite the economic value and the public need.

Thus clearly, this is a position that the industry has been forced into as a direct consequence of Covid-19. A lack of available coach hire may not be an issue now, but when there are no drivers to move school children or no coaches for rail replacement, emergency evacuation or general movements, it certainly will be.

The collapse of Specialist Leisure Group

The parent company of two well-known UK coach holiday operators has gone into administration, resulting in tens of thousands of customers’ trips being cancelled and more than 2,500 job losses.

Specialist Leisure Group operated several businesses that sold holidays and other travel arrangements, which have all ceased to trade due to the impact of COVID-19.

All tours, cruises, holidays, and hotel breaks booked with Specialist Leisure Group have been cancelled and will not be rescheduled. Its collapse included the coach holiday specialist Shearings who had been providing holidays to the UK public for over 100 years. Specialist Leisure Group also offered coach holidays through its National Holidays and Scottish based Caledonian travel brands. The total fleet size was around 250 coaches and employed directly 2500 people, also they hired in and subcontracted coaches from private operators to boost capacity during peak periods. These operators will also be left out of pocket, some were at the time of collapse waiting for £20,000 plus of unpaid bills to be paid.

According to UK travel trade association ABTA, Specialist Leisure Group had over 64,000 bookings, the vast majority of which were coach package holidays through Shearings Caledonian and National Holidays. The company's hospitality brands Bay Hotels, Coast & Country Hotels and Country Living Hotels will not reopen, and all of its Wallace Arnold Travel agencies are now permanently closed. Commenting on the collapse of Specialist Leisure Group, John de Vial, director of membership and financial services at the ABTA, said: “The fact that two such well-known brands with a loyal customer base have had to call in administrators is a stark indication of the pressure that the holiday industry is under as a result of the coronavirus pandemic.

“ABTA has repeatedly highlighted to the Government the urgency of the situation and the need to set out a coordinated strategy with clearer communication if it wants to help avoid significant job losses and support companies to weather the storm.” The industry association CPT has said the coach industry has failed to receive adequate support since it doesn’t fit into any one category. Paul White, director of CPT Scotland, said: “I think it would be fair to say the coach sector is in a perilous position at the moment. We have lots of family businesses spanning back generations falling between the cracks of support which is offered to traditional bus services. Now we have an industry which is not really receiving sector specific support and has seen a
complete wipe-out of its likely revenue from the summer season.” He added: “Operators are now looking at what is effectively an 18-month winter season, leaving them in a very precarious situation. Some operators I’m speaking to are planning to completely mothball their business and hope to start again in a few years’ time.”

Seven hotels in Scotland run by Country Living Hotels have also gone out of business due to parent company Specialist Leisure Group collapsing into administration. The venues are: the Bay Highland Hotel in Strathpeffer; Bay Great Western Hotel in Oban; Bay Tarbet Hotel at Loch Lomond; Bay Caledonian Hotel in Fort William; Bay Waverley Castle Hotel in Melrose; Pitlochry Hydro Hotel in Perthshire; and Portpatrick Hotel in Dumfries and Galloway.

Shearings started in 1919 was Europe’s largest coach tour operator, specialising in holidays including escorted tours, short breaks, river cruises and ocean cruises. Shearings, which was founded in 1919, merged with Smiths Happyways in 1984, which can trace its history back to 1903.

The collapse of SLG devastated the coaching community and hopefully serves a dire warning that if the biggest names in Coach Holiday and Coach Tourism, alongside David Urquhart Travel and other companies have collapsed, the small operators who have also had no support will not be far behind.

**Coach Crisis Campaign- Media outreach and support**

The main form of media awareness, campaigning and support gathering has been through social media – particularly the platform Facebook on the campaign page “Coach Crisis” which was established 4 April 2020 and is run personally by five individuals who have spent a significant and dedicated portion of their lives within the industry and have attachments to a managerial or owner role within their own Coach Company.

“Coach Crisis” gathers a continual and growing reach on social media with produced videos, social posts and helpful advice reaching thousands of people each. The content of the page adheres to the advice and guidelines as set by the CPT and does not encourage operators to act against the CPT or Government legislation.
As seen in figure 1.0, between the dates of 21 May 2020 and 27 May 2020 the Coach Crisis page reached over thirty-nine thousand people and had an engagement level of over fourteen thousand people. This is a recorded example of the distance and impact that the campaign is having to the public, as it is continually shared, watched and discussed by those who are out with the industry- as well as those who work within it. The reach is significant enough on the page to show that there are growing concerns for the industry and a large community who support the notion that the Coach Industries collapse is all but inevitable if there is not an intervention to support the operators and employees through the pandemic as was granted to other tourism and travel sectors – examples of which are noted further within this consideration.

Further evidence of the media outreach is seen in figure 1.1 which depicts that the coach crisis campaign has amassed a following of around one thousand five hundred supporters who are again in support of the coach industry.
Further supporting information on the page’s reach and statistics can be found in figures 1.2 and 1.3. The consideration of this is to show the continual growth of the campaign that is gathering more support and publicity daily.

There have also been numerous videos made and posted from Coach Operators – multiple of which have been endorsed by the CPT and consist of members of the Scottish CPT Executive Committee, as well as videos inclusive of English and Welsh members. This is a united approach to get the message out there and many hosts the slogan “Back Britain’s Coaches” as promoted and endorsed by The CPT themselves.
The videos have gathered upwards of ten thousand views across the platforms they are posted on, however can be found under the heading “Coach Crisis” on the Maynes Coaches YouTube Channel.

The campaign and fight for Coach Industry support has been in circulation since the first wave on cancellations back in early March however, and threads can be seen on twitter and multiple Coach Operators social media platforms.

Media Coverage

The plight of the industry has also been picked up on local and national news platforms and there are numerous articles, TV interviews and radio interviews where operators have warned of the uncertainty of the future of coaching. Personally, I have been a part of multiple interviews on STV, BBC and other radio platforms on several occasions each as well as our local papers the Press and Journal and others.

These have brought many well-wishers our way and sped up talks with MP’s and officials however there is still a further field to go, hence this document for your consideration.

Our campaign has been met with general concern and positivity towards our industry with the general public agreeing that coaching is a fundamental part of moving our country along.
I hold personal recordings of these which I will be able to transfer if required however these aren’t all published on social media. The main TV interviews can be found posted on the on the following web pages:

“Coach Crisis” Facebook page
STV News website: “Scottish coach industry warns it is on brink of collapse”
Post on “Coach Crisis” Facebook page, dated 23 May 2020 at 18:36
Post on “Coach Crisis” Facebook page, dated 23 May 2020 at 11:08
BBC News website: “Coronavirus: Coach firms facing ‘impossible choices’”
BBC News website: “Coronavirus: Jobs lost as hotel and tour firm collapses”

Overview of Needs

In summary, as outlined by the CPT we would like to ask you to:

• Support the creation of a financial support package for coach operators to allow them to meet their financial obligations both during this period of initial closure and into the summer season. (as has been proposed for the Scottish Seafood Fishing Industry);
• Ensure that Local Authorities within your region issue full payments to operators for home to school contracts and tendered services; even where they may not be fully operated;
• Ensure that Local Authorities within your region consider Coach operators as part of the leisure sector so that they may access the Coronavirus Support Fund.

The coach sector is ready to work for this support. We are ready to assist government resilience efforts where possible both in terms of highly trained driver availability, vehicle provision and community services. Many operators are already reaching out locally to help in their communities and our trade association has conveyed our offer of help to Transport Scotland’s Resilience Hub.

Concluding Statements

In times of crisis, it is coaches that come to aid when other travel modes (such as train or aeroplane) have failed. Coaches are often called on to turn up in high risk situations such as extreme weather or, as seen more recently, in moments of repatriation such as those returning from COVID-19 affected countries.

We are often an unseen force and are not accustomed to asking for help, however today, I ask that you come to our industry’s aid so that we may continue to support Scotland’s economy. We desperately need help now if we are to survive.

I would welcome any influence you can bring on the Government to give support to our industry and I would be happy to discuss this with you further. It is imperative to note that although I have written this based on my own personal experience and the uncertainty that I have regarding the future of my own company, I have engaged with countless industry peers who hold the same concerns as I do. I have also been in
discussion with many tourist and coach travel dependent companies who also mirror our fears.

