



OFFICIAL REPORT
AITHISG OIFIGEIL

Culture, Tourism, Europe and External Affairs Committee

Thursday 20 August 2020

Session 5



The Scottish Parliament
Pàrlamaid na h-Alba

© Parliamentary copyright. Scottish Parliamentary Corporate Body

Information on the Scottish Parliament's copyright policy can be found on the website - www.parliament.scot or by contacting Public Information on 0131 348 5000

Thursday 20 August 2020

CONTENTS

	Col.
TOURISM (IMPACT OF COVID-19)	1

CULTURE, TOURISM, EUROPE AND EXTERNAL AFFAIRS COMMITTEE
17th Meeting 2020, Session 5

CONVENER

*Joan McAlpine (South Scotland) (SNP)

DEPUTY CONVENER

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

COMMITTEE MEMBERS

*Annabelle Ewing (Cowdenbeath) (SNP)

*Kenneth Gibson (Cunninghame North) (SNP)

Ross Greer (West Scotland) (Green)

*Gordon Lindhurst (Lothian) (Con)

*Stuart McMillan (Greenock and Inverclyde) (SNP)

*Oliver Mundell (Dumfriesshire) (Con)

Beatrice Wishart (Shetland Islands) (LD)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Marc Crothall (Scottish Tourism Alliance)

Riddell Graham (VisitScotland)

Patrick Harvie (Glasgow) (Green) (Committee Substitute)

CLERK TO THE COMMITTEE

Stephen Herbert

LOCATION

Committee Room 3

Scottish Parliament

Culture, Tourism, Europe and External Affairs Committee

Thursday 20 August 2020

[The Convener opened the meeting at 09:00]

Tourism (Impact of Covid-19)

The Convener (Joan McAlpine): Welcome to the 17th meeting in 2020 of the Culture, Tourism, Europe and External Affairs Committee, and our eighth remote meeting. We have apologies from Beatrice Wishart and Ross Greer. I am pleased to welcome Patrick Harvie as a substitute member for Ross Greer.

Our first agenda item is evidence on the impact of Covid-19 on Scotland's tourism sector, from Malcolm Roughead, chief executive, and Riddell Graham, director of industry and destination development, both of VisitScotland, and Marc Crothall, chief executive of the Scottish Tourism Alliance. Due to technical issues, Mr Roughead has not joined us yet, but we hope to connect to him soon. However, we have Mr Graham and Mr Crothall with us.

I remind members to give broadcasting staff a few seconds to operate their microphones before they begin their questions or answers, and I would be grateful if questions and answers could be as succinct as possible. Members should note that Mr Roughead—if he joins us—has to leave early. Before we move to questions, I invite Mr Graham and Mr Crothall to make brief opening statements.

Riddell Graham (VisitScotland): I apologise that our chief executive is having connectivity problems.

VisitScotland has been heavily involved throughout the pandemic in supporting businesses across the country. In my role as director of industry and destination development, my team has been at the forefront of direct regular engagement with more than 10,000 businesses, providing them with support, information and advice.

As well, I have chaired a meeting of the Scottish tourism emergency response group, which is made up of Scottish Government tourism team representatives, Marc Crothall from the Scottish Tourism Alliance and representatives of the key enterprise agencies, Skills Development Scotland and, importantly, the Convention of Scottish Local Authorities, which is representing all the local authorities. The group has produced a detailed action plan and updates it regularly in response to

the challenges and changing needs of the industry.

Our written submission covers the main points that I hope will be discussed at today's meeting.

The Convener: Thank you for stepping in at such short notice, which was great.

Marc Crothall (Scottish Tourism Alliance): Good morning, everybody. As Riddell Graham said, the STA and I have worked closely with the Scottish tourism emergency response group and are part of its core function. I also represent one of the lead working strands on the Government's Scottish tourism recovery task force, which I can talk to members about a bit later.

The Scottish Tourism Alliance primarily captures the insights from industry through our industry council group, which is made up of all the sub-sector trade bodies. We have convened formally regularly—almost weekly—and we have had lots of engagement with the Cabinet Secretary for Rural Economy and Tourism, to keep him fully apprised of what things are like on the ground.

Conveniently, just at the beginning of the week, we had meetings of our hospitality forum, which is representative of all the accommodation providers and the licensed trade, and the wider tourism sector forum, which brings in adventure tourism, visitor attractions and other bodies. Only yesterday, we had a meeting of the destinations forum, on which about 28 destinations are represented.

Although we are a member organisation, we have made ourselves fully accessible to all the industry and have been providing advice, support and updates. We have been working in absolute collaboration with the agencies and the Scottish Government as we head into the challenges that lie ahead.

Obviously, we are only five weeks in since the lifting of the lockdown restrictions. However, I can provide some insights into what is, unfortunately, not a very positive outlook for the future.

The Convener: Thank you. We will move to questions. I will begin with some opening questions and I will then move to the deputy convener, Claire Baker, and then to the other committee members.

We know from our constituencies and from discussions in committee with the Cabinet Secretary for Rural Economy and Tourism that one group that is particularly struggling is the larger hotels. The cabinet secretary wrote to his United Kingdom counterpart, asking for the rateable value cap of £51,000 for emergency funding to be lifted, which was particularly to assist those key pieces of our tourism infrastructure. Since then, the Scottish Government has

launched its own new scheme, the hotel recovery programme, which I understand will open this month. Can VisitScotland tell us more about the hotel recovery programme? Can Mr Crothall comment on whether the programme is enough to maintain those really important businesses until the start of the 2021 tourism season?

Riddell Graham: We have been involved in trying to shape that programme. It is not just a fund; it is an all-embracing support programme covering the skills agenda as well as account support to those really important employers. The focus of the initial discussions with Government has been on sustaining and supporting employment and jobs. We have been identifying the key hotels to which the programme would apply. The delivery of the fund will be carried out by the three enterprise agencies, which have been working with local contacts to ensure that any funding and support provided through the programme are targeted at the key hotels.

Marc Crothall has been involved in shaping the programme and has provided input from an industry point of view. As you would expect, one of the biggest challenges is the amount of money that is available to support the sector. Given that, as well as being a major employer, the sector has huge overhead costs, there might be a disconnect between the amount of money that could be made available and the amount that needs to be available.

We have been involved in shaping the programme so that it makes the biggest impact, but I suspect that Marc has more detail on how it is panning out. The programme has not yet been formally launched. The outline has been shared with the industry and the plan is to launch it towards the end of this month.

Marc Crothall: The £14 million support package is welcome, as has been every other bit of support that the industry has received to date. Businesses with properties with rateable values above £51,000 have not received a package of support in the way that other businesses have, although some have been able to access the pivotal enterprise resilience fund. However, across the UK, the support package has not been made available to businesses with such properties.

We have 950 hotels that fall into the bracket of having rateable values above £51,000. As Riddell Graham alluded, those businesses have high day-to-day running costs. It costs an average of about £60,000 a month to run a hotel, and the figure is larger for the larger properties. For example, for Crieff Hydro, the costs are nearly £0.5 million a month, and the figure for the Radisson on the Royal Mile is £700,000 a month. Therefore, although the £14 million is welcome, it will not reach that many properties, unfortunately. Given

the amount of money that is available, in many cases, arguably, it will suffice for only one or two months of overheads. It is absolutely essential that we continue to push hard for more revenue to come into the industry and support those properties.

