



OFFICIAL REPORT
AITHISG OIFIGEIL

Culture, Tourism, Europe and External Affairs Committee

Thursday 21 January 2021

Session 5



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CONTENTS

	Col.
TOURISM SECTOR (IMPACT OF COVID-19)	1
SUBORDINATE LEGISLATION	55
Census (Scotland) Amendment Regulations 2020 (SSI 2020/450)	55

CULTURE, TOURISM, EUROPE AND EXTERNAL AFFAIRS COMMITTEE
2nd Meeting 2021, Session 5

CONVENER

*Joan McAlpine (South Scotland) (SNP)

DEPUTY CONVENER

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

COMMITTEE MEMBERS

*Kenneth Gibson (Cunninghame North) (SNP)
*Christine Grahame (Midlothian South, Tweeddale and Lauderdale) (SNP)
*Ross Greer (West Scotland) (Green)
*Jamie Halcro Johnston (Highlands and Islands) (Con)
*Dean Lockhart (Mid Scotland and Fife) (Con)
*Stewart Stevenson (Banffshire and Buchan Coast) (SNP)
*Beatrice Wishart (Shetland Islands) (LD)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Fergus Ewing (Cabinet Secretary for Rural Economy and Tourism)
Professor Russel Griggs OBE (South of Scotland Enterprise)
Duncan Mackay (Scottish Government)
Anna Miller (Highlands and Islands Enterprise)
Bettina Sizeland (Scottish Government)
Charlotte Wright (Highlands and Islands Enterprise)

CLERK TO THE COMMITTEE

Stephen Herbert

LOCATION

Virtual Meeting

Scottish Parliament

Culture, Tourism, Europe and External Affairs Committee

Thursday 21 January 2021

[The Convener opened the meeting at 08:45]

Tourism Sector (Impact of Covid-19)

The Convener (Joan McAlpine): Good morning, and welcome to the second meeting in 2021 of the Culture, Tourism, Europe and External Affairs Committee. Our first agenda item is evidence on the impact of Covid-19 on Scotland's tourism sector.

I welcome our first panel of witnesses: Professor Russel Griggs OBE, the chair of South of Scotland Enterprise; and, from Highlands and Islands Enterprise, Charlotte Wright, the chief executive, and Anna Miller, the head of tourism.

Professor Griggs and Charlotte Wright, how has Covid impacted on the tourism sector in your regions? How have you been able to respond to that?

Professor Russel Griggs OBE (South of Scotland Enterprise): The impact has been quite severe in the south of Scotland, because we work on the principle that, in the south of Scotland, tourism is everyone's business—it is that important to us. It is worth more than £520 million of revenue and employs about 10 per cent of the workforce. However, more importantly, tourism businesses are anchors that secure local areas and communities, so Covid has had a big impact.

The situation is interesting. Last year was a rollercoaster for the tourism industry. During the summer, businesses—including self-catering and caravan letters—were allowed to start taking guests; they had a reasonable time and were fairly full. However, it has been up and down for them, and the continued uncertainty about when the doors will open—if I can put it that way—continues to concern them.

With regard to what we have done for them, as you know, SOSE was launched on 1 April 2020, with a challenge to do things differently than before in the south of Scotland. This Covid period is the first time that we have spoken to our customers, so it has been an interesting experience for us to talk to them about their challenges and how we can help with them. We are involved in the delivery of three funds for the Government: the pivotal enterprises resilience

fund—PERF—and the hardship fund, which we are already delivering, and the wedding fund, which we are about to deliver.

Partnership has been absolutely key, and, on the day that we started, we created team south of Scotland with the two local authorities. The three bodies working together has been really important to make sure that we are joined up and that the industry is getting what it needs.

In the couple of years before SOSE came into being, through the south of Scotland economic partnership, we had worked to bring all the tourism bodies in the south of Scotland together, and the South of Scotland Destination Alliance was formed at the same time as we were formed. Over five years, we have given the alliance just short of £3 million to support them in terms of not only staff but real money every year to promote the south.

Interestingly, just before the pandemic, we were about to launch the first television campaign for the south of Scotland. That is sitting on the shelf, waiting to launch when we can open our doors again. However, our partnership with the SSSDA is already showing benefit; we worked together to produce a video, "Twinned with Tourism", which is to help the communities get used to tourism again and welcome tourists in a Covid environment. We are now starting to work with the SSSDA for the future.

The south of Scotland does 18 per cent of all the weddings in Scotland, so the wedding industry is very important to us and we have worked closely with it to give us our own credible voice. We also worked with the Scottish Government to provide a new dedicated fund for that industry.

Covid has had a big impact. From the beginning, it has been a rollercoaster ride for a lot of our hotels, caravan parks, self-catering businesses and event centres. Things got quite good in the middle of last year, when those businesses could get customers back in again, but at the end of last year the sector closed again. There is still a lot of work to do and a lot of anxiety in the sector about what the future holds.