This is an industry-wide issue across the whole of Scotland. Small places that rely heavily on coaches and many small businesses and hotels rely solely on coaches, villages, towns, and our cities need coaches to be ready and willing when the time comes, and it will. We will welcome back our visitors to our wonderful country, with a smile, a handshake and they leave with a hug. People come aboard as strangers, they leave as friends.

The Coach industry carries around 42% of all incoming tourists. If there are no coaches to transport tourists then the cruise ships, people and holiday makers will simply go elsewhere. Our industry is vital to our economy, vital to rural industries and vital to every small town, village and city across our beautiful country.

Furthermore, I can also put you in direct contact with operations who have voiced their concerns for their future in tourism if coaching was to collapse. I sincerely hope that the future can be stabilised before another pivotal tourist and coaching operation falls, like the Specialist Leisure Group, David Urquhart Travel and many others.

I hope that this plea is enough for your consideration and support, however I am always more than willing to talk further and immerse myself into discussions to come to a resolve.
Written Submission from Owen Phillips

Dear Sirs / Madams,

I do not reside in Scotland, but I have had been coming to Scotland for my main holiday every year since 1971 except 1974 and spent most of that time in the West of Scotland. My favourite pastime being trips down the Firth of Clyde on the Paddle Steamer Waverley, or trips to the Hebrides on Calmac Ferries.

There seems to be a total lack of understanding among the officials responsible for the Covid19 restrictions in relation to camping. They do not seem to understand that tents can have self-contained facilities. The new regulations only permit caravans and motor homes with on board facilities. Many campers have toilet tents with chemical toilets. There is no difference between these and caravan/ motor homes that are self-contained. If anything, a separate toilet tent is more Covid Safe than an in-board toilet. This photograph (attached below) shows my self-contained unit. Certificated minimal facilities sites have always been open to self-contained campers. These days many sites of this type have toilets but for many years most of them had no toilets, only chemical emptying points. In my opinion allowing caravans and motor homes that are self-contained but not tents that are self-contained is just stupid!

This leads to a further point. If it is safe to have motorway service area toilets open, which they are and it is safe for pubs that are open to have toilets open, why isn’t it safe for a communal toilet in a camping site. Toilets in service areas and pubs are less manageable than toilets in camping sites.

By the time camping in tents is permitted there will not be much summer left. There will be a lot more people trying to cram their holidays into a much shorter window, everywhere will get booked up so a lot of people will not get holidays. Social distancing will be more difficult to observe because of numbers. It would be far safer spread the season over a longer period, rather than restrict it to August and a few days in July.

We may never get a vaccine and this disease may stay with us. Lockdown is not a sustainable option, we cannot have lockdowns every 6 months, the governments UK and Devolved need to find a better solution that does not infringe freedoms and let people get on with their lives. To start with the National Health Service needs to be funded properly so it is never put in the position that it can’t cope. We knew years ago that a pandemic could cause this problem and did nothing.
Photograph taken in Fife in 2018
Written Submission from Citizens Advice Scotland

Introduction and context of response

Citizens Advice Scotland (CAS) welcomes the opportunity to respond to this inquiry. The COVID-19 outbreak and social distancing restrictions have created unprecedented challenges, in particular for the economy and workers, including a number in the tourism industry.

The unprecedented challenge has been reflected in the demand for employment advice provided by Scotland’s CAB network. Between 16 March and 10 July, Scottish CAB advised clients on 24,257 employment-related issues, representing over 13% of all advice in the period. This is more than three times the typical proportion of employment advice issues (in February it made up just 4% of advice), underscoring the level of concern, change and challenge.

This response highlights some of the issues that workers in the tourism industry have sought advice about since the COVID-19 restrictions began in mid-March.

Issues for workers in the tourism sector

In common with many, people employed in the tourism sector have been unable to work during the COVID-19 outbreak. Although some have been access support through the Coronavirus Job Retention Scheme (CJRS) and the Self Employed Income Support Scheme (SEISS), others have been unable to access this support, and in some cases no state support at all due to their circumstances.

Broadly, these issues fall into two groups. One is workers whose employers have made them redundant or laid them off rather than placing them on furlough. The second is people who are self-employed in the tourism sector whose circumstances have meant they are unable to receive support from the SEISS, or who have had costs which are not covered by the profits-only nature of the scheme.

A number of CAB clients in the tourism sector have sought advice because, rather than placing them on furlough, their employers have made them redundant, or offered them no work. This has meant that they have no income from wages and have had to apply for Universal Credit, which generally is less than they would have received from the CJRS, had they been placed on furlough. Additionally, some clients, such as full-time students, are also ineligible for Universal Credit or other social security benefits and are left with no income at all. In some cases, it is unclear why the employer has not considered furlough, or that correct redundancy procedures have been followed.

Citizens Alert: A North of Scotland CAB reports of a client who works as a handyman in the tourist industry whose employer had made him redundant without explanation. He queried whether the furlough scheme was a grant, or if his employer needed to pay it back, as he didn’t understand why his employer had not placed him on furlough if the money did not need to be repaid. The client’s employer had told him that ‘his job was there for him when all this passes’, which added to the confusion.
Citizens Alert: An East of Scotland CAB reports of a client who is employed as a pilot, but has been off sick on full pay for nine months, following an injury which occurred at work. The client has been informed that company he works for are going to be making redundancies due to a downturn in business as a result of Coronavirus. The client does not feel the redundancy process is being followed or that redundancy would be fair and wanted more information on this and how to challenge a decision. He was also concerned about financial impact, especially as he has a mortgage. He also states employers are not considering alternatives such as furloughing workers.

Citizens Alert: An East of Scotland CAB reports of a client who worked for a construction company which had a contract with a hotel. This work ended due to coronavirus and company had already been affected by non-payment of a previous job. The client had been made redundant rather than furloughed and has not been able to get in touch with the company – it is likely they will not retain staff if their future is doubtful. He had worked just shy of two years, so was not entitled to redundancy pay. The client had applied for contributions-based Jobseeker’s Allowance and had no response to claim, although he had checked he had made sufficient National Insurance payments to qualify. He had not known to claim Universal Credit for housing costs and fallen behind on rent. Although he is now making a new Universal Credit claim he will not be covered for the six weeks which have already passed since his job ended.

Citizens Alert: An East of Scotland CAB reports of a client who is a full time student currently living with his family due to the Coronavirus lockdown. The client has a zero hours contract to work as a general assistant at a conference centre. The conference centre is currently closed and the client was advised verbally by his manager that they are not furloughing front of house staff but have furloughed some office staff. The client has been informed there is no current work however they will contact him when the conference centre opens again to resume work. As the client is a full time student they are ineligible to claim Universal Credit. The client wanted to check if he can challenge his employer’s decision not to furlough him.

People who are self-employed within the tourism sector have experienced losses because the Self Employment Income Support Scheme only covered profits and not ongoing business costs they have incurred. Others have been unable to qualify for the scheme because they have not been trading for long enough as they had not yet submitted a tax return.

The Scottish Government established a fund to provide support to the newly self-employed which helped plug the gap, although there are some groups who are also ineligible for support through this scheme – most notably people who have claimed Universal Credit, even prior to the scheme’s establishment on 21 April.1

Citizens Alert: An East of Scotland CAB reports of a client who is self-employed letting out holiday caravans. The client has large fixed costs for caravan lets and is already in debt, but all seasonal bookings have been cancelled due to Coronavirus. The Self Employment Income Support Scheme

1
only covers 80% of profits, which will not include business expenses such as site fees that will have to be maintained.

**Citizens Alert:** A North of Scotland CAB reports of a client who has recently started his own self-employed business doing falconry displays at a local castle. Due to the Coronavirus restrictions he cannot work. At the moment he is claiming Universal Credit, however the client has stated that once he buys feed and other essentials for the birds and pays vets’ and other bills he has no money left to live on. The client is unsure if he will be entitled to the Self Employment Income Support Scheme as his business has only been going for three months. The client has enough money to keep the business going for another four weeks and is unsure what they are going to do after this point.