To give flavour, the average occupancy rate in Edinburgh for the month of August is 32 per cent—that is the occupancy rate of the hotels that are open. Many remain closed. In September, it will be 18 per cent, and further ahead, into November, it will be only 9 per cent. Glasgow is worse, at 20 per cent and then 11 per cent in October.

Survival is critical. The money is welcome but it is certainly not going to enable recovery; perhaps it will help to protect against some of the job losses that are foreseen. However, more important for those that benefit from the fund is how quickly they can return to employing people again.

The Convener: Perhaps you will say more about what would help. Obviously, everybody would like more money, but are there structural measures that would help? The STA's submission mentions structural change in the tourism industry as a whole, and perhaps a move away from quantity to quality. How well placed are you to make that structural change, given that so many businesses are struggling to survive?

Marc Crothall: On 4 March, we launched Scotland's future tourism strategy—the First Minister was with us at our national conference—which sets out our ambition to be a world leader in 21st century tourism and the need to change through having greater focus on people, experience, place and business. However, by the default of business failure, we will have a different landscape ahead of us, and there will also be different consumer behaviour, which we are already seeing. We need to adapt to that, and it will happen through interventions of technology, which will be even more important, and also through the access—[Inaudible]—that is going to be there from international visitors.

The purpose of the STERG plan and the tourism recovery task force is to produce a pathway that segues back into our aim and ambition, as set out in our strategy document, "Scotland Outlook 2030: Responsible tourism for a sustainable future". Businesses are already diversifying because they need to. There has been a great amount of entrepreneurship since the outset of Covid, from the restaurant trade to the agri-tourism sector. Many businesses have gone online and have promoted their products in different ways. They have had to be innovative.

Through working with the likes of the travel tech forum, interface programmes and academia in a

much more collaborative way—something that we have all been doing since the outset of the pandemic—we will find ways to present tourism in a slightly different way. However, we must not lose our identity as Scotland—our hospitality, our welcome and the core assets that we have, which we know that people still want to visit and enjoy.

The Convener: The figures that we have been presented with, to which you alluded in your submission, suggest quite a profound structural change away from cities. As you said, occupancy rates in cities are right down. I think that it was the Organisation for Economic Co-operation and Development that said that international tourism has fallen by 60 per cent. We are seeing some recovery in rural areas and self-catering accommodation. Let me play devil's advocate. Given the shape of things, is it possible that some of the big, luxury city hotels might not come back for a long time?

Marc Crothall: We know for a fact that The George in Edinburgh and the Grand Central hotel in Glasgow will remain closed until March next year.

We have to get the international market going again. To put some context around the collapse of the international market, one of the largest inbound tour operators in Scotland saw its forecasted revenue for this year fall from £120 million to £1.5 million. The spend that international visitors bring is huge. That spend comes from not only business tourism but leisure tourism and the golf tourism sector.

There is so much dependency on that market. There is an awful lot of room stock, there is a lot of investment, and we need city centres to be vibrant again. At the moment, of course, the situation in city centre environments is impacted further by the fact that there are so few workers there, who would provide daytime trade. That part of the sector accounts for the bulk of trade—it employs the most people and generates the most revenue for the sector. Keeping it alive is absolutely important.

It is hugely positive that Scots have explored Scotland. They have stayed home and enjoyed staycations in rural areas and coastal communities, and the self-catering sector, in particular, is exceptionally buoyant. However, in the cities, self-catering is tracking at around only 10 per cent occupancy. We need more people than just our neighbours to spend money in our economy and, at the moment, it is more about bunkering down in self-catering accommodation than it is about getting out and spending in local communities, getting the industry going again and sustaining our supply chain, which is absolutely critical.

09:15

The Convener: Thank you. That is worrying.

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

This is a really difficult time for tourism. From the picture that has been outlined, the past few months have been unimaginable. I know that we need to look for positives and try to think about the future, but the figures that we have been given on occupancy rates in cities are really concerning. Although there may be a shift towards self-catering and more rural tourism, the employment, as Marc Crothall has outlined, really lies in the cities.

As the furlough scheme is due to come to an end, will the witnesses discuss how they see the coming level of redundancies? Is the large hotel fund, which is very welcome, enough to sustain employment in the sector, or are we looking at a significant number of redundancies across the tourism sector?

Riddell Graham: Part of the Scottish tourism emergency response group's role has been to track the redundancy forward look. Marc Crothall and his team have been very helpful in identifying some of the key issues.

Marc Crothall alluded to some of the city centre hotels. It is quite interesting that he has been at pains to stress in meetings that a lot of small businesses and smaller attractions have maybe half a dozen or so people who may well be made redundant. When we add them all together, that could be quite significant.

We have been tracking the figures as best we can, but it is a moveable feast—Marc Crothall has alluded to that. I suspect that the withdrawal of the furlough scheme will exacerbate the problem, but it is pretty difficult to estimate the actual impact.

I am involved with the south of Scotland economic partnership, which has been tracking redundancy situations in that region. It has been interesting to see ones that I was not aware of centrally in VisitScotland. I suspect that a lot more are about to happen.

It would be very difficult to put a figure on it. Marc Crothall may have a closer idea, because he is in direct contact with the industry on a daily basis.

Marc Crothall: Riddell Graham has painted a good picture. The reality of the fallout will continue.

As I have said, the furlough scheme has been exceptionally welcome. I have alluded to demand and future occupancy levels. Decisions will be forced on hotels in the short term, as well. It still depends a lot on whether some of the industry can start to reactivate itself and whether some aspects of it—in particular, events—can recommence. I am

not talking about just larger-scale events; I am talking about functions and meetings that would typically take place in hotels throughout the autumn and winter months. We think that the Christmas party season has probably gone, but there are a number of other opportunities. Such activities help to retain workforce. Therefore, if they do not kick in reasonably quickly, that will have a bearing on how businesses will reach decisions about letting people go.

At the outset of the situation, our rough estimate was that a mid-range of around 70,000 jobs could be lost as a direct result if recovery did not happen quickly. At the moment, the forecasters all predict that the sector will not get back to anything like 2019 levels of business until around April 2023. I was on a call with the deputy governor of the Bank of England last week, and its modelling suggests the same.

We talk a lot about recovery, and we are right to do so, but, as a colleague who was on that call with the Bank of England said, we are very much still in the rescue position. The fallout of workforce will, unfortunately, only increase by the day, and, where there is no alternative to furlough and contributions need to be made, businesses are not going to be able to sustain that. As Riddell Graham rightly pointed out, small businesses have lots of twos, threes and double-digit numbers, but what we are seeing in the media and hearing about are the bigger numbers that the larger businesses are, unfortunately, having to recalibrate.