Charlotte Wright (Highlands and Islands Enterprise): We have been tracking the economic impact of Covid across the region, particularly given that tourism is an essential sector in the Highlands and Islands. To give you a flavour of the information behind that, we did a bit of work with Ekosgen towards the end of last year, which illustrated that we could be looking at a decline in gross domestic product across our region of £1.5 billion to £2.6 billion in 2020. That equates to an 11 to 19 per cent hit on GDP for the region.

If you drill down further into that, you will see that the hit for the hospitality sector is around 40 per cent of GDP. There is a bit of a health warning

there in that those figures are from autumn last year, when we were not really predicting the current lockdown, so the real impact could be even more significant. The tourism sector is dominated by microbusinesses, self-employment and small and medium-sized enterprises, which can make resilience more of an issue.

Visitor spend is about £1.5 billion across the region. We estimate a decline in that of well over £0.5 billion. As you know, some sectors, such as the cruise sector, have been completely lost.

We are seeing unemployment rising, with some areas along the west coast, such as Argyll, Lochaber and Skye, particularly badly hit. Argyll's rate at the moment, 6.5 per cent, is more than double what it was at the same time last year. In Lochaber, Skye and Wester Ross, the rate—5.3 per cent—is almost three times what it was on the equivalent date in 2020. Places such as Ullapool, Portree and Broadford have been really badly hit by unemployment growth.

We have a business panel of about 1,000 businesses that are representative of business across the Highlands and Islands, and we track how they feel about things and what is going on for them. Around 80 per cent of tourism businesses report that they are operating way below pre-Covid levels; that compares to about a 50 per cent impact on businesses overall. There is a pattern of severe impacts of Covid, but they are even more severe for the tourism sector. Some parts of our region did not reopen tourism when that was possible during the summer; the northern isles—Orkney and Shetland—were particularly badly hit.

A key concern for the Highlands and Islands is European Union and migrant workers, who have been an important part of our workforce. They had an important role, which was beneficial to the sector and had a positive impact in a region that has been losing population. The sector really relies on those workers. This is anecdotal at the moment—you may have heard it from other witnesses—but we are hearing that migrant workers are moving away, which will pose a challenge to getting the tourism sector restarted.

There are a couple of issues that relate to transport. Highlands and Islands Airports Ltd has seen passenger numbers fall almost 80 per cent; at Inverness, its biggest airport, the figure is more than 90 per cent. Ferries have continued to be a challenge. The latest information that we have heard on ferries affecting Shetland is that NorthLink Ferries is not accepting group bookings.

We have been tracking Covid carefully, and you can get a flavour from that information of the severe impact for the Highlands and Islands, as a region that depends heavily on tourism.

The Convener: Your experience of the impact reflects what stakeholders in the sector told us last week.

One of the things that came out in that evidence session was the complexity of some of the funds that have been announced and the difficulties of local authorities handling the volume of work. That was reflected in a submission from the Convention of Scottish Local Authorities this week.

Professor Griggs, I am not sure if that is your experience; you talked about working positively with local authorities. Can you reflect on whether you think that that can be improved and whether you think that you have a role in delivering more funds?

Also, I would like to ask you both about the Government's statement on 21 December, which mentioned that VisitScotland and enterprise agencies should work to develop a five-year costed recovery and investment plan for tourism. Could you reflect on any input that you expect to have on that and tell us whether you have begun work on it?

Professor Griggs: The first thing to say is that, if funds are dependent on rateable value, there is no doubt that local authorities are the best placed to deliver them, because they have all the information on who has what.

South of Scotland Enterprise started a team with our two local authorities—we still have weekly meetings with them—to discuss where we are. Have they faced challenges? Yes, they have. We have all faced challenges due to the volume of work and the things that we have had to do to keep our customers stable and, in a lot of cases, in business.

However, I am not sure that we have spotted anything untoward. SOSE has not had many complaints about local authorities not doing what they should do or not doing it well. They have struggled with some of the funds, such as the self-employed one, which they find it very difficult to get people to apply for, but we have not heard that people are finding that very difficult. We have been sharing information with them by telling them which companies we have helped, and they have told us which ones they have helped—there has been a dialogue.

One of the things that we wanted to do at the beginning was ensure that South of Scotland Enterprise and all the people involved in economic development were locked together. That is why we have already started working with SSSA and VisitScotland on a recovery plan for the future of tourism.

Some of the things that are coming out of that are to do with keeping businesses financially

stable. However, if we want to grow our tourism sector in the future, we need to start looking much more strongly at how can we get more electric vehicle points across the south of Scotland. That will mean that we can start to get the benefit of going carbon neutral—which is what we want—and achieve our targets. Tourism is a great bringer-in of other people, and it would be good if we started to encourage people in with their electric cars.