Much of the support in this area relates to reserved matters. In our recent response to the House of Commons Treasury Select Committee’s inquiry into the economic impact of Coronavirus; Citizens Advice Scotland recommended:

- Making workers who began, or were due to begin, a new job up to the date of the announcement of the Coronavirus Job Retention Scheme (20 March) eligible to be furloughed, regardless of whether they had been paid by that point. As this change will likely be after the cut-off date for new claims, make provision for people in this group to still access the CJRS retrospectively;
- Giving certain types of workers, such as those in the shielding group, a right to be furloughed under the scheme. A formal right for workers to request to be furloughed which cannot be unreasonably refused by an employer could also be considered. As this change will likely be after the cut-off date for new claims, make provision for people in this group to still access the CJRS retrospectively;
- Provide mechanisms for workers to anonymously (to their employer) report instances of employers refusing to furlough them, forcing them to work despite it being unsafe to do so, or placing them on Statutory Sick Pay or annual leave instead of using the scheme to HMRC or the Health and Safety Executive. Sufficient resources should be given to those bodies to investigate and act on reports of misuse or abuse of the scheme by employers;
- People who have become self-employed in the past year should be allowed to access support from the Self-Employment Income Support Scheme;
- Self-employed people should also be entitled to claim support from SEISS for ongoing business costs such as premises, equipment costs, professional body membership fees and insurance where they have been unable to due to COVID-19;
- To ensure that people who are ineligible for either scheme are entitled to social security support, extend entitlement to Universal Credit to students, people subject to immigration control and people with capital exceeding £16,000.
- A flexible approach should be taken to the winding up of the support schemes, tied to the easing of restrictions and direct economic effects of the pandemic. This should take account of the differing impacts on different sectors of the economy, as well as the differing approaches to easing lockdown in the four nations of the UK.
In addition, the schemes and their gaps have highlighted wider issues that we would recommend as priorities for action when the economy begins to recover. Based on CAB evidence, CAS would recommend in the medium term:

- Taking further action so zero hours contract workers, and workers in the ‘gig economy’ have full employment rights and protections, including income protection if they are unable to work, or given no work by their employer;
- Giving consideration to whether the current employment rights of self-employed people should be increased, in particular giving them a right to Statutory Sick Pay and other forms of income protection;
- Completing the establishment of a Single Enforcement Body for employment rights as a matter of priority;
- Taking a human rights budgeting approach to reviewing the ongoing adequacy of Universal Credit and other social security support with a view to ensuring a minimum income standard.

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i Newly Self-Employed Hardship Fund – Scottish Government

ii Citizens Advice Scotland response to Economic Impact of Coronavirus inquiry – Treasury Select Committee, June 2020
https://committees.parliament.uk/writtenevidence/7898/pdf/
Scottish Government Update of 19 June 2020

Dear Joan,

Thank you for your letter of 22nd May 2020 following the Committee session of 14th May. This letter provides you with an update, as requested, in advance of the Committee session on 25th June which I am attending.

Parliamentary Statement of 10th June

My statement of 10th June set out the Scottish Government’s proposal for a provisional timeframe of 15th July for the opening of the Tourism and Hospitality sector, in line with Phase 3 of the Route-map.

The aim of providing an indicative and conditional date to the Tourism and Hospitality sector was to address the growing concern within industry that in the absence of any clarity on dates they cannot continue to sustain a holding position. The need to avert, if at all possible, business failures and job losses, and to provide lead times to prepare and take bookings, called for the Scottish Government to give what clarity it could on dates.

This is entirely conditional on the scientific and public health evidence and the continued progress through Scotland’s route-map. Despite this necessarily being a heavily caveated and conditional timeframe, from engagement with the industry we know that it was well received.

The tourism sector faces exceptional circumstances. It is a sector amongst those hit hardest from the crisis, and will take a long time to recover. The seasonal aspect makes it particularly vulnerable with much of the 2020 season destined to be lost before reopening. It will of course be necessary for ongoing engagement to manage the messaging and ensure it is fully understood that there are no firm guarantees, but we are sure that businesses will take such a message as a sign of hope for the future.

I also announced that I would be forming a new Scottish Tourism Recovery Taskforce. In addition to specifically addressing the sector’s recovery needs and developing a new domestic visitor marketing campaign, the STRT will be responsible for liaising with other tourism bodies, considering actions being taken by the UK Government, other devolved administrations and international best practice of similar countries in the European Union.

A note of the Taskforce members and its draft remit are at Annex A.

Publication of the guidance

On 18th June the Scottish Government published guidance for the tourism and hospitality sector in Scotland. The guidance will aid the safe reopening of the sector, the majority of which has been given an indicative date of 15 July, pending progress to phase 3 of the route-map. Some parts of the sector may open in an earlier or later phase.
The guidance sets out a risk based approach and the core public health measures that will need to be taken to allow safe reopening, including:

- Establishing physical distancing including organisational capacity, queue management, signage and markings;
- Enhanced hand hygiene measures and cleaning practice;
- Advice on workforce planning, including training and equality issues;
- Guidance for customers to ensure they know how to plan ahead and engage safely with the tourism and hospitality sector.

The guidance has been developed in partnership with industry, unions, and the appropriate regulatory bodies.

**UK Government Engagement**

Our engagement with the UK Government continues as we seek to both press the UK Government to recognise and act on the need for ongoing support for the sector, and work with the UK Tourism Minister to deliver a coordinated approach to recovery which benefits the four UK nations. This collaborative approach taken on the fortnightly calls I have with my counterparts across the UK has been very helpful in discussing and progressing issues of mutual interest, concern and benefit and I expect this to continue over the coming months as the sector begins to reopen across the UK.

Nigel Huddleston MP’s letters of 9th June, responding to my letter of 26th May, and the letter of 9th June from Kate Forbes and me to the Chancellor, are at Annexes B and C respectively.

**Engagement with the Tourism Sector**

Ongoing engagement with the sector has been a critical part of our response to the coronavirus. Between 23rd March to 16th June I have had around 50 meetings with sector, including regular calls with the Scottish Tourism Alliance Council, and numerous meetings with Chambers of Commerce, businesses and sectoral organisations to hear directly about the issues facing them both in terms of support and when they are preparing for reopening.

I trust this will provide a sufficient update on the Scottish Government’s activity to support the tourism sector for now, and look forward to exploring these issues in more depth on 25th June.

Yours sincerely,

FERGUS EWING
SCOTTISH TOURISM RECOVERY TASKFORCE

Remit of Group

The Scottish Tourism Recovery Taskforce (STRT) is responsible for strategic oversight of, challenging, and advising on, recovery plans in response to the Covid-19 impact on Scottish tourism and hospitality.

The STRT will not have responsibility for delivery of recovery plans. These will be delivered through the Scottish Tourism Emergency Response Group (STERG) and, specifically, its member organisations. The STERG will report regularly to the STRT on progress.

STRT is responsible for liaising with other bodies/groups as necessary and for ensuring that the tourism recovery plan is fully coordinated with wider Scottish Government and other relevant sectoral recovery plans, and with our tourism strategy Scotland Outlook 2030. It will, also take into account in its activity, wider actions being taken by the UK Government, other devolved administrations and international best practice, including that of the European Union.

SUBGROUP

Subgroups of the STRT may be formed to support its work.

ADMINISTRATIVE ARRANGEMENTS

It is intended that the group meet once or twice a month to allow work to flow to and from STERG.

Meeting papers will be issued by the Secretariat around 3 calendar days before any meeting. Tabled meeting papers will be published online.

A short note of the meeting will be produced by the Secretariat within 2 days of the meeting date. All notes of meetings will be published online within once month of approval by the taskforce Chair.

SUGGESTED INITIAL WORKPLAN - DRAFT

Based on initial analysis it is recommended that the new STRT gives early consideration to the following. This list is not exhaustive and we may also want to consider areas such as food and drink tourism, marine tourism etc.

i) Urgent review of funding support access
ii) Working with devolved administrations and UK Government on UK level interventions
iii) Short to medium term stimulus package
iv) Review of investment and ownership models for larger hotel chains and businesses
v) Domestic visitor campaign  
vi) Employee training and skills development  
vii) Early consideration of events sector recovery  
viii) A public conversation about tourism and the benefits for local communities

**Membership**

**Chair** – Cabinet Secretary for Rural Economy and Tourism  
**Vice Chair** – Minister for Business, Fair Work and Skills