Claire Baker: The other area that Marc Crothall referred to is the supply chains, which are also under significant pressure. In my region, Allson Wholesale, which is based in Glenrothes, has this week reported its losses and the amount of produce that it has had to dump because it was beyond its sell-by date. We have heard representations to the committee from the coaching sector, whose decline has had an impact on hotel occupancy. The two businesses are often linked—we have seen the collapse of the Bay chain of hotels, which is linked to the coach sector.

What engagement do the Scottish Tourism Alliance and VisitScotland have with the supply chain, and what pressures do you see there? Obviously, they will impact on wholesale and laundry services and a host of other businesses that are connected to tourism. How do you think they will be impacted by the situation?

Riddell Graham: That is a very good point. The pandemic has outlined something that I vividly remember from 2001, with foot-and-mouth disease, which is that the unintended consequences for areas that people do not realise are connected are often as important as—if not

more important than—the consequences for the mainstream that we read about in the press.

It is interesting that Claire Baker mentioned the supply chain. We are about to announce a new events support fund that we are administering on behalf of the Government—I hope that that will happen today—which is focused entirely on the supply chain part of the events sector, which has lobbied long and hard about its needs. Given that it was the first sector to close and will probably be the last to reopen, it has taken a huge hit in terms of being able to carry out any activity at all. Although the fund is targeted at events, it will try to resolve some issues that Claire Baker has identified for the supply chain.

Another thing that we have considered is that a lot of supply chain people are hugely supportive through sponsorship for our activity. Claire Baker mentioned laundry, and Fishers Laundry Group is a key sponsor of our Thistle awards and a key patron of the Scottish Tourism Alliance. Such companies have always been very supportive but may well struggle to find funds for that kind of activity in the future. We are engaged right across the piece, as is the Scottish Tourism Alliance, and we are concerned about that part of the industry.

Marc Crothall: Many supply chain businesses are members of the Scottish Tourism Alliance, and they have increased their engagement with us almost on a daily basis throughout the pandemic. Riddell Graham referred to Fishers Laundry Group, which has, unfortunately, had to shut down one of its plants. It had been doing roughly 2.5 million pieces of laundry a week, and that went down to 90,000. To give some ballpark figures, it services around 60 per cent of the accommodation sector across Scotland, and it is at about 50 per cent of its own capacity. That is very much in line with the occupancy levels that we see throughout the country.

The Confederation of Passenger Transport, which represents the coach sector, is also one of our council members and it sits around our table. We also have regular engagement with the Scottish Wholesale Association and many suppliers to industry. If we cannot keep the supply chain stable, the front end of delivery will, obviously, become very challenging and, in some cases, impossible.

Annabelle Ewing (Cowdenbeath) (SNP): Good morning, panel.

There are many issues that need to be considered very carefully. I take the point that Marc Crothall made about the fact that you are very much focused on rescue and not recovery at this point. Nonetheless, it is obviously important that, through the dark days, we also look to see what is coming down the line in the next two to

three years. To the extent that it is possible, what is the thinking in relation to what our tourism industry will look like two to three years down the line, including in respect of resources?

Riddell Graham: Two pieces of work are currently being carried out. Under the aegis of the emergency response group, we have been doing some scenario planning work that is led by and linked into work that Scottish Enterprise and the Scottish Government have done. Our insights team has been looking at five different scenarios, which it shared with STERG last week. A lot depends on what happens next—it is difficult to be absolutely accurate about the situation. Equally, a piece of work that is looking forward is being led by Gordon Dewar from Edinburgh airport. Marc Crothall's guys are involved in that, as well.

I will speak about one of the themes that is coming out very strongly. We reviewed through STERG the Scotland outlook national tourism strategy, which had a strong focus on responsible tourism. It is interesting that that review has led us to believe that that will be even more important in the future. The idea of responsible tourism and good places for people to live in and to visit will be at the forefront of our activities. That relates to greening the industry and making sure that we are at the forefront of all the innovations in relation to electrification, low carbon and so on. Sustainable activity will also be a key feature.

It is encouraging to see that sustainability and greening are key aspects of the advisory group on economic recovery's report, as well. We are working very hard in VisitScotland to encourage the industry to look at those initiatives as part of a future that will be different from now.

Marc Crothall: The strategy that has been referred to was developed in full collaboration with the industry and with a huge amount of industry input. There is aspiration and desire for the industry to come together and be more responsible and sustainable. From a business point of view, in relation to sustainability, it became very apparent that the average number of days of lifetime that a business had before it fell into severe difficulty with cash flow was about 23.

On the way that people travel, we are having almost to combat some of the dos and don'ts of the sustainable green agenda. We are seeing more and more plastic in the operation, and more people are travelling by car. However, we have the likes of Green Tourism around our table and we are working very closely with Zero Waste Scotland and other organisations to drive a green future, as it is absolutely right that we do. That will set us apart from our competitors, and being competitive will be more important in the months ahead than it has ever been before.

Annabelle Ewing: I thank both gentlemen for those comprehensive answers. It is heartening to know that a lot of thought is being given to that and to where our niche will be, particularly in relation to quality.

The issue of connectivity was touched on. When we think about connectivity, we think primarily of air connectivity. It would be interesting to hear witnesses' thoughts on where we might be in relation to international air connectivity in two to three years' time.

Of course, air travel is not the only option. I am the MSP for Rosyth. Discussions have taken place about the Rosyth passenger ferry, but, for different reasons, they have not gone anywhere. I would have thought that now would be the time to get behind that ferry as an option and to see what could be done about it. It would be interesting to hear what role VisitScotland, in particular, might play in pushing for connectivity via Rosyth.

09:30

Riddell Graham: You are absolutely right. As I am sure you are aware, our most important international market is North America. Right now, the number of flights that are coming in with North American passengers is very limited, and understandably so. Near Europe—France and Germany—is without doubt our second most important international market and, at the appropriate time, VisitScotland will be targeting it.

I think that you have made your point about passenger ferry capacity very well. A lot of arrivals into Scotland come through England: via London and Manchester for international flights, and via the ferry connections that are all south of the border—although there is one that is only just south of the border, in Newcastle, which we obviously tap into. I remember, years ago, falling out with the Northumberland tourist board because it was unhappy that most passengers came off the ferries, turned right and headed to Scotland instead of staying in Northumberland. There is a significant opportunity there. We are looking at re-jigging a lot of our marketing activity to target those markets that will bring us the biggest return. To pick up on Marc Crothall's point, without international visitation, the industry is bereft in terms of the amount of spend that it achieves.

We would be delighted to work with the appropriate authorities in the Rosyth area to look at logistics for passenger ferry reconnection into Rosyth. I remember when that ferry was operating, and I know that it had an impact. Given the changes in consumer behaviour that Marc has alluded to, it would be good to see whether that connection could be reignited in some way.

Marc Crothall: I echo what Riddell has just said. We have to think about consumer sentiment and how people are choosing to travel on ferries or large ships at the moment. There are suggestions that there is demand from the Scandinavian market. Certainly, the more opportunities that we have to get people here from foreign shores, the better.