Interestingly, another thing that has come out of that plan is shop local, which might seem strange as part of a discussion about tourism. However, it is all about ensuring that the hospitality sector uses its local supply chain and buys its food and so on locally. Again, that has some challenges, but we are not only talking about sustainability of businesses for today—we have a reasonably good handle on where our businesses are—because the important thing is the bigger picture, which involves working out what we need to do during the next five years to rebuild tourism in the south and how that impacts on some of the other targets that we have on climate change, and making the south a much more dynamic community.

As we all know, the south of Scotland region is one of the pilot areas for community wealth building in Scotland. That pilot involves seeing how we can get more things bought locally—by everybody, not just people in the public sector. That is giving us an interesting drive as we go forward.

Charlotte Wright: There were a few elements to your question, and I will try to say something about each one.

I echo Russel's comments about the role of local authorities, which have done an amazing job. We work very closely with local authorities in the Highlands and Islands. Our agency is based across the region, so we have a team in each local authority area that regularly meets each of the councils. I also meet them, as does the chair of HIE.

Collaboration is really important. We are working together across each of the local authorities on specific recovery plans for each local authority area. I have a good example of something specific that we have done with Highland Council, which did an excellent piece of work in reviewing publicly provided tourism infrastructure in the area. That area was under stress and strain both during the summer this year and previously.

09:00

Looking at that issue jointly allows us to consider areas for investment for the future and to think about how we bring together funds to support

that, through the regional tourism infrastructure and through local authorities, where they are disbursing Crown Estate money.

We developed a fund for our communities, which are keen to take ownership and control of some aspects of community infrastructure, such as parking and camper van facilities, and NatureScot has a green places fund. That all comes together into some really excellent examples of joint working.

You asked about the five-year plan and working with VisitScotland and the agencies. We would absolutely want to be a core part of that, and we have been part of the Scottish tourism emergency response group—STERG—discussions. It is important to bring industry voices to that in the next stages, and to ensure that the industry has a key, lead role.

I think that there was also something in your question about feedback and simplification of funds. I can totally understand that from the business perspective as, in reacting to the crisis, a number of specific and bespoke funds have been developed to deal with each situation or core group. That might perhaps make things more complex sometimes.

We need to learn from what we have done to date and take the opportunity to review it so that, when we are building our response to continuing resilience issues—which I think will continue for some time as the pathway to recovery is created—we make funding as easy and accessible as possible.

Finally, there was a question about whether we see it as our role to do more. We are the economic development agency for the Highlands and Islands, so supporting our economy and supporting a key sector in our economy is absolutely what we need to do.

The Convener: Thank you. That was a comprehensive introduction to where we find ourselves now while we also look to the future.

I will now bring in Claire Baker, the deputy convener.

Claire Baker (Mid Scotland and Fife) (Lab): Charlotte Wright described the work that is being done on tracking the economic impact of the pandemic. Has that allowed you to estimate whether the current levels of support are adequate? Is there a gap in the finances?

In last week's evidence session, the Scottish Tourism Alliance said that everyone welcomes the funds that have come from both Governments, but there are concerns that there are increasingly gaps in the sector and that the support is not enough. Do you have any idea of what funding is needed? Is there a gap that you can identify?

Have you had any discussions with the Scottish Government, with the budget approaching?

Charlotte Wright: That is a really good question. There has been a significant increase in the funds that have been made available. The PERF funds alone were £20 million in the Highlands and Islands.

We need to find a way to prioritise supporting the requirements for the future. I listened back to the evidence session to which you referred, and I think that all the witnesses found it difficult to say what the number was. Perhaps that can form part of the work under the five-year plan as the next stage of developing the response that we need.

We are discussing budgets for 2021-22 with the Government. As part of our assessment of the requirements, we have clearly flagged up the continued need to increase our support for tourism. The Highlands and Islands have always had tourism as a priority. It represents a high proportion of our account-managed businesses and our infrastructure investments, and our allocation of funds towards tourism would generally be quite high.

It is a matter of getting the balance right between protecting jobs in the worst-affected sectors, ensuring that we are spotting the opportunities for development and investment for the future.

Claire Baker: Will Professor Griggs comment on whether South of Scotland Enterprise has identified what the gap in financial support might be? The initial funding was for lockdown support. As we opened up in the summer—you commented on that—there was a perception that the funding was moving towards recovery. We are now back in a more severe situation, with another lockdown. Has the funding been flexible enough to respond to the changing circumstances that businesses face?

Professor Griggs: I will answer that question in three parts. First, one of the things that we knew at the beginning was that the funding was never going to be 100 per cent right, so we created our own fund. South of Scotland Enterprise has a crisis fund, which we have used for the past 12 months and will carry on into next year. As I said, we have been speaking to and trying to get to know each of our businesses intimately, so that we can understand what the challenges are and when they will arise.

We have been giving out money. We all worry about the big chunks of money, but we should consider some of the small chunks of money. For example, last week, we gave £11,000 to a charity in Moffat to develop the land around the buildings that it owns. That will impact on tourism, because the charity is now thinking about what to show

people when they come to Moffat once they are allowed to visit again.