**Members**

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<th>Name</th>
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<tr>
<td>Malcolm Roughhead</td>
<td>CEO, VisitScotland</td>
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<td>Marc Crothall</td>
<td>STA CEO</td>
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<td>Willie Macleod</td>
<td>Executive Director, UK Hospitality in Scotland</td>
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<td>Stephen Leckie</td>
<td>CEO of Crieff Hydro &amp; Chair STA</td>
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<td>Angela Vickers</td>
<td>Apex Hotels, Chair HIT Scotland</td>
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<td>Gordon Dewar</td>
<td>CEO, Edinburgh Airport</td>
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<td>Freda Newton</td>
<td>MD, Jacobite Cruises</td>
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<td>Robbie Drummond</td>
<td>CEO Calmac</td>
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<td>Duncan McConchie</td>
<td>SOSE board, owner of Laggan Outdoors</td>
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<td>Peter Duthie</td>
<td>MD of SEC</td>
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<td>David Sutherland</td>
<td>Director, North Highland Escapes</td>
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<td>Jeanette Wilson</td>
<td>British Holiday &amp; Home Parks Assoc</td>
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<td>Rebecca Brooks</td>
<td>CEO Abbey Tours, VS Board</td>
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<td>Alastair Dobson</td>
<td>MD, Taste of Arran</td>
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<td>Mark Tate</td>
<td>Scottish Chambers of Commerce</td>
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<td>Calum Ross</td>
<td>Proprietor, Loch Melfort Hotel, Chairman UKH Scotland</td>
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<td>Malcolm Buchanan</td>
<td>Chair of Scotland Board RBS</td>
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<td>Lucy Husband</td>
<td>Scotland Food &amp; Drink, UK Market Development Director</td>
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<td>Susan Morrison</td>
<td>ASVA, CEO Scotch Whisky Experience</td>
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<td>Susan Russell</td>
<td>Chair, Women in Tourism</td>
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<td>Lord Thurso</td>
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<td>Stephen Montgomery</td>
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<td>Alan Rankin</td>
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<td>Professor Anna Leask</td>
<td>Tourism &amp; Languages Subject Group, The Business School, Edinburgh Napier University</td>
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<tr>
<td>Colin Smith</td>
<td>CEO, Scottish Wholesale Association</td>
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<td>Lucy Byatt</td>
<td>Director, the Hospitalfield Trust, Arbroath.</td>
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<tr>
<td>Suzanne Cumisky</td>
<td>Chair SLAED / P&amp;K Council</td>
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The group will be quorate with two-thirds attendance.
Official Support

Secretariat is provided by The Scottish Government Tourism & Major Events Division. An official from each of HIE, SE and SOSE to be invited in a supporting capacity.
Dear Fergus,

Thank you for your letter of 26 May on tourism businesses accessing the UK Government's economic support package.

As I said in our recent call, my department continues to monitor COVID-19's extensive impact on the tourism industry. We remain in regular contact with stakeholders, including UKHospitality, and I value all the Devolved Administrations' readiness to share information with us throughout the crisis.

Thank you for notifying me of industry members' suggestions for new support measures which would need funding from the UK Government. I also appreciate you sharing the Association of Scottish Visitor Attractions' survey detailing some of the Scottish companies with rateable values over £51,000.

The retail, hospitality and leisure business rates relief and the associated grant fund represent a targeted relief scheme aimed at small businesses. Her Majesty's Treasury (HMT) has set the rateable value threshold at £51,000 to reflect that. As previously mentioned, I encourage ineligible businesses to fully engage with the other strands of the government's UK-wide support package.

I'm glad to hear further positive feedback from the tourism sector on the Chancellor's recent extension of the Coronavirus Job Retention Scheme (CJRS). I am aware of how strongly many tourism businesses feel about introducing flexibility into the scheme as they plan for the recovery period. The Chancellor has now set out more details on how the CJRS will continue to support jobs and business as people return to work, following the announcement of an extension of the scheme on 12 May.

From 1 July, employers can bring back to work employees that have previously been furloughed for any amount of time and any shift pattern, while still being able to claim CJRS grant for their normal hours not worked. When claiming the CJRS grant for furloughed hours, employers will need to report and claim for a minimum period of a week. To be eligible for the grant, employers must agree with their employee any new flexible furloughing arrangement and confirm that agreement in writing. The scheme will close to new entrants from 30 June. From this point onwards, employers will only be able to furlough employees that they have furloughed for a full three-week period prior to 30 June. From August the level of the grant will be slowly tapered to reflect that people will be returning to work. More details on the CJRS extension can be found here: https://www.gov.uk/government/news/chancellor-extends-self-employment-support-scheme-and-confirms-furlough-next-steps.

I understand that further guidance on flexible furloughing and how employers should calculate claims will be published on 12 June. I recognise the sector's desire for clarity on this and I will keep you fully briefed on any developments through our calls.

We will continue to monitor the situation in the tourism and hospitality sectors as restrictions are gradually eased. We will relay intelligence to HMT and will alert them if any specific challenges develop for the sector over the coming months. In the
meantime, I encourage hospitality and leisure businesses to continue to make full use of the UK Government's support package.

On your final point, I recognise that these are extremely difficult conditions for coach operators. Coaches are a vital part of the UK tourism industry, and I know they play a vital role each year in connecting visitors with Scotland's areas of natural beauty. I am also acutely aware of the seasonal nature of many coach companies' trade. I will continue to hold discussions with stakeholders - as well as with my colleagues at the Department for Transport and HMT - on the specific issues facing coach operators.

Thank you again for raising these issues with me. I look forward to holding further constructive discussions with you alongside our Welsh and Northern Irish counterparts on helping UK tourism through this crisis and into the recovery period.

Nigel Huddleston MP
Parliamentary Under Secretary of State for Sport, Tourism and Heritage
Dear Rishi

SUPPORT FOR THE TOURISM AND HOSPITALITY SECTOR

We are writing to outline the devastating impact of COVID-19 on the hospitality and tourism sector in Scotland and to ask for your urgent support to develop measures to mitigate the worst impacts of this crisis.

We continue to support Scotland’s businesses by passing on every penny we receive from the UK Government for this purpose, and more, directly to businesses. Our package of support now totals over £2.3 billion and has been tailored to recognise that Scotland’s economy is different to the rest of the UK. For example, based upon our analysis of Non-Domestic Rates data, we estimate that the proportion of properties in the hospitality sector is significantly higher in Scotland (12.9%) than in England (8.2%), although lower slightly lower than in Wales (14%). Recognising the importance of the sector to the Scottish economy, we have developed specific support not available elsewhere in the UK including our £30 million Creative, Tourism & Hospitality Enterprises Hardship Fund and our £120 million Pivotal Enterprise Resilience Fund. These help deal with some of the gaps, but we only have the resources to go so far.

The Scottish Government welcomes the measures that the UK Government has taken to help support businesses since the onset of the pandemic. The Coronavirus Job Retention Scheme (CJRS) and the Self-Employed Income Support Scheme (SEISS) have been valuable as short-term solutions, however, they are insufficient to support the hospitality and tourism sector into recovery.

We have previously raised some of these issues with DCMS (22 April and 26 May letters to the Minister for Sport, Tourism and Heritage) and with yourself on CJRS (most recently, 26 May letter from the Cabinet Secretary for Economy, Fair Work and Culture), however the sector cannot continue to wait. The seasonal nature of tourism means that many businesses rely on a successful summer season to provide the revenue which sustains the business throughout the rest of the year.

The July – September period accounted for almost 38 per cent of domestic and international overnight spend in Scotland in 2019, while April - June represented a further 28 per cent. Our businesses stand to lose a substantial part of their trade for this year on top of the income lost through the lockdown period and may not see a return to demand until 2021. Under such circumstances, businesses simply cannot afford to pay NI and salary contributions to keep employees on furlough when there is no prospect of income. Already we are seeing mass redundancies as a result: Crieff Hydro Group, InterContinental Group and Moorfield in Shetland are the latest to start redundancy consultations with hundreds of jobs under threat. Without further support, tens of thousands of jobs are at risk and a huge reservoir of skills, which the industry has built up over decades, could be lost in a matter of a few weeks.

The potential economic, social and personal impacts of such an eventuality would be deeply damaging. There are over 15,000 tourism businesses in Scotland registered for PAYE or VAT, accounting for 8.6 per cent of Scotland’s total enterprises. The sector
employs 218,000 people, representing 8.3 per cent of the Scottish workforce across a range of occupations and skills, with larger employment shares in Edinburgh and the Highlands. To put this in context, tourism businesses represent 6.3 per cent of registered enterprises in the UK overall, while tourism accounts for 7.8 per cent of the GB workforce. Prior to the pandemic, day and overnight visitor spending supported £7 billion of Scotland’s GDP, making tourism a key growth sector for the Scottish economy, contributing to sustaining employment and economic activity in Scotland’s major cities and rural communities, as well as supporting some of Scotland’s most fragile areas.