Patrick Harvie (Glasgow) (Green): Good morning. As the convener said at the start of the meeting, I am substituting for a colleague and I am not a long-term member of the committee. In the previous session of the Parliament, I was a member of the Economy, Energy and Tourism Committee, and I remember many conversations about our tourism industry's level of reliance on aviation, partly as a missed opportunity to grow domestic tourism and surface-based travel but also because of the potential vulnerability of the sector. At that time, the most pressing issues were volcanoes and terrorism, but there is also the climate change agenda. There is a recognition that the aviation industry's aspiration to eternal growth is an impossibility if we are going to have a survivable response to the climate emergency.

My question leads on from the tension that has been expressed in the conversation that we have had so far between the desire for getting back to lots of international tourism and the desire for sustainability. We are unlikely to see aviation re-grow to the immediate pre-Covid levels—at least, not for a good number of years, and probably never. We are probably going to have to adapt to a world in which there is less flying. What does the industry need the Scottish Government to do to enable the industry to reorient itself around a greater reliance on surface travel and domestic and near-field tourism, with a recognition that simply flying in ever more people is not just unrealistic but will not be a path to a successful and vibrant tourism industry in the future?

Riddell Graham: That is a challenge. You are dead right that there is a tension between the two, and there always will be. The move by airlines to become more carbon effective is welcome, because people will still want to travel. However, you are right to say that the pandemic has outlined the huge demand for domestic travel within Scotland and the rest of the United Kingdom. That has opened the eyes of a number of operators to that opportunity, which has not been the case in the past. People in Scotland have discovered their country for the first time or have rediscovered it. Without that boost, we would be in a much worse place than we are at the moment.

There is a real challenge. You are probably right that the North America market will not return to what it was before, but it will remain an important market. In the business tourism market, all the

indicators that I have seen in relation to meetings, incentives and conferences suggest that that market will return. I do not think that Zoom will replace everything. Certainly, the insider information from people in that part of the industry indicates that the market will return; I just do not know how long that will take.

You are right to say that the challenge is to make all travel more sustainable. Sustainability involves the three-legged stool of economic, social and environmental issues. I totally accept that, if one of those is out of kilter, the whole is not sustainable. The challenge with the aviation industry is to get it into balance in some way. My concern has always been that, as soon as people can travel again, whether we like it or not, they will return to the sunny destinations, as happened earlier this season.

You asked what the Scottish Government needs to do. We need a recognition that it is about balance and not always about mass tourism. Instead of relying purely on the aviation industry, we need to recognise that there are other, more sustainable ways of accessing the country and travelling round.

Marc Crothall: I echo what Riddell Graham has said: it is about balance. We cannot ignore the importance of our international market as part of our total pot. Business tourism alone is—or was—worth £2 billion. The big conventions are absolutely vital if we are to fill the beds in our cities and, in turn, keep the supply chain moving.

Let us not forget that domestic tourism already makes up 70 per cent of our market, so we are weighted towards that. How do we improve it? Many more people have explored Scotland this year, and there is still plenty more to see and do. We definitely need to continue to invest more in our infrastructure to accommodate those who are visiting and are out and about in rural areas. In some areas, there have been real pinch points and challenges with car parks and toilet facilities. We have seen growth in the camping and caravanning community, which has brought with it real challenges around camping. We also have to consider the affordability of our domestic market and the ability of people to spend disposable income as we would want. It is about balance and protecting those routes. I know, from conversations with the golf tourism representative on our tourism task force, that the North America market is a key market for that sector, and the sector is now looking at deferring what were previously planned as 2021 dates until 2022.

There is still demand and appetite, but, at the same time, there is a hold on that. It is really important that we have diversification and get more people to explore Scotland, and we must make it easier for them to do so.

Patrick Harvie: I am still a little concerned that there seems to be more interest in how we get back to previous travel patterns than in how we adapt the industry to what is to come. There will have to be a reckoning with climate reality at some point.

I want to ask about the idea to build back better, which has caught on as a slogan and a catchphrase in relation to how we use the crisis that we are living through to build a society and economy that work better. The Scottish Government is clear that it wants recovery from Covid to be about

“building a fairer, greener and more equal society”.

How does the tourism industry prevent what is to come leading to another race to the bottom on employment standards and pay in the sector, and how can we help the industry with that? A great deal of tourism and hospitality work is low waged—it is below the real living wage. How do we prevent a race to the bottom, support the industry to build back better, address the issues, including unethical practices such as unlawful short-term lets, and focus instead on lawful business operations in areas such as accommodation and hospitality?

Marc Crothall: The task force’s recovery plan recommendations set out a number of proposals that will, we believe, if we get the right balance—I am using that word again—allow businesses to charge a fair rate for their services and to pay their employees a fair wage and grow employees’ experience while paying the supply chain a fair amount of money for its products. That will lead to a much better place. We have a chance to recalibrate how we work.

There are a number of measures that we want Governments to consider around the current regulations and taxation and around how we can reduce some of the cost to businesses in order to allow additional investment in people. Our workforce recovery plan, like the Scotland outlook programme, includes a recommendation on having a fair and safe work charter, which is one of the key priorities for how we invest in and retain people. It is bizarre that, pre-Covid, we were in the desperate situation of not having enough of a workforce to maintain the likely demand that we faced but a huge amount of the workforce is now displaced.

Protecting the workforce and getting back to a situation whereby tourism is seen as a career of choice is high on our agenda. However, to be accessible at a fair price, a business must have offsets and trade-offs in its model to allow it to reinvest in its assets and its people and recover over time while, importantly, being competitive,

including against other wider destinations. Businesses are committed to doing that.

Working together through the current situation has certainly opened the eyes of many more to the complexities of the management of tourism businesses and the fiscal levels associated with that, as opposed to simply assuming that lots of people, owners and businesses make lots of money at the expense of others.

Riddell Graham: Marc Crothall has touched on an important point on the skills agenda and making sure that we have people who are not only well paid but properly skilled in all the activities that they need to deliver the fairer and better agenda. We are working closely with Skills Development Scotland on a range of initiatives to ensure that that happens and that we support individuals to get the right jobs in the right places.

We are totally committed to the fairer and more equal agenda, and all our engagement with businesses re-emphasises that point. In relation to unethical working practices, we have been working closely with local government, central Government and the key sector organisations to ensure that all the legal points relating to safety, health and everything else are in place. We take that very seriously indeed. If we are made aware of concerns in any part of the country, we will do our best to snuff out those practices very quickly. We are aware of issues that have been prevalent in Edinburgh, in particular, and we have been working with the agencies there to ensure that those issues are minimised and taken out as quickly as possible.

09:45

Oliver Mundell (Dumfriesshire) (Con): In the past few weeks, we have seen polling in a national newspaper suggesting that a significant proportion of Scots want English visitors to be quarantined; a senior Government adviser has suggested that English people are spreading the coronavirus; and we have had confirmation that VisitScotland has been facing a lot of pressure from the industry to target visitors from outside Scotland, especially

“given the recent negative ‘anti-English’ sentiment”.

In that context, why do you think the Scottish Government wanted to remove references to England in recent VisitScotland promotional activities? I ask Riddell Graham whether he ever get a good explanation for that. Are our witnesses embarrassed by the growing perception that Scotland is not a welcoming place to the millions of customers who are often the only lifeline for much of the tourism industry?