We are trying to paint a picture of all our businesses and consider how we can support them; we are also talking to the Government about specific plans. The wedding industry fund is a good example of the Government acting, having listened to a cry from a specific industry, which is one that is particularly important to us in the south.

The second part is to look at individual projects that will help tourism to recover more quickly and have in place some of the things that they will need to reopen. For example, we are talking to businesses about how they can increase their web presence and how they can, with VisitScotland, look at what advertising they need to do.

The third part is the valuation of buildings in the south of Scotland, which has been a perennial problem. That makes it more difficult for our hotels, for example, to upgrade, because they do not have the collateral in the business. Furthermore, they have had to borrow money to get them through the crisis, so their ability to borrow for the future has lessened. We are considering how we might help them with that issue as well.

It is difficult to say what the amount of funding should be because, in a lot of cases, the requirement varies from business to business. A lot of businesses have borrowed that have never borrowed before, so we need to look at their balance sheets. I am not trying to evade the question, but it is almost impossible to give a proper answer. We are trying to fill a lot of the gaps ourselves, because we can quite clearly identify in our communities the anchor businesses that we need to keep and the ones that we need to work through. We have been working with a lot of hotel businesses with our fund—outside of Government funds—to try to help them. I hope that that answers your question.

Claire Baker: That is helpful. My second question is about employment. Charlotte Wright talked about the impact on employment in the Highlands and Islands; she also mentioned EU migrant workers. Could you expand on that, Charlotte? Will Professor Griggs also talk about the impact on employment? Do you both consider that the available funds have been sufficiently focused on job retention? Has there been enough support for that area? Has there been enough concentration on that?

Charlotte Wright: I am happy to come in. As I noted, we have been tracking unemployment because, clearly, tourism is one of the largest employment sectors in the Highlands and Islands. When assessing where we are giving grants, we look, in particular, at what businesses are telling

us that will do for the creation of employment—and not only in the business itself, because that can often have a catalytic effect on the surrounding area. For example, the Sligachan hotel on the Isle of Skye has an iconic location next to the Cuillan, which is a destination in and of itself. The support that we gave to the hotel enabled it to reopen for the summer, and that had a catalytic effect on other nearby businesses being able to open.

Retaining employment is a key part, but you are right to say that that is a challenge. I reiterate our concerns around our ability to fully restart the tourism sector, because the labour market was always tight in the Highlands and Islands. If what we are hearing about the position of migrant workers is true, we will find it challenging to get staff back in and businesses running. Using the furlough scheme, as many businesses have, has been critical, but not everybody has been able to keep all their staff on furlough, because there is a cost to business in doing so.

There is a concern about getting from where we are now to being 100 per cent operational, resilient, strong and able to open the doors. That ability was demonstrated during the short time last summer when places were exceptionally busy, but this winter period has caused us concern about the ability to get ready and open. Businesses are really concerned about when that will be. Clearly, the pathway to that is based around the vaccination timeline, but I know that there is a clear aspiration for it to be late spring. Any later than that would cause severe difficulties for cash flow into next year.

Professor Griggs: The furlough scheme has been good, and our businesses that should have used it have done so. We have been working with our businesses as much as we can to make sure that they have access to each of the funds. Going back to the previous question about the complexity, we have tried to help each business to consider all the funds available and to talk to the banks—we have also been working closely with the banks—to see how much they can get from them in order to maximise what they get.

On unemployment, furlough has not dealt with all the issues, and, sadly, as Charlotte Wright said, people have been made redundant. As well as trying to get the tourism sector up and running, we are looking at other areas of the economy around climate change and zero carbon. EVs are a good example. If we are going to get EV points in all the hotels and forestry centres across the south of Scotland, we will need people to put them in. At the moment, there is only one qualified EV contractor in the south of Scotland, so we are thinking about the different types of people whom we will need to employ over the next five to 10

years to help the tourism sector get back up and running. We are also looking at how to get other sectors back up and running. By doing so, we hope to alleviate the situation, given that some will not come back from the crisis, which means that people will be looking for jobs in different sectors.

Beatrice Wishart (Shetland Islands) (LD): I address my first question to Charlotte Wright. You mentioned that the northern isles have been particularly badly hit throughout the pandemic. We have lost the cruise industry, which is a vital part of the tourism sector in Shetland and Orkney. You also referenced the impact of the NorthLink Ferries decision to cancel group tours for 2021. Will you expand on that point and comment on what HIE has done in that regard?

Charlotte Wright: I spent a bit of time speaking to businesses in Shetland that felt that they were experiencing what I heard termed as the “double whammy” of the downturn in oil and gas and the severe impact of reduced tourism numbers. You will be aware of the specific challenges in Shetland, such as the fire at the Moorfield hotel, which was pretty devastating, and the Scalloway hotel not reopening.