CJRS and SEISS are providing welcome assurance and interim support, however further specific bridging support is needed for the tourism and hospitality sector taking into account the unique circumstances and pressures it is facing: legally enforced closure, the collapse of international tourism (re-enforced by the quarantine), as yet unknown issues regarding confidence of the customer base, and the challenges of social distancing and hard surface hygiene. Continued support will be needed for tourism, culture, events, hospitality and their wider supply chain in the longer term, either through extension of CJRS and SEISS or through specific arrangements for these sectors. Support will also be needed for the aviation industry which is so vital for our tourism sector. These are points echoed in English regions as well as by colleagues in Wales and in Northern Ireland. They have been raised regularly in the four nation Economy discussions with Minister Zahawi.

We firmly believe that all measures must be taken to protect jobs and that all areas should be revisited to see how they can support that ambition. The Scottish Government has long taken the view that VAT is an unnecessary barrier to growth and competitiveness for the sector, with some of the highest rates in Europe already making Scotland and indeed the UK less competitive. We have already deferred our plans to introduce a tourist tax and we would welcome discussion on VAT to help alleviate some of the pressures on business hindered by this measure.

We also note the actions taken by the French Government, which has unveiled a package of support for its tourism and hospitality businesses worth €18 Billion. We urge your Government to show a similar level of support for the sector across the UK as has been seen in France. Doing this would provide vital further support for this sector and ensure that it is in a strong position to recover.

The Scottish Parliament will be discussing these matters tomorrow. We want to work with the UK Government to consider continued support for sectors that remain adversely affected beyond October, recognising that any such support should be responsive to the different public health guidance in each of the four nations and that employers will need to know about any continued support arrangements well in advance. We will keep you updated on the situation and ask that you convene talks with Scottish Government and relevant industry representatives as a matter of urgency to discuss a flexible furlough approach which can tide the industry through to March next year, taking account of seasonality of the sector.

Kate Forbes & Fergus Ewing
Culture, Tourism, Europe and External Affairs Committee
Impact of COVID-19 on Tourism in Scotland

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

- Tourism visitor numbers, output, and GDP
- Tourism employment
  - Furlough – mass redundancies to come?
- Tourism reopening the doors
  - Good to Go Scheme
  - Community Concerns
- Local variations in reopening
- Business viability with reduced capacity
- Local lockdowns
- Scottish Tourism Emergency Response Group (STERG) and National Action Plan
- Scottish Tourism Recovery Taskforce (STRT)
- VisitScotland response
  - Marketing activities
  - Funding
- Support for industry
- International connectivity and aviation
- Advisory Group on Economic Recovery – tourism perspective
- Wider topics to note.

Fergus Ewing MSP, Cabinet Secretary for Rural Economy and Tourism, gave evidence to this Committee related to COVID-19 and tourism on 14 May 2020 and 25 June 2020. For context on the tourism sector and details on the Scottish Government’s initial response in relation to tourism and COVID-19, please see the SPICe Spotlight blog ‘Destination unknown: tourism, coronavirus (COVID-19), and getting to reboot’ (April 2020).
Tourism visitor numbers, output, and GDP

With international aviation at a virtual standstill since March, the closure of tourism sites and attractions, the cancellation or postponement of major festivals and events, and restrictions on public gatherings (indoor and outdoor), the impact of COVID-19 on tourism has been overwhelming and immediate. Tourism output and its ultimate contribution to GDP is driven by visitor numbers. In July, VisitScotland published Q1 summary visitor statistics. These statistics showed that—

- international overnight tourism visits to Scotland decreased by 17% in Q1 2020 compared to Q1 2019. This was mostly driven by a drop in inbound visits from EU15 residents
- Q1 2020 overseas inbound trips are the lowest since Q4 2015, Q1 2020 visitor expenditure remained in line with Q1 expenditure over the past several years
- no data were available on domestic visitors (Scotland and rest of UK) – see following section.

Issues with data collection for 2020 were highlighted in the VisitScotland publication.

- Data collection for the International Passenger Survey was suspended on 16 March due to COVID-19. Thus, March results have been suspended but January and February results are unaffected.
- There is a temporary gap in domestic statistics (Great British Tourism Survey and Day Visit Statistics) from Jan-Jun 2020 due to COVID-19 and due to transitioning to a new data supplier. It is estimated the normal cycle of reporting will resume in Q4 2020.

Revised OECD estimates on the COVID-19 impact point to 60% decline in international tourism in 2020. This could rise to 80% if recovery is delayed until December. The latest UNWTO estimates for 2020 point to a fall of 78% in 2020 revenues from tourism.

Prior to COVID-19 tourism contributed £7.4 billion in turnover and £4.1 billion in GVA to Scotland’s economy. The sector contributes around 5% of Scotland's total GDP. Each £100 spent by tourists in the economy supports around £65 of GDP in the wider economy.

**Tourism related industries had the largest falls in output**

The Scottish Government's new experimental statistics (published 17 July) show that Scotland's GDP is provisionally estimated to have increased by 1.5% in real terms during May, after falling by 18.9% in April and 5.5% in March. Despite the increase in May, GDP remains 22.1% below the level in February, prior to the lockdown measures which were introduced in March.

After output fell in nearly every industry during March and April, the results for May are more mixed. Some parts of the economy are estimated to have seen a pickup in activity as firms and consumers adapted to physical distancing requirements, including some people returning to work. This can be seen in the manufacturing and wider production sectors, and in Retail & Wholesale and Transport services. However, many
of the other industries across the services sector experienced further falls in output or remained unchanged at low levels due to the ongoing lockdown and wider impacts on activity.

Tourism related industries had the largest falls in output over the three months to May. This includes Accommodation & Food Services (down 89.8% over three months) and Arts, Culture & Recreation Services (down 54.3% over three months). There are other subsectors showing similar falls, including the Travel Agency & Tour Operators industry (part of Administrative and Business Support Services).

This significant scale of decline is unique in the data series and demonstrates the scale of the economic crisis faced by tourism sector.

**Tourism employment**

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

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

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

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

**Furlough – mass redundancies to come?**

HMRC estimate 736,500 furloughed employments¹ in Scotland, as of 30 June. This represents 29.8% of the workforce and 8% of the UK total. At the time of writing (13

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¹ ‘Employments’ is a term used by HMRC in relation to the furlough scheme. The rules for an employment to qualify to be covered by the furlough scheme are set out in guidance, and two of the key rules are that the furloughed employee must have been employed on 19 March 2020 and the employer must have submitted a Real Time Information (RTI) submission to HMRC for the employee
August), July figures for Scotland are expected in the coming days. Take-up rates across local authorities were generally in line with the Scottish average. Highland (34%) and Perth and Kinross (33%) had the highest take-up rate. Island local authorities (Na h-Eileanan Siar 24%, Shetland 25%, Orkney 27%) and Inverclyde (24%) had the lowest take-up rates.

In terms of sectoral impacts, Accommodation & food and Construction sectors had the highest uptake in Scotland, where over 70% of employees have been furloughed. Arts, entertainment, & recreation is also notable for the scale of impact with a take-up rate of 66%. Across all countries and regions of the UK more than 70% of employments in Accommodation and food services have been furloughed through Coronavirus Job Retention Scheme (CJRS). The Scottish rate of 74% was in line with the UK average. Northern Ireland had the highest rate at 78%. More details on the CJRS in Scotland are explored in the SPICe blog Coronavirus (COVID-19): The “furlough” scheme in Scotland.

A concern is that a significant proportion of the unemployment associated with this economic crisis has simply been delayed rather than avoided. The furlough scheme has provided lifeline support for many, but as it is phased out the full impact on employment will be revealed. Fraser of Allander noted that—

“.... it will take less than 20% of those on furlough to lose their jobs for the unemployment rate to more than double – and that is before factoring in what might happen to those who are self-employed and currently receiving government support”.

Last week, the Bank of England warned the jobless rate could hit 7.5% by the year's end. The travel sector and retail have been among the major employers cutting back on staff already, though research by technology recruiter Harvey Nash suggests sectors hit less hard, including pharmaceuticals, logistics and healthcare, are continuing to create jobs. The World Travel & Tourism Council has warned that nearly three million UK travel industry jobs look set to be lost because of the “confusing patchwork” of bans, quarantines and uncoordinated testing.

Tourism reopening the doors

Many countries are now entering a new phase in fighting the virus while at the same time managing the re-opening of the tourism economy. This is a complex and challenging task for the tourism sector.