Riddell Graham: To be clear about that, we were given guidance by the Scottish Government

that launching a major campaign beyond Scotland—not just in England but UK wide—would not be the right thing to do at the time, based on the medical evidence that we were getting.

The Government was obviously much closer to the medical advice than we were, and—lo and behold—a few days after that advice was given, there was a significant outbreak in the north of England, which we had not been aware of, although I suspect that Scottish Government health officials had been. That made the Government advice absolutely sensible.

There seems to me to be no point whatsoever in promoting tourism in parts of the country that have particular issues. As a classic example, why would we promote Scotland in North America when there are huge problems there with the virus? I do not think that there was specific reference to England. We were simply asked, “Can you put on pause the activity that you were planning until such time as it is safe to do it?” That makes absolute sense. There is no point in wasting money on promoting destinations when it would, in fact, be nonsensical to do so.

The point about Scotland not being seen as welcoming is interesting. Certainly, my experience a few miles along the road, just outside Kelso, where I live, suggests that that is not the case. The feedback that we are getting throughout the country is that significant numbers of English visitors are around, and the welcome is as strong as ever.

Inevitably, there will be a small minority who spoil it for the rest. I do not think that the media coverage was in any way representative of the welcome that Scots are providing to visitors from all over the world and, in particular, from England, which is our most important domestic market. The experience on the ground suggests that the issue has not put people off. In fact, it suggests the opposite—that visitors have been welcomed with open arms and encouraged to stay in areas where they otherwise probably would not have gone this year, given the demands from other parts of the country.

Of course, I am always embarrassed by such reports, because they do nothing to support the wellbeing of the industry. However, I think that that was a minority view and was not representative of the rest of the country.

Marc Crothall: From the industry’s point of view, as Riddell Graham said, we are seeing a good number of people from England and the rest of the UK visiting. In fact, despite the fact that the paid-for promotion was paused, there has been a good bit of reach into the English market through other social channels. Businesses have also used databases to target contacts in the English

community. It is important that we continue to convey the strong message that the industry is very much open for business, but that must be done responsibly. Obviously, the industry respects the fact that it must not open up at the expense of public health, and it is aware of the impact on local communities.

Although the number of staycations has been good, with a lot of Scots booking self-catering holidays, we must get more people to Scotland in order to get the level of spend into local economies that makes the industry and those local businesses sustainable. The volume of visitors is important, but, equally, we must give people quality experiences. From speaking to many of my colleagues, I know that they seek to give visitors from anywhere the welcome that they would always expect to get from a Scottish hospitality business. From what I see on Facebook and elsewhere, people who have visited Scotland go away having had a great time. The sentiment trackers and the other indicators from VisitBritain show that Scotland is a destination of high choice for many people in the UK.

The way that the media has portrayed certain incidents is not helpful. As Riddell Graham said, there have been only a few incidents of the sort that Oliver Mundell describes, but we need to eradicate them.

Oliver Mundell: I respect what you are saying, but there is no doubt in my mind that the failure of the First Minister and other senior figures in the Scottish Government to shut down the perception that Scotland is closed to English visitors has badly failed the tourism industry and has, once again, put politics before people’s lives.

A business that has been in touch with me in recent weeks said:

“We are just one tourism business but we have been inundated with angry calls, many turning into cancellations due to the alienation being created from Holyrood and the messages on many Border main roads like the A1 telling visitors to stay away. The Scottish Government should reflect on how much of tourism is UK based. My own Border businesses is on the front line of the North/South divide being created but this must be hurting others too.”

It is no wonder that that business is concerned when it has guests contacting it, stating:

“Please cancel our booking for 8th August 2020. Owing to speculation from the Scottish First Minister that English tourists may have to quarantine on arrival in Scotland, we have decided to give Scotland a miss this year.”

Another guest emailed:

“Just checking everything is still as per our last email and everything looks ok for our stay. Especially with Nicola Sturgeon threatening to quarantine us nasty English people.”

That is pretty grim, and it reflects what many other people are telling me. What are you doing to reverse the damage before it is too late, and will you raise the issue again with the Scottish Government in order to restart the positive campaign activities? Can you guarantee that visitors from elsewhere in the UK will be given the traditional warm welcome that you talk about when they choose to visit us?

Riddell Graham: Yes, we can absolutely guarantee that. We will restart the activity as soon as it is sensible to do so, based on the health and medical advice that we are given. There were examples of people contacting businesses in relation to cancellations, although I cannot comment on the political point that you have made.

To be honest, from what I have heard, people's experience has been the opposite of that. On the self-catering side, I know that people who had cancellations found that they were immediately re-booked. The issue might have put off a small number of people coming from England, which is our most important market, but the figures and the feedback that my team gathered from throughout the country—Orkney, Shetland, the Outer Hebrides, north, south, east and west—shows that the rural parts of Scotland, in particular, have been extremely busy, with loads of English visitors. Marc Crothall has alluded to the situation in the cities.

The reality on the ground does not bear out what you have said. Of course, we will continue to lobby Government and keep it informed. In fact, after this meeting, there will be a meeting of the Scottish tourism emergency response group, which includes Scottish Government officials. We will ensure that those messages are loud and clear.

At the end of the day, we have to be guided by the health and medical advice. To do anything that was opposed to that advice would be foolhardy. We will spend the money when it makes sense to do so. We have campaigns ready to go. We have been working closely with a number of destination organisations that see the autumn and winter as a key opportunity to promote the country and boost the extension of the season, which I think is an important issue. A key target market for that will, without doubt, be south of the border.

I reassure you that the campaigns have not been binned; they are on pause and are ready to go. They will be tweaked to reflect the messaging that we need at the time, but we are certainly committed to continuing to promote the sector to our most important market, south of the border.

Marc Crothall: Oliver Mundell quoted some examples from a business, and we had a

reasonable number of such examples from various types of businesses quoted to us. However, as you have heard, when we spoke to the owners of those businesses, we found that many of the cancellations had been followed by re-bookings, and they were reassured by that.

There was some confusion around the issue of access, because there was divergence from the situation south of the border. People were calling up from the south, wanting to check whether they could still come in their bubbles or how Scotland was operating. However, with regard to the scale of those who backed out, there were certainly not the numbers that were portrayed initially.

The marketing needs to happen, and it needs to take place when the time is right. Of course, businesses are marketing into those communities, too, in order to get people here. Our outlook for the rural parts of the self-catering sector in October, with regard to the extension of the English holidays, looks extremely buoyant.

Stuart McMillan (Greenock and Inverclyde) (SNP): Before I ask my questions, I say to Oliver Mundell that it would be worth while if he reflected on some of his comments. Going back to a point that our witnesses have made, the message that is sent and the way in which the situation is portrayed is equally important for politicians to bear in mind as it is for others. I say that as an English-born MSP.