The picture was pretty dire, and it must have felt grim for people on the island. From speaking to businesses, I know that they felt that it was more difficult for the northern isles to benefit from the opportunistic tourism that happened during the reopening in the summer, because the potential additional cost of getting to Orkney and Shetland, in particular, made that outcome less likely. We have a team in Shetland that has worked very closely with all the businesses and local authorities, and we have provided support to a whole range of businesses.

On the cruise sector market, the outlook is challenging. There is the potential for some cruises later in 2021. We will have to wait to see whether the market re-emerges—it looks like it will not re-emerge strongly before 2022 or even 2023, which is when most bookings seem to be for.

The key thing that we do as an economic development agency is consider all parts of the economy. The potential for work around green energy and the wider development of the economy is critical if we are to replace jobs across the economy. The key aspect to that is partnership, understanding the specifics of the local economy and being able to respond to that.

09:15

Beatrice Wishart: My second question is for both Professor Griggs and Charlotte Wright. I am interested in the lessons that enterprise agencies have learned since the pandemic started. What are agencies doing differently now compared with

what they did at this time last year? Will the five-year plan reflect those differences?

Professor Griggs: Our agency started on 1 April 2020—we are only one year into our life—so I can answer that quite easily. I do not think that we are doing anything differently from how we did things at the beginning, because we said from day 1 that we wanted to speak and listen to our customers. We perhaps have a different way of working to that which others have had in the past: we want to speak to anybody who has an issue, deal with them individually and talk them through it. That approach has held us in good stead over the past year.

In our first three months, when chaos reigned and businesses were concerned about their future, the ability to talk through their challenges with somebody on the phone was important to them.

We have had a lot of positive feedback from businesses in the south of Scotland, which have said that just having somebody on the phone to talk with them and work through their issues to find alternative ways to deal with them has been really helpful. We continue to take that approach.

An important part of what we will do in—*[Inaudible.]*—with the future is to have those personal relationships with all our businesses, not just the big ones, as we are as interested in those businesses in our communities that employ one or two people as we are in those that employ more than 100. It is about trying to get out that message.

One of the things that we have not done differently but that has developed quickly is the team south of Scotland approach, which I mentioned earlier. As we have moved forward, that approach has allowed us to create a good, strong regional economic partnership. We put in place a convention of the south of Scotland, so all the bodies in the south of Scotland are more joined up in looking towards the future, which helps us in all sorts of ways with inward investment companies and others. We see a joined-up face of the south of Scotland, if I can put it that way, with the two local authorities and so on.

On ferries, we do not have the same issues as those in the Highlands and Islands. Dumfries and Galloway, as you know, has now become a port authority—it now runs the Cairnryan and Stranraer route into Ireland. However, because of Brexit, the council is considering whether that should be part of the free port model that the United Kingdom Government has talked about.

We are not doing things differently from when we started, but we had aimed to start in a slightly different way, if that answers your question.

Charlotte Wright: I will ask Anna Miller, who is our head of tourism and has led a lot of our support, to respond to the question about our review, lessons learned and what we could do differently.

Anna Miller (Highlands and Islands Enterprise): Yes, we have learned lessons as a result of the administration of the funds that we have developed and delivered on behalf of the Scottish Government. Key to that has been collaborative working, which has been described already. Working very closely with our partners in the local authorities and across the other enterprise agencies and VisitScotland has been critical to ensuring the success of the administration of the funds.

I think that the communication has never been better. STERG, on which I represent HIE, meets weekly, and we convene with all key partners and with the Government every week in order to ensure that our approach is co-ordinated and joined up. When we were working intensively on pieces of work such as the hotel support programme, meetings were held daily. That lesson is critical to ensuring that we deliver successfully into the future.

Throughout, it has been critical that we have listened to and engaged with the industry. In developing the funds for the sector, we need to clearly understand its needs. It has been hugely valuable to us to engage with the sectoral organisations and the product groups, which represent the needs of their industry, in order to truly understand their—often tailored—needs, so that we can respond by developing funds accordingly. That approach has been essential, and I think that those relationships will continue well into the future.

We recognise that we have to provide consistent and clear communications. The newly developed findbusinesssupport.gov.scot website has been a key tool in enabling all the agencies and local authorities to come together, providing a clear and single point of reference to allow businesses to understand what might be made available to them and how they can access that. That has reduced the complexity of communication, and it has ensured that information is provided in a timely way and as efficiently and quickly as possible. We need to recognise that the businesses are working in particularly pressurised environments, so pace is critical. However, we are administering public sector funds, so a level of due diligence and appraisal needs to be adopted and adhered to.

Listening has been key, as has working in collaboration. Towards the latter end, once the funds are being administered, it is about being

absolutely transparent and ready to engage with the industries in order to answer their questions.

To echo Professor Griggs's point about working with compassion and understanding, it is about really appreciating that we are working in a different and unprecedented environment and that businesses need to be able to engage with people at the end of the phone. Through our network of area teams, we have been able to do that successfully.