An announcement from the Rural Economy and Tourism Cabinet Secretary (10 June) indicated some businesses (including bars and restaurants) should start to prepare for a provisional return to trading – with appropriate safety guidelines – on 15 July 2020. The First Minister confirmed that Scotland could move into Phase 3 of easing lockdown restrictions from 15th July, where indoor restaurants, cafes and pubs can reopen providing safety guidelines are followed “rigorously”. The tourism sector including

[by this date. Further information on the qualifying criteria are available at the following internet location: https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme.]
hotels also reopened on that date, along with museums, attractions, libraries and cinemas with tickets sold in advance where possible.

The Scottish Government launched the Tourism & Hospitality Guidance on 18 June. The guidance includes procedures for staff and customer safety and an operations checklist. This overarching guidance also links to specific sector guidelines that have been made available on the VisitScotland Get Tourism Ready page. Guidance has continued to be updated on a regular basis. There were 10,000 views of Government Guidance in the first 5 days.

There is an EventScotland work stream where officials have developed advice and guidance for events. This was published on gov.scot on Friday 3rd July. Guidance for museums, galleries and heritage attractions was published by Scottish Government on 6th July. There is no firm date for the return of events in Scotland. Live drive-in events have been allowed since 22 July. However, new guidance means audience members will have to stay in their cars unless going to the toilet or concession areas. There is no confirmed date for the restart of other live events.

The Scottish Tourism Emergency Response Group (STERG) July meeting notes highlight the following concerns from industry since reopening—

- challenges remain around English visitors. Businesses are still experiencing cancellations. It was suggested messaging still needs to be addressed
- still concern as Scottish school holidays coming to an end and how to extend the holiday season
- challenges with public facilities, such as toilets, still to open; and
- wild/irresponsible camping /campervan concerns, part of broader piece on responsible tourism.

Good to Go scheme

The “Good to go” scheme is an online self-certification platform showing how businesses have adapted practices in response to COVID-19, originally developed by VisitEngland. The free scheme complements the guidance already issued by Scottish Government to help tourism businesses plan to reopen.

As at 3 August, 6,061 businesses in Scotland have registered as Good to Go (GTG). VisitScotland is continuing to encourage businesses to sign up and promote it on business listings on VisitScotland.com. VisitScotland staff are also following up with calls to support businesses. There is a commitment from VisitScotland to ‘spot check’ 5% of GTG – this has already been exceeded by VisitScotland’s QTAs carrying out GTG Business Support Calls.

Community concerns

There continues to be community concern about the pressure on local resources – but an acknowledgement that local businesses won’t thrive without the visitor coming back. It is thought that communities and visitors are generally beginning to find the right balance. VisitScotland developed a plan to addresses community concerns involving the regional VisitScotland teams and Keep Scotland Beautiful. A submission
from PLACE to the Committee highlights tensions between short-term lets and residents needs, and concerns about over-tourism.

There have been reports of anti-social behaviour in National Parks and across scenic parts of Scotland. Last week it was reported that Durness on Scotland's north coast is being "swamped" by visitors who have little or no regard for the local community or environment. The village is on the popular North Coast 500 tourist route. In response to local complaints, a Scottish Government spokesperson said that many businesses rely on tourism but visitors all have a part to play in enjoying the country responsibly.

"Anyone visiting tourist attractions or destinations must be mindful of local communities and respect those living in the area. We have some of the best experiences in the world here in Scotland and if everyone acts considerately we can all enjoy them safely while supporting the local economy."

VisitScotland highlighted hearing reports of incidents of environmental damage with branches being snapped off trees and fencing pulled up to use on camp-fires putting wildlife at risk and damaging the local environment further. They are also hearing reports about real fear of wildfires from smouldering fires being left by ‘dirty campers’. In response Malcolm Roughead stated—

“The fact that VisitScotland and others are having to divert marketing resources to run campaigns to remind people to take their litter home and protect their own environment is quite frankly depressing.

Why would anyone think it is acceptable to leave litter, a tent or anything else in a beauty spot? This throwaway attitude is reminiscent of times before we realised the damage we were doing to our environment”.

Local variations in reopening

Since tourism accommodation providers started reopening in mid-July, there have been disappointing occupancy rates across Scotland’s cities. There is concern that a reduced proposition within cities will further discourage visits with many visitor attractions only partially open, leisure facilities closed, weddings with a max of 20 attendees and event programmes cancelled. Recent STERG meeting notes highlight that hotel occupancy is sitting around 35 – 40% for small/medium hotel category for July and August. Self-catering is having a stronger performance across the country with data showing over 40% occupancy. Booking data suggests a preference for rural/coastal destinations with the draw of easier social distancing over urban destinations. VisitScotland’s CEO recently said:

“Rural self-catering properties seem to be recovering faster than hotels – particularly those in cities – and the loss of major events, from sport to the Edinburgh Festivals are impacting businesses across Scotland. The challenge now is to get people holidaying in the autumn and winter to try and extend the holiday season”.

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This lack of demand for urban destinations has seen fears grow over the prospect of widespread job losses in Edinburgh, as it emerged that two-thirds of the city's hotels rooms may be left lying empty in August. The absence of the festivals, a slump in overseas visitors, the closure of attractions and a reluctance by UK holidaymakers to book city breaks is said to have brought the capital to the brink of “the worst month ever for tourism in Edinburgh”. For example, the Caledonian Waldorf Astoria Hotel in the capital said it needs to lose 65 full-time posts and amalgamate and change the hours of a further 135 jobs. The Edinburgh Hotels Association has said businesses have been left “on their knees and in financial crisis” due to the dramatic drop in business compared with recent summers. Also, Edinburgh Airport announced plans to make around a third of its workforce redundant.

**Business viability with reduced capacity**

SMEs make up the majority of firms in the tourism sector. Given their often-limited resources and existing obstacles in accessing capital, the period over which SMEs can survive a shock like COVID-19 will likely be shorter than for larger firms. As the OECD Interim Outlook signals, there is a risk that otherwise solvent firms, particularly SMEs, could go bankrupt while containment measures are in force. Tourism businesses that were viable before the pandemic may now be vulnerable. Costs associated with prevention and changes in work processes, such as the adoption of digital tools and implementation of new operating protocols, may also be relatively higher for SMEs.

In addition to being characterised by a very large group of small and micro-businesses, the tourism sector is also highly fragmented and diverse, covering a wide range of industries. The sector faces particular challenges due to this cross-cutting, multi-level, and fragmented nature. Tourism services are often interdependent and a crisis in one sub-sector, such as aviation, can have disastrous follow-on effects on the tourism value chain. A key challenge as the sector looks to re-open is how to get all these interlinked parts of the tourism supply chain working together again, to provide a seamless tourism experiences for visitors.

A recent Fraser of Allander survey found that that the average Scottish firm expects to only operate at around 50-75% capacity over the next 6 months. Some tourism/hospitality submissions recently sent to the Economy, Energy and Fair Work Committee demonstrate a bleak outlook from businesses in terms of operational capacity, viability, and staff levels.

Hielan Jessie bar in Glasgow are operating with a capacity of 25 (seated) customers where normal capacity is 102 and they would normally have 75 to 85 customers on a busy night or weekend afternoon. They hope to survive the next few months, however it will be very challenging, and the owner stated - “I am very worried if the business I have run for 25 years will be here next year”.

A prominent Scottish coach operator described the following – “If schools go back full time we will be working at about 30% of our usual business. We have been trying really hard to keep our employees some who have been with us for years. I don’t know what the situation will be by November when we have no more help with wages. We were a very viable company with a full diary of day
trips and tour programmes right through to October and this was wiped out overnight. We basically will have had an 18-month winter and if the tours (we rely on foreign visitors) and day trips do not start back next March we could have serious problems. We are borrowing to keep the company going until then.”

An Edinburgh based hospitality business described a bleak situation – “Personally, I can’t see my business surviving past September. My cash flow is decreasing at an alarming rate, and I still have bills for February and March, that I am unable to pay. At the same time, if my business fails, I will lose my house.

The fear of losing my house is so great, that I live in permanent anxiety, which makes running of a business near impossible. Moreover, hospitality is an industry which sees 60% increase in infection rates per staff member globally.”