Every political party has welcomed the Government's introduction of the furlough scheme, and I very much agree with the Scottish Government's position on it. Yesterday, we heard that Chancellor Merkel is going to extend Germany's furlough scheme to 24 months. Bearing in mind the earlier questions and comments from Annabelle Ewing, would you be interested in having that happen in Scotland or the UK in order to help with the promotion and marketing of Scotland as we go forward?

Riddell Graham: The industry's feed-in to the emergency response group has been loud and clear. It has said that all the schemes have been hugely welcome and have helped businesses through what has been an unbelievably difficult challenge. However, we need a longer-term commitment to support of that nature to ensure that we get through the winter months, when, traditionally, business is much poorer. I am sure that Marc Crothall has much more to say about that.

The feedback from the industry has been clear: an extension of the furlough scheme beyond the current planned period would be welcome, as it would mean that we would still have people to work in the businesses and ensure that they stayed open.

Marc Crothall: Absolutely—we cannot overestimate the importance of the furlough scheme. I think that I cried when it was announced.

Across the UK, the industry has aligned itself with all the asks for Government responses to support us through what has been described as three winters in one—that is the reality, in particular, for seasonal businesses in the visitor attractions sector and the outdoor adventure sector. People in those sectors have a huge skill set, and we would not want to lose them from the industry because of the nature of trading patterns.

10:00

Likewise, we do not want to lose our emerging talent. As part of our submission to the workforce recovery programme, we have proposed a possible avenue for bridging the gap after furlough, should it end, and for protecting that emerging talent group through opportunities for part-time working and growing their professional skill set.

A sector-specific extension of the Government furlough scheme would be welcome. There has to be a cut-off point, but the UK Chancellor of the Exchequer said that our scheme would be “world-leading” and the best scheme available. I am thankful that Germany has set the bar high with a two-year furlough extension.

Furlough comes at a cost, but we rely on the human element as the resource for a successful recovery. We need to do all that we can to protect those who are still in employment and on the books, otherwise we will face a big challenge. Brexit is looming, as well, which represents further workforce challenges.

We would like to see a number of other initiatives to enable employment in the sector to continue. The impact of the eat out to help out scheme—through which 35 million meals have been consumed—has been very beneficial in keeping people in employment and working in the early part of each week. Nonetheless, extension of the furlough scheme would be a positive response and would be much welcomed. If an extension was sector specific, we would look at how different parts of the sector were recovering, and support could be tapered. I would certainly support such an extension.

Stuart McMillan: I imagine that you would also want the VAT deferral scheme to be extended, bearing in mind the campaign in the past to cut tourism VAT.

My second question is on the cruise tourism sector. As you are aware, I represent the Greenock and Inverclyde constituency, in which

the cruise sector has been growing over the past decade. It is clear that, this year and next year, that growth will not be happening. However, as we progress and as the economy opens up, would you welcome a specific advertising campaign to encourage more people to get involved once again in the cruise sector? Would you also welcome assistance with any local improvements and adaptations that are required to help tourists when they arrive, so that they get the best possible experience and we get a better economic outcome for each of the local areas?

Riddell Graham: Absolutely. To that end, we have carried out a piece of detailed research, which I hope will be published in the next couple of weeks. In undertaking that research, I was keen to move away from the demand side—we are already aware of where all the cruise liners are coming in and of the volume of people who are involved—to look at the potential onshore impacts in relation to the need for support services and infrastructure.

As I am sure you are aware, cruise tourism has had a disproportionate impact on the environment in some parts of the country. I am thinking of Orkney, in particular, where there have been some real challenges. We were therefore delighted to be involved in delivering the rural tourism infrastructure fund, which has been hugely successful in minimising some of the impacts that have resulted from the huge volume of people who are attracted to the area.

Nonetheless, you are right to say that one of the key challenges with the cruise sector is turning the volume of visitors coming off the cruise liners into real spend on the ground. I await with interest the outcome of the publication of our cruise tourism report. We will be delighted to share the results of that research. Our focus has been on how we can both improve the experience for cruise visitors and generate more revenue for businesses on the ground that can benefit from them. I know that different parts of the country are benefiting in different ways.

Our concern has always been that cruise liners, given the huge increase in their size, can have a massively disproportionate impact, as I am sure you are aware. It has therefore been encouraging that there has been investment in a number of ports around the country, which will also help to provide a better first impression for visitors. As we have touched on, the key at that point is the people element: we must make sure that those who welcome visitors give them the right advice and information and direct them to spend in the right places.

You are right in saying that cruise tourism is an important market. It has been totally devastated—over the past two or three months, I have spoken

to a number of ports that have seen a total lack of business. We have an opportunity to do better in the future and to learn from our experience so far.

As you will be aware, other destinations throughout the world have been looking closely at how to manage the impact of cruise liners. I am thinking of Santorini and Venice, where the impact has been disproportionate.

I am happy to work with all the ports. We have been doing that through our research, and we will continue to do so through Cruise Scotland.

Marc Crothall: As you will be aware, last year, the Scottish Tourism Alliance facilitated a couple of cruise conferences to look at how we can bridge the gap between land and sea, better provide a high-quality experience and make sure that onshore businesses can capitalise on visitors. Before the pandemic hit, just over a million visitors were due to disembark from cruise ships this year, but I do not think that a cruise ship will be running until at least quarter 4 next year. Ultimately, whether people want to get on board such large vessels will come down to consumer sentiment.

There are a number of other types of cruise vessels, such as the explorer boats, which are smaller and more high end. I recently had a conversation with a cruise operator who is keen to bring that type of vessel to our shores. From a sustainability point of view, such boats are much more sympathetic to the environment. They also allow people to go off and explore, do adventure activities and enjoy our food and drink experience in a much more personalised way.

There are opportunities to look at how the cruise sector can diversify, which I am sure it will have to do, given the impact that it has experienced. We cannot overestimate the extent to which cruise-ship visitors spend money in places such as Invergordon and Inverclyde; the liners bring important visitor numbers to those communities. As and when the sector recovers, the issue is how we can do better than we have done before in getting the most out of that audience and how we can give people the confidence and the desire to return to Scotland.

Gordon Lindhurst (Lothian) (Con): I thank the witnesses for the evidence that they have given thus far.

Tourism in Scotland has obviously been going through a very difficult time, and a lot of what people are saying points to a gloomy outlook—or, at least, the perception of a gloomy outlook—for the future. Of course, reality affects perception but, in business, perception also affects reality. Therefore, how can we, as MSPs, encourage a more positive perception in Scotland of the future of tourism here and encourage investment for the future where it is sensible to do so?

Riddell Graham: You make a really good point. There are significant challenges, and you highlight the negativity that exists, but we should also highlight those businesses that are doing well. I know from my experience that a number of hotels in the Highlands are reporting 80 per cent occupancy and, as Marc Crothall indicated, a number of businesses have been unbelievably entrepreneurial. At the beginning of next year, we plan to celebrate tourism in a way that we have previously not been able to. We want to look back over the dreadful past few months, pick out some winners and send out a positive message by identifying the opportunities that exist.