Beatrice Wishart: Thank you for that. I agree. The comment that I am hearing from business is that many of them are—as they put it—literally on their knees.

Jamie Halcro Johnston (Highlands and Islands) (Con): Good morning to the panel. From the figures that have been quoted today and the surveys that have laid things out in a stark way, the impact on the tourism sector—particularly in the Highlands and Islands, which is the area that I represent—is pretty clear.

There have been real concerns about the level of support that has been confirmed, the number of pots that businesses can potentially apply for money from—I think that Charlotte Wright spoke about the potential need for simplification—the lack of detail, the slowness in getting cash out, and the pressure on councils. Are the levels of support that are currently on offer adequate? If they are not adequate, where are the gaps? What are the consequences of not providing a proper level of support or not being quick in getting that support out?

Charlotte Wright: Some of that was addressed in Anna Miller's comments about the lessons that we have learned. The requirement for simplification is really important. Having developed a number of bespoke responses to particular groups—for example, Russel Griggs has mentioned the wedding fund a couple of times—we know that those responses are really important for each of them.

On considering what the gaps are, we need to get through the current set of funds that we are administering so that we can see what else has not been addressed. I will always have a concern that there will be some element of the sector or a particular business that we have not been able to help or that has not been able to navigate the system.

As an agency, we have spent a lot of time making sure that we talk to the business representatives' agencies, destination management organisations and chambers of commerce, and directly to businesses, so that we can provide hand-holding support through what can be—I absolutely recognise this—a degree of complexity.

I agree that nothing that we can do will be of sufficient speed or value for a tourism business or any other business that faces terrible difficulties every day. However, we are targeting absolutely everything that we can towards business. Very early on, we made the choice to direct all our staff capability towards the front line so that we are all engaged in delivering directly to business and to communities in the Highlands and Islands. They play an important role in tourism in providing facilities and services—Jamie Halcro Johnston will know that from Orkney—and are also critical to overall community support.

To be honest, the question is difficult to answer. I recognise that there may well be gaps. We are running at full capacity to provide what we are doing, but I will never say that we have done enough, because I can always see that there is more that we can do. We need to continue listening, understanding where the most severe challenges are and supporting, through ourselves or partners, by targeting that work as much as we can. We also need to make the case back to Government about gaps that we are not able to respond to.

Professor Griggs: I will build on what Charlotte Wright said. I agree with her. Over the past year, one of the interesting challenges has been to find out the sectors that maybe did not have a strong voice. The wedding sector is a really good example; it has organised itself into an association only in the past couple of months. As each of those voices has come, we have tried to help. People genuinely did not realise that those people were out there and the challenges that they had. The wedding sector includes everything from hotels and big event centres down to small businesses that provide flowers and photography. Each will have slightly different needs, so we have been trying to gather all those together in order to work with Government. The Government has been really flexible and good at looking at how we do that.

As I said earlier, through our crisis fund, we have been trying to plug some of the holes in individual businesses. Like Charlotte Wright, I think that it is very difficult to answer the question about who is left out. We are now in the position of looking at what businesses are sustainable and which ones we can help, and not all the businesses can make those decisions themselves.

It is right to say that, if we can simplify anything, we should. Trying to get the announcements and the details in the same order is very challenging. I understand the challenges around that, but I do not think that we should come out and say that there is a hole here and a hole there, and we have to put X in here and Y in there. Those holes have developed over time, and I think that the holes are

becoming fewer. I am not disagreeing with what Marc Crothall said in the previous meeting about the fact that there will still be holes, but there will always be people who think that they are being left out. My job and my team's job at South of Scotland Enterprise is to find those businesses that are still in need and support them in whatever way we can.

Jamie Halcro Johnston: I know a number of people who work in the wedding sector, and I think that they would make the argument that the situation has brought about the recognition that that is a vital sector that has not had a strong voice before.

I want to follow up briefly on what has been said. Obviously, there has been real pressure on the budgets of Highlands and Islands Enterprise over the past few years. Professor Griggs is in charge of a new organisation. What do Highlands and Islands Enterprise and South of Scotland Enterprise need from the next Scottish budget? What are you expecting from it? It will be vital for the long-term support of the sector and the rebuilding of it in some cases.

09:30

Professor Griggs: We have been considering giving more long-term funding to bigger organisations in the south of Scotland, so that we are not perpetually having to go back and assess them again on a year-on-year basis. That is one of the reasons why we gave five years' funding to the South of Scotland Destination Alliance and to the UNESCO biosphere in the Galloway forest—as designated by the United Nations Educational, Scientific and Cultural Organization. We are trying to look out for that with the Scottish Government and others, so that we are not just plotting next year's budget; we are trying to see what we are going to do over the next five years. We have been doing a piece of work on energy, on which we will issue a report at the end of January or the beginning of February, tracking what we need to do over the next five years.