A submission to this Committee from Maynes Coaches from northeast Scotland highlights the difficulties experienced by coach operators as follows—

- The virus has closed the business down but direct overheads to keep property maintained and to keep vehicles sitting continue. Some coaches have significant finance agreements worth £270k plus. A coach that is sitting idle costs the company £250 per day on average. The submission states ‘without support our company likely faces permanent closure within weeks’.
- With little to no work now or for the remainder of the season, we were left with no option but to furlough drivers and other staff.

The submission from Maynes Coaches contained the following specific asks:

- support the creation of a financial support package for coach operators to allow them to meet their financial obligations both during this period of initial closure and into the summer season (as has been proposed for the Scottish Seafood Fishing Industry); and
- ensure that Local Authorities within your region issue full payments to operators for home to school contracts and tendered services; even where they may not be fully operated.

Local lockdowns

On 5 August, the First Minister confirmed that restrictions would be reimposed in Aberdeen due to the cluster of cases associated with pubs in the city. Pubs and restaurants offering indoor and outdoor hospitality were required to close for at least a week and this was extended to a second week. STA described this as a—

“…devastating blow to the many hospitality businesses who have invested significant amounts of money in reopening and providing a safe experience to their staff and the public. Aberdeen serves as an example of how quickly the virus can reignite and illustrates the immediate impact that this has on a local economy and public health”.

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The Federation of Small Businesses (FSB) said government "at all levels" would need to "step up" and help those affected. The FSB Scotland Policy Chair, Andrew McRae commented—

"While local lockdowns might be necessary to prevent additional nationwide restrictions, today's announcement will be a hammer blow for independent firms in Aberdeen and the north east."

Scottish Tourism Emergency Response Group (STERG) and National Action Plan

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

STERG has prepared a national action plan. This Plan has four phases – RESPOND, RESET, RESTART, RECOVER – in line with the Scottish Government’s economic recovery plans. There are detailed actions linked to each phase, apart from the Recovery phase, which the Scottish Tourism Recovery Task Force (STRT) is currently drafting.

- **Respond**: immediate provision of information and support to businesses (March 2020 - May 2020)
- **Reset**: support, planning and preparation to encourage restart (May 2020 - September 2020)
- **Restart**: support and guidance to begin safe re-opening (June 2020 - February 2021)
- **Recovery**: direction and support for operating in a new post covid-19 environment (June 2020 - December 2022)

STERG highlight that the Plan document will continue to evolve in line with the scientific evidence and government advice on the reopening of the tourism industry. To respond most effectively, all work on Scotland Outlook 2030, the new national tourism strategy and the supporting action plan is temporarily on hold, as the entire focus has been shifted to supporting the STERG National Action Plan. The STERG National Action Plan will however look to align with Scotland Outlook 2030.

Scottish Tourism Recovery Taskforce (STRT)

The Scottish Tourism Recovery Taskforce, announced 10 June, will assist with the ongoing reset of the sector. The work of the STRT will feed into the recovery phase of the STERG Action Plan. The STRT is led by the Cabinet Secretary for Rural Economy and Tourism and the Minister for Business, Fair Work and Skills and is responsible for strategic oversight of, challenging, and advising on, recovery plans in response to the Covid-19 impact on Scottish tourism and hospitality.
The STRT is responsible for ensuring that the tourism recovery plan is fully coordinated with wider Scottish Government and other relevant sectoral recovery plans, and with the tourism strategy Scotland Outlook 2030. It will also take into account in its activity, wider actions being taken by the UK Government, other devolved administrations and international best practice, including that of the European Union.

STRT met for the first time on 25th June. Subsequently three workstreams were created to focus on three priority areas: 1) Stimulating Demand, 2) Business and Workforce Recovery, and 3) Investment.

Each workstream is currently developing a set of recommendations which will be submitted to the Cabinet Secretary for Rural Economy and Tourism, Fergus Ewing MSP, and the Minister for Business, Fair Work and Skills, Jamie Hepburn MSP, by the end of August. An interim update meeting was held on 10 July to share workstream progress. The next meeting will be held on 20th August. The taskforce is expected to be a short life group running from June to September 2020.

As of 22 July, two of the workstream subgroups focused on Demand and Recovery had met. The Investment group was still to meet. STA noted the work of the Recovery working group lead by Marc Crothall, has highlighted issues around investment, banks not lending and concern about levels of borrowing.

**VisitScotland response**

*Marketing activity and iCentres*

VisitScotland will be updating all marketing plans over the next few months and this will be aided by data analysis and interpretation of the latest sentiment tracker results developed by the agency. VisitScotland’s current primary marketing campaign focusing on Scottish residents was launched in mid-July. There had been plans to extend across the wider UK from late July. However, rest of UK activity is now on hold per guidance from SG, impacting on expected reach figures.STERG notes from 22 July state that ‘Scotland is ahead of the game in promoting to the home and domestic markets with no other UK national tourist board doing any marketing activity’.

Europe and Long-Haul recovery marketing activity is being planned for later in 2020/21. VisitScotland has advised SG that reactivation will require up to 5 days for digital and 2-3 weeks to replan TV & radio. Planning for domestic Autumn/Winter 2020 content and campaign activity is underway (primarily domestic but short haul dependent on SG advice). They are also working with national partners (SNH, DMOs, National Parks) to identify effective approaches to address antisocial camping behaviour across two audiences of ‘novice campers’ and ‘party campers’.

VisitScotland’s iCentre reopening programme is underway – as of 4 August, 17 iCentres have re-opened with remaining centres due to open by mid-August. Print information and PPE provision is managed. Ticketing and retail to be re-introduced in due course.
Funding

In Budget 2020-21, VisitScotland was allocated £47.75 million. In addition, VisitScotland on average raise £6-7 million in retail, commercial and other income. We don’t have information on how COVID-19 has impacted VisitScotland’s spending plans for 2020-21 and if or how their budget has been reallocated. VisitScotland waived all Quality Assurance fees for financial year 19/20, releasing £1 million back into member businesses.

VisitScotland is administering the following COVID-19 funds on behalf of the Scottish Government—

- Coronavirus Support Scheme for Self-Catering Businesses – this fund was opened on 3 August and is now closed as the assessment panel are currently working through applications and will get back to all applicants with a response as soon as possible. The £1 million fund will be administered via VisitScotland working closely with the Association of Scotland’s Self-Caterers (ASSC).

- Tourism Destination and Sector Support Fund closed on 22 May. 81 sector organisations received £500,000.

VisitScotland supported the £20m Creative, Tourism & Hospitality Enterprises Hardship Fund, managed by the Enterprise Agencies as well as the Pivotal Fund, launched at the same time, with VisitScotland ensuring that full recognition was given to the key role of businesses of scale in tourism around the country.

A new support mechanism to help safeguard jobs at larger hotels – called the Hotel Recovery Programme – will open before the end of August 2020. The £14 million Hotel Recovery Programme consists of grant funding from the Scottish Government, plus bespoke packages of wrap-around business support provided by Scotland’s enterprise agencies and their partners. This is a programme rather than just a fund. Successful applicants will be offered bespoke packages of wrap-around support from the most appropriate agencies. The programme will be jointly run by Scottish Enterprise, Highlands and Islands Enterprise, South of Scotland Enterprise and VisitScotland.

Support for the industry

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

- **18 March 2020** - the Cabinet Secretary for Economy, Fair Work and Culture announced a £2.2 billion package of support including non-domestic rates relief; grants for hospitality, retail, and leisure; and halting the introduction of the Visitor Levy Bill.
- **20 March 2020** – lockdown imposed where the majority of the economy was ordered to close across the UK.
• **7 May 2020** - Tourism Destination and Sector Support Fund – now closed. A total of 81 membership organisations were successful in applying.

• **2 June 2020** – the Scottish Government announced £3 million support fund for B&Bs operating from a personal bank account opened for applications on 15 June.

• **25 June 2020** – ‘Good to Go’ initiative launched and Scottish Tourism Recovery Taskforce (STRT) launched.

• **3 July 2020** - Self-contained, self-catering holiday accommodation across Scotland able to reopen.

• **5 July 2020** - The UK Chancellor, Rishi Sunak announced a raft of support measures to revive the UK economy including a VAT cut to 5%.

• **8 July 2020** - First Minister confirmed the opening of 39 air bridge routes.

• **15 July 2020** – tourism sector reopening started.

• **26 July 2020** - A funding package of £10 million established by the Scottish Government to help the events sector.

• **29 July 2020** - Two new funding packages, worth £15 million, have been announced by Scottish Government – Hotel Recovery Programme and self-catering support.