You are right: although perception and reality are often the same, they are often different. It is about talking up the positives as well as identifying the negatives, as huge opportunities will come as a result of the pandemic. We need to learn from the experience—as we did with foot-and-mouth way back in 2001, and with volcanoes, which were mentioned earlier—and look at issues such as overreliance on certain markets or sectors. However, we should also highlight the huge improvement in the self-catering sector and the focus on quality and responsible tourism. We want to put out those messages without taking away from the core messages that we already send out through our marketing activity.

Another positive aspect that has come through strongly, and which it is important to emphasise, has been engagement with communities. As you will be aware, a number of communities were concerned that an influx of visitors would bring the virus into areas that had not had any viral infection, and we worked very hard with those communities to reassure them. Our good to go scheme and the guidelines that have been put in place have provided that reassurance, which has helped a lot.

There has always been partnership between business and the public sector but, in the tourism sector in the future, communities and community engagement will be even more important. All the MSPs represent communities, so it is important that they talk up the importance and positives of tourism in their local area. It is so easy to be negative and critical, but I have always been a glass-half-full person. I always look to people who are doing well, and I would actively encourage other people to do so.

Marc Crothall: As someone who has worked in the industry for 42 years in different parts of the world, but who has been in Scotland since 1990, I cannot question the ambition, desire, passion and commitment of our industry to be the best, to want to host people and to do its best to give back to Scotland and showcase all that we have got.

As Riddell Graham said, the situation in which we find ourselves highlights that tourism not only touches every part of the community but is the heartbeat of the community. It touches many people's livelihoods and employment, and it has an impact on their jobs. Without question, we are facing really challenging times. We need to celebrate the businesses that are doing well and have the desire to do so, and—importantly—we need to work with the industry to give good due consideration to recommendations and suggestions that will help to leverage the recovery as quickly as possible.

Ultimately, we can become a mainstay employer. We have 250,000-odd people working in our sector, and I believe that we could still create many more jobs beyond that number to enable us to be sustainable and be the best.

However, there is a lot going on out there, and none of us wants to underplay the fact that these are tough, challenging times. Continued support from both the UK and Scottish Governments and flexing to get round barriers will be essential to allow creativity, investment and entrepreneurship to flourish. We need to work in collaboration. If anything has been strengthened, it is the partnership working across the industry and the agencies, together with the Government and communities, which Riddell Graham mentioned. Long may that continue, but it must be strengthened further.

Gordon Lindhurst: On your last point, would we create a more sustainable future model for tourism, especially with regard to the environment, if we were to rely on and reach out to countries that are closer at hand, such as Ireland, Wales and England, instead of looking further afield?

10:15

Riddell Graham: Without a doubt, the UK has always been, and will continue to be, our most important market. The very challenging situation that people—both consumers and those running businesses—have experienced this year has, more than ever, highlighted the opportunities in the domestic market.

However, the international market will be key to our future. I have found it interesting to speak to colleagues in the New Zealand tourism board. They had never before promoted their country to New Zealanders—they never had to, because all their tourism was international. This year, they have had a struggle in trying to get people in New Zealand to think about their own country. It has been strange to hear about their challenges, but they have discovered that New Zealanders enjoy their own country, and we have found the same to be true for Scotland this year. Nonetheless, it is

interesting that, even though we have done no international marketing, on the day that we opened our Edinburgh information centre on the High Street, the first 50 people who came through the door were international visitors from Europe and North America. There is demand from, and a latent need for, visitors from international destinations.

I take your point about sustainability; Patrick Harvie made that point strongly earlier in the meeting. It is about balance. We do not want to exclude anyone; we want to get the balance of visitors, and the messaging, right. I believe that international visitors will continue to be a key component of our market.

Marc Crothall: I agree with all of that. Again, it is about balance: we have to have those international visitor numbers. There is a similar situation in Ireland, where the dependency on international visitors has been huge. Local people are exploring their home this year, but the tourism industry in Ireland is not sustainable without the international market. In some sectors of our economy such as golf and business tourism, which I mentioned earlier, it is essential that we have international visitors here, spending money. They also ensure that we have a year-round tourism season rather than a shorter season of 10 months.

Kenneth Gibson (Cunninghame North) (SNP): When we look at the money that we want to go into our tourism industry, it is important that we take into account the fact that visitors from North America spend up to three times more per person per day than domestic visitors spend.

I will focus on the £14 million hotel recovery programme. I have an interest in the fact that two of the largest hotels in my constituency—the Seamill Hydro and the Auchrannie resort hotel—directly employ almost 400 people between them. That number does not include the supply chain. I wonder how we can make that fund work more effectively. For example, we obviously want the fund to increase. How much would panel members like to see the fund increase to? To put that £14 million into perspective, in normal, pre-pandemic years, the Auchrannie had a turnover of £8.5 million. It is a wraparound programme, not just a fund. Should the grants be based on, for example, guarantees that the hotel would not close over the next six months or that it would retain a certain number of employees? Should grants be based on turnover, occupation rates or room numbers? What flexibility is there in that programme? How can we make it more flexible and responsive to the large hotels that it is designed to assist?

Riddell Graham: I think that you are right. The perception of it being just about money is wrong; it has to be more than that. It is interesting. We

provide a lot of support to individual businesses for their marketing, reviewing their websites, making them more efficient and effective in getting their own visitors and getting them up to speed with digital promotion and marketing. Flexibility has to be the name of the game. The people who have been working on developing the scheme have looked at a range of things, which has been changing as the programme develops. Initially, the key focus was on employee retention, to make sure that businesses that employed a lot of people were able to continue employing them. As they have looked at it in more detail, they have had to use more flexible criteria. When the final programme is announced, it will have that flexibility.

As Marc Crothall said, a significant number of hotels and accommodation providers would fall under those criteria, so one of the biggest challenges is that, although £14 million seems to be a lot of money, if it is to support as many as 900 businesses and they are all going to get an equal share, it will not go very far. It would be encouraging if the fund could be increased—it is difficult to say by how much—but I agree that it has to be flexible enough to recognise local needs.

That is why it is good that the three enterprise agencies are taking a view of the needs in their local areas. The programme will be applied differently in the south from how it is applied in the Highlands and in the Scottish Enterprise area, but it will all come under an overall umbrella. The agencies know best which businesses are at risk and which could benefit more from the fund.

Marc Crothall has been heavily involved in trying to influence the content of the fund, so he can probably say a wee bit more about it.

Marc Crothall: First, as I said, £14 million does not go very far into 950 hotels, so a lot of people will lose out.

Mr Gibson referred to the Auchrannie hotel, which is one of the superstar hotels that traded through the coronavirus pandemic at almost 90 per cent occupancy once it managed to overcome some of the ferry challenges. It is a great example of how businesses have adapted.

The initial criteria evolved over time, and there has been some good consultation with our colleagues at UKHospitality and with hoteliers about how best to fit the model. Importantly, it is about how individual businesses are able to support local economies. Employee numbers are linked back to the criteria qualification, and the original proposal has been flexed, again recognising that the number of employees today is probably very different from what it was a few months ago.