I should never say this, but I am not so worried about next year's budget. The discussions that we have been having so far with the Scottish Government have gone well, and I have to say that the cabinet secretary has been doing a really good job on behalf of rural Scotland in ensuring that rural Scotland's voice is heard. Perhaps rural Scotland will come out of the situation and into the recovery earlier than some of the cities will—but who knows? In answer to the point, we are trying to look more to the long term, and not just planning our budget from next year.

The two things that the SSDA wants to consider are EV points in the south of Scotland and how we

can start to work with the food and drink sector. That is not something that we will do in a year; it is something that we will do over the next three or four years. Our discussions with the SSDA are exploring what the likely funding ask of us will be over a period of time, and giving people certainty. For example, the money that we have given the biosphere for the next five years means that it can now safely go into the renegotiations with UNESCO next year on whether it can extend the sphere of the biosphere in the south of Scotland—if that is the right way of putting it—safe in the knowledge that it has secure funding for the next three or four years.

It is not just about us and the Scottish Government's budget; it is about us trying to look differently at how we work with big companies, too. We are doing the same with individual entities. We are tracking what each of them wants five years out, trying to ascertain where we will need to come in and help them to do various things, and dealing with some of the complicated jigsaw puzzles concerning property that will come along over the next five years.

Charlotte Wright: From a Highlands and Islands perspective, we generally go into a budget every year with a high degree of commitment. As an organisation that has been around for a long time, we are already in the midst of multi-annual commitments.

In setting out what we need to do with our board, and therefore in setting out to the Scottish Government what we need to do, it is important to adopt a twin track, as I describe it, with a clear eye on the tactical. That means creating the adaptability and flexibility to respond to changing circumstances. Clearly, one of the lessons learned over this year has been the need to do that while setting an absolute pathway to the strategic vision.

The key thing is to make some changes by way of transition. I particularly highlight that in relation to the move to net zero carbon. Every sector, including the tourism sector, has work to do to decarbonise and ensure that its jobs are green and sustainable. Part of how we make our case to the Scottish Government lies in showing how that hits the key strategic targets that the Government wishes to make. That is perhaps more multilayered than in previous years. We always need to retain that flexibility, space and headroom to respond to an immediate crisis, but the immediate crisis response must fit in with the longer-term strategy to transform the economy.

The lessons learned from this year have given us a sentiment about what we want our economy to be. In a part of the country that is very much focused on its communities and their resilience and wellbeing, that sentiment of how people want the economy to operate and how everyone should

benefit from that is critical. For us, it is key to consider everybody's part in the economy.

We also emphasise the need for fair work. I know that you have discussed that previously in relation to tourism. The support mechanisms that we will put in place in the sector include wraparound supports, such as supporting innovation in tourism, developing new markets, new products and new routes to those markets, and leadership and management capability and capacity. There is a really important job to be done for our young people in creating graduate and training opportunities in the sector.

Jamie Halcro Johnston: Obviously, this is about budgets. To deliver on that, you will need investment in the Highlands and Islands Enterprise budget, which has been under pressure. Do you expect that there will be an uplift rather than on-going pressure on your budgets?

Charlotte Wright: Clearly, I hope that there will be an uplift. We develop a number of scenarios that we put to the Scottish Government about what we would be able to do with various funding levels in our capital and resource or revenue budgets. We need to have availability for both of those.

It is worth highlighting that we are also in the unique position of being the owner and operator of Cairngorm Mountain Ltd, so we have a specific tourism responsibility to deliver there.

The Convener: Questions and answers should be as succinct as possible so that we can get all members' questions in.

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): I want to raise the subject of community events. We have not heard much about them, but they are part of what adds colour and attracts tourists right across Scotland, particularly in rural areas. Some events are big, such as the Scottish traditional boat festival at Portsoy in my constituency, which attracts tens of thousands of people. There are farming shows, such as the Turriff show, and there are Highland games right across Scotland. In the south, we have the Wigtown book festival and so on.

Professor Griggs talked about supporting charities, and Charlotte Wright talked about the catalytic effect in the Highlands and Islands. To what extent should we support community activity, which is largely or often totally voluntary, in order to ensure that we have that rich offering? The answer might be shorter than my question.

Professor Griggs: As I said at the beginning, tourism is important because its organisations act as anchors in communities. If we take Kelso as an example, one of the anchor organisations there is the racecourse. We have worked with it and put money into it through PERF because, if it went

away, that would be an issue for Kelso. Similarly, in relation to agricultural shows, we have worked closely with and put money into the Border union show.

Organisations in rural areas are an important part of what we do. We treat them like any other business and we look at their impact on the community. It does not matter whether an organisation is run by volunteers or by professional businesspeople; if it is a key part of the community, we will work with it and support it.

In relation to community asset transfers, as you will know, we put in money this year, alongside the Scottish land fund, to help the community at Langholm to buy a big chunk of Langholm moor. That goes to show that we are looking at what the key businesses are. As you know, businesses are not just things with "Limited" at the end of their names; other types of business can have a real impact. Through PERF and the other funds, we have supported a range of them across the south of Scotland, and we will continue to do so.