• **29 July 2020** - Coronavirus (COVID-19) Support Scheme for Self-Catering Businesses guidance published.

• **3 August 2020** - Eat Out to Help Out Scheme (the scheme has been used more than 10.5 million times in its first week and has also led to an increase of 19% in the number of people visiting the UK’s high streets).

• **7 August 2020** - Hospitality rules tightened.

• **11 August 2020** - £10 million for a range of measures to recruit and retain apprentices, including additional funding for the Scottish Government’s Adopt an Apprentice programme.

A £14 million Hotel Recovery Programme was announced in late July and will help to secure up to 3,000 jobs at Scotland’s larger hotels until the start of the summer 2021 tourism season. Eligible businesses can apply for individual grants of up to £250,000 in addition to a suite of wrap-around business support and advice.

The Programme will be jointly administered by the Scottish Government’s enterprise agencies and builds on the existing funding and support for tourism businesses through the Creative, Tourism and Hospitality Hardship Fund and the Pivotal Enterprise Resilience Fund. The programme will open in late August. STA provided the following reaction—

“The £14m pot of cash whilst sizeable is however limited and there won’t be enough to support all the hotels that are in need of immediate financial support to help them survive, recover and maintain their previous staffing levels.

It remains the case that without this support and other forms of longer-term support and relief in the future, many of Scotland’s hotels will remain at significant risk of being forced into permanent closure which will result in many more thousands of jobs still being lost.
There was much frustration from industry around the Resilience and Hardship funds, issues included: demand significantly outstripped finding supply, lack of feedback on application rejections, and the bureaucracy associated with applications.

On 6 August the Cabinet Secretary for Economy, Fair Work and Culture wrote to the Committee regarding the application and award data for the Pivotal Enterprise Resilience Fund, the Creative, Tourism and Hospitality Enterprises Hardship Fund, the Newly Self-Employed Hardship Fund, and Bed and Breakfast Hardship Fund. Data on the award of these funds can be accessed from https://www.parliament.scot/S5_European/Inquiries/20200806_CabSecEFWCToCon vener.pdf

International connectivity and aviation

The Cabinet Secretary for Tourism recently wrote to the Committee relating to the public health measures at the border. He highlighted the Health Protection (Coronavirus) (International Travel) (Scotland) Regulations 2020 that came into force on Monday 8 June. They contain two main measures. Firstly, the need to provide your journey and contact details when you travel to Scotland and the requirement to not be allowed to leave the place you are staying for the first 14 days you are in Scotland except in very limited situations (known as ‘self-isolating’).

Individuals do not have to self-isolate in Scotland when arriving or returning from countries or territories are that are—

- covered by the 'travel corridor' exemption; or
- within the Common Travel Area (Ireland, the Channel Islands, the Isle of Man).

International border control is reserved to the UK Government, but these regulations were implemented on a public health basis and are therefore devolved to Scottish Ministers. The Scottish Government has published guidance on public health measures at borders (international travel).

Aviation

Aviation, and in particular airports, have been brought to a virtual halt and the industry is in survival mode, crippled by the loss of traffic and revenues. IATA, the worldwide industry trade association, reported that international traffic in June was down 97% year-over-year, while purely domestic traffic was down “only” 68%.

Edinburgh Airport received 14.7 million passengers in 2019 – that is expected to be below five million this year. The airport would normally receive 50,000 passengers per day during the summer months, whereas this has only just recently risen to around 3,000 per day. During some periods of the health crisis in Scotland, there were days with no passengers at all in Edinburgh Airport. Consequently, Edinburgh Airport announced it is to make about a third of its 750-strong workforce redundant. There also have been warnings of job losses at Glasgow airport.
Unite Scotland commissioned research from the Fraser of Allander Institute (FAI) showing that as a result of an estimated 1,500 direct job losses in civil aviation including companies such as Menzies Aviation and Swissport this will create a knock-on effect of job losses and spill-over effects in the wider economy leading to total job losses of around 2,330. The direct effect of these redundancies on gross value added (GVA) is around a £90 million loss to the Scottish economy. The overall economic impact is a loss of around £140 million to the Scottish economy after accounting for knock-on effects.

Expectations are growing that recovery to pre-crisis levels may take two years or more. The International Air Travel Association (IATA) predicts that airlines are unlikely to see a return to pre-crisis traffic levels before the start of 2021, while hospitality data company STR estimates that return to pre-crisis levels will not occur before 2022.

Advisory Group on Economic Recovery – tourism perspective

On 5 August, the Scottish Government published its response to the Advisory Group on Economic Recovery Report entitled “Towards a Robust, Resilient Wellbeing Economy for Scotland: Report of the Advisory Group on Economic Recovery”. The Scottish Government has accepted all 25 recommendations from the Report. There were two specific recommendations relating to tourism, which were—

- Scottish Enterprise and VisitScotland, with the support and active engagement of the Scottish Government, must develop a strong and bold prospectus for Scotland on available investment opportunities, recognising the substantial, twin shocks of the pandemic and leaving the European Union. This will require a focus on opportunity areas and deployment of its international presence to maximum effect.

- The tourism and hospitality industries should work in partnership with the Scottish Government to develop a sustainable future strategy; the Scottish Government should consider a targeted reduction in business rates to support the sectors’ recovery; and it should press the UK Government to consider a reduction in VAT for the sectors.

The Government’s response highlighted the following actions they have already taken to support tourism—

- Established the new South of Scotland Enterprise Agency (SOSE), launched in April 2020, to work with the people and communities across the South of Scotland to establish the region as a centre of opportunity, innovation, and growth. SOSE has committed just over £2.7 million over five years to support a new tourism, marketing and destination development programme. This complements the ongoing specific regional role of Highlands and Islands Enterprise.
- Set out Scotland’s Tourism Strategy: Scotland – Outlook 2030, launched in March this year which has now been reviewed with revised outcomes to reflect the significant impact that the pandemic has had on the sector in Scotland, especially in rural and island areas.
• Established the Scottish Tourism Recovery Taskforce, with investment being a key theme of its approach. It will report in September.
• Delivered an overall package of £2.3 billion of business support to Small and Medium Enterprises, of which these sectors have benefited the most. As part of this support, delivered Non-domestic rates (NDR) relief, including a 100% relief for properties in retail, hospitality, leisure and aviation.
• Offered the most competitive NDR relief package in the UK for a number of years and the lowest poundage for 95% of properties.
• Established the Tourism Recovery Taskforce which will focus on three key areas: Recovery, Investment and Stimulating Demand – reporting in September 2020.
• Set up a £14 million Hotel Recovery Programme which will help to secure up to 3,000 jobs at Scotland’s larger hotels until the start of the summer 2021 tourism season.
• Through VisitScotland, delivered £1 million in grants to self-catering businesses to support them through the winter season.

The Government’s response also highlighted the following actions they are doing now as follows—

• Work to position Scotland better internationally seeking additional support to ‘Scotland is Now’ to strengthen Scotland’s brand value in international markets, thereby supporting both inward investment and exports.
• Enact Scotland’s Tourism Strategy: Scotland – Outlook 2030 which was developed in full collaboration with the visitor economy agencies and industry. It has an overarching aim of becoming the leader in 21st Century tourism, with a focus on wellbeing, climate and wider sustainability.

Wider topics to note

Changed consumer behaviour

The crisis is expected to have a permanent impact on consumer behaviour, accelerating the move to online, with a greater emphasis on hygiene and healthy living, and higher use of cashless and contactless payment methods. The impact on travel behaviour remains to be seen, but tourism businesses, such as cruise and aviation, are already preparing to improve health screening and hygiene measures, and there is a strong recognition that much will need to done to restore travellers confidence.

Edinburgh festivals

VisitScotland chief executive Malcolm Roughead recently suggested the festivals needed to “step back” and consider their impact on the environment and how to retain their quality without growing in size every year. The annual increases in shows and ticket sales have been accompanied by growing concerns about the city centre’s ability to cope with the festivals, in particular the historic Old Town. Mr Roughead said—

“The festivals are doing a lot of consultation with people on what kind of city they want Edinburgh to be and where the festivals should feed into that.
The more that communities are part of the festivals, the more they benefit from them and the more they are part of the overall experience, rather than having the festivals done to them then the greater acceptance and understanding people will have of the benefits of the festivals.”

Alison O’Connor
Senior Analyst, Financial Scrutiny Unit
17 August 2020

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