On the point about wraparound support, there are various different types of support and it will be specific to each type of hotel. We cannot deny the fact that hotels have scrutinised every possible channel and avenue that they could go down to make sure that their businesses are sustainable and efficient. However, as I said earlier, it is about how those businesses can accelerate job opportunities in the future and stay in business so that they can respond quickly. We would like an awful lot more, and that will have to come as direct intervention through a broader UK package of support if businesses are to be able to do that.

We have put forward some initial proposals to identify the range of hibernation costs to businesses. As I said, for average hotels across the country, from the Trump Turnberry to the smaller operators, it is still £60,000 a month. Is there a way of providing a package of support that would bridge the gap and assure that businesses with that level of monthly overhead could be sustained? However, as businesses trade, there would be a declaration of offset so that it could be pegged back accordingly. It is a sizeable amount of money.

Unfortunately, some businesses will fail. Many hotels are closing. I quoted the Edinburgh and Glasgow occupancy levels earlier. Those occupancy levels are for the hotels that are currently open, and many hotels are not open. We are at 9 per cent, 14 per cent or 18 per cent occupancy per month for a collective of perhaps 70 to 80 hotels. It is important to increase demand so that we can justify having a workforce, otherwise we are just talking about basic overheads.

Is it a recovery programme or a support programme? Perhaps the title of the package is not as it should be, but I know from working with the industry, as the agencies are doing, that we all hope that the best possible and most appropriate package of support will be announced and made available for those businesses to apply to.

Kenneth Gibson: The STA submission makes the important comment that

“tourism requires a detailed solution”.

We have talked about some of the funds, such as the £20 million creative, tourism and hospitality enterprises hardship fund, the pivotal enterprise resilience fund, the bed and breakfasts hardship fund and two new packages worth £15 million. There has been a sort of dripping tap effect. What is the detailed, comprehensive and wraparound solution that you are looking for? I take it that you want the UK and Scottish Governments to sit down and produce an envelope that includes all the issues that are affecting the industry, with realistic funding. Obviously, you will not get

everything that you ask for, given the tightness of funding, but what would the key components be and how could we structure that “detailed solution”?

Marc Crothall: As you will know, our submission was written a few weeks back, when the committee heard from the cabinet secretary. However, you are right that there has been a drip-feed of various support packages. Do not get me wrong—they have all been welcomed, but the industry needs a much clearer line of sight and pathway to recovery. The task force recommendation—this is from a Scottish perspective, although I also sit on the UK tourism industry council, which has a similar visitor economy recovery programme task force—is ultimately to set out the proposals that would enable businesses to plan ahead and to build their recovery in a more structured way so that we do not have to wait and see whether we will get support.

The asks include the extension of the VAT reduction for hospitality beyond 2021; a delay in VAT payments beyond March 2021; the extension of the furlough scheme; the deferring of initial payments on the coronavirus business interruption loan scheme and consideration of the repayment programmes; the introduction of discussions on Government-backed soft equity loan schemes; and the continuation of rates relief beyond the current year into 2021-22, which would be a game changer for many. The industry would welcome having that framework and pathway set out, with commitments from the Scottish and UK Governments to allow businesses to carry out the planning process and to think about workforce development.

Do not get me wrong—the responses have been timely and, in many cases, it has been incredible how grants have been made available at relatively short notice. We have all been learning, but we now have time to think ahead and to consider how we bridge the gap over the winter and, importantly, accelerate the recovery. The timeline that is now being set is to 2023, which is a long way off, but we need a much more structured approach.

Kenneth Gibson: I ask Riddell Graham whether he wants to add anything.

Riddell Graham: Your opening remarks in asking your question were absolutely spot on. It cannot be purely about money; there has to be a whole series of initiatives. One thing that we have learned is that, although all the funds have been welcome, in some cases, they have been a knee-jerk reaction to a particular issue. I am thinking about the self-catering fund, where a number of people fell through the gaps, and we have tried to fill those gaps. It is about more than money; there

has to be a holistic look at the business and business needs. In line with what Marc Crothall mentioned, we need to make it more realistic for businesses to look to the future, and we need to help them to plan.

The Convener: I thank both our witnesses for joining us. I have a closing question for Riddell Graham. How has Covid-19 impacted on VisitScotland’s spend and activity plans for 2020-21? Has your budget been reallocated? Have any adjustments been made?

10:30

Riddell Graham: It has impacted quite significantly, as you can imagine. We had just finished all our budget planning and had allocated resources accordingly, and then—lo and behold—the virus hit.

We have basically repurposed everything. The strongest focus of our budget is now on marketing, at a time when we are able to spend that money. Halfway through the year, I detected a real concern among destination organisations that they could struggle with their membership subscriptions, so we set up a separate fund from our own budget to support them. The support was incredible: 80-odd destination and sector organisations benefited from £0.5 million. We also waived the fee for quality assurance, which was a £1 million hit to our budget, but we felt that it was important to support individual businesses that were committed to quality.

All the other activity that was planned has been put on hold. As you can imagine, our travel and subsistence budget has, in effect, been non-existent because staff have been working from home since 16 March. In a couple of weeks, we will have a board meeting to revisit the budget, which has been completely repurposed.

In addition, we have—encouraged by the industry and the emergency response group—put in a significant bid for additional resources from the Scottish Government for the end of this year and into next year. The bid covers the three main strands of the tourism recovery task force: stimulating demand, supporting business and—significantly—looking at infrastructure. That includes trying to extend the reach of the tourism infrastructure fund, which has a £3 million budget in the current year. We already have bids that will potentially come through to the tune of £12 million, so it is clear that there is real demand.

To reassure members, I reiterate that our budget has been completely repurposed and we have put in a bid to the Government to see whether it can be enhanced.

The Convener: As you know, the committee is responsible for pre-budget scrutiny, so we would very much appreciate it if you could keep us up to speed with any plans in that area and details of the bid that you have just mentioned.

Riddell Graham: I would be delighted to do so. A lot of thought and work has gone into the areas where we can make the biggest difference. We have tried to align those asks through the tourism task force area of activity. The final meeting of the task force will be held next week, when the submissions will go to the cabinet secretary so that appropriate resourcing can be considered.

It has been very encouraging for us to work with the industry in a way that has enabled us to strengthen our case to the Government. It is not just VisitScotland asking for more money; it is about VisitScotland being part of a wider approach that has the support of the industry going into the budget reassessment process.

The Convener: Thank you. That is very helpful.

That concludes our evidence session. I thank Mr Graham and Mr Crothall for their evidence today. I am sorry that Mr Roughead was not able to join us, but I am afraid that there were insurmountable technical issues. The evidence has been very helpful. We will continue to look at the impact of Covid-19 on tourism in Scotland, because, unfortunately—as we have heard today—it is not going to go away.

The committee will shortly consider in private the evidence that it has taken. That concludes the public part of the meeting.

10:33

Meeting continued in private until 11:19.

This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

All documents are available on
the Scottish Parliament website at:

www.parliament.scot

Information on non-endorsed print suppliers
is available here:

www.parliament.scot/documents

For information on the Scottish Parliament contact
Public Information on:

Telephone: 0131 348 5000

Textphone: 0800 092 7100

Email: sp.info@parliament.scot



The Scottish Parliament
Pàrlamaid na h-Alba