Stewart Stevenson: I say to Charlotte Wright from Highlands and Islands Enterprise that I missed out the fèis in my list of important events. How do you support volunteers and those organisations that, as Professor Griggs said, do not have "Limited" at the end of their names, but are part of the rich tapestry that attracts people?

Charlotte Wright: Working with communities and social enterprises is fundamental to what we do at HIE. Anna Miller can give you a flavour of some of the things that we have done this year with communities.

Anna Miller: It is worth highlighting that, when it comes to the projects and clients that HIE supports in tourism, as much as 40 per cent of what we do is with communities and social enterprises. We see that as fundamental to the rich make-up of tourism in the Highlands and Islands. That goes beyond businesses to include communities and volunteers, as Stewart Stevenson described. Some of that is about financial support, but often it is about building capacity and leadership skills among those willing and capable volunteers who give up their time to support their community to develop. Often, that is about taking forward opportunities that tourism presents to those communities.

With South of Scotland Enterprise, we have established a programme, which is now running successfully, called communities leading in tourism. We identified a real opportunity to work with leaders from communities across the Highlands and Islands and the south of Scotland to share global best practice and to develop their leadership skills and prepare them in the best possible way to take forward the opportunities that

tourism presents to their communities. That is just one example of our having targeted and worked intensively with the important component of the sector that Mr Stevenson described.

A second aspect that is fundamental to communities' engagement in the sector is the provision of infrastructure. Charlotte Wright touched on the new support that was made available in September last year to invest in distinctly community-led infrastructure for tourism. Before the end of the current financial year, we will have invested £1.6 million in community-led infrastructure projects. A total of 54 projects have been supported across our region, ranging from the provision of car parking and camper van waste facilities right through to ownership of assets and the redevelopment of those assets to support communities and the tourism sector.

Those are just two examples of how we have been working with communities as part of tourism.

Ross Greer (West Scotland) (Green): I would like to hear from both organisations about their strategies for sustainable tourism as we recover from the pandemic. I mean that not in relation to the environment, which I suppose people would expect me to raise, but in relation to overtourism. I come at the issue as a West Scotland MSP, so I am familiar with the issue of overtourism, particularly around Loch Lomond. However, it is also an issue in other areas, for example around the north coast 500. In what ways are you working with communities to ensure that we rebuild a tourism sector that thrives but avoids the pinch points that we saw before the pandemic?

Professor Griggs: That takes me back to something that I said earlier. One thing that we are discussing in the south of Scotland is a coast-to-coast bike path. We are starting at the beginning and asking whether that is a sensible thing to create and, if so, how we should work with each of the communities along the route. The south of Scotland has only four communities with populations of more than 10,000, so we are a community of small communities. If we did not understand how to work in that environment and that we need to work with each community along the route in order to get buy-in and support, we would not understand the area well.

My answer to your question is that, as we go down each road, we will involve the wider community. That is why what we have been doing through team south of Scotland is so important. We are already joined at the hip to and having discussions with the local authorities, NatureScot, Forestry and Land Scotland and all the other people who are involved in such projects. As you know, mountain biking is an important part of what we do, but we need to ensure that the communities around projects are part of those

projects and that they bring benefit rather than disbenefit to the area.

We have had positive feedback so far, but the challenge is to start from the bottom up. Too many projects over the years have started with the outcome rather than with how they will get to the outcome, so we are spending more time at the beginning asking whether what is proposed is sensible. If it is sensible, we then ask ourselves how we should do it, and the only way to do it is to speak to the people who will be involved in each community.

09:45

Charlotte Wright: Ross Greer's question is a really important one. It has been a hot topic in the Highlands and Islands, not just during the short season last year but for a number of years, in which we have seen constraints on some of the facilities and services around the real hot spots of tourism. The fairy pools on Skye are probably an example that everybody has seen. In fact, they are a really good example of the solution in that the community was given support to develop better facilities such as toilets and lay-bys, which have allowed better traffic management at that hotspot.

However, the issue is wider than that. We need to look at the issues of infrastructure. As Anna Miller mentioned, our approach has been to work with communities so that they can develop responses—camper van waste facilities, for example—and get the revenue for them. That gives them leadership and ownership of the response, and the revenue is returned directly to the community.

There is also an important point about the approach to marketing. So many people flock to three or four hot spots, but the Highlands and Islands of Scotland is a big place with lots of great tourism destinations that are crying out for their tourism numbers to develop. For example, the Moray area is ripe for further development. It has fantastic distilleries and some brilliant hotels, and we are starting to see investment there, but we are not seeing the traffic in that area that we see in some parts of our region.

We therefore have a responsibility, working with agencies such as VisitScotland, to look at getting a fairer spread of tourism so that we manage visitors away from some of the tightly constrained spots. We also need to deal with some of the basics, with our partners, to make sure that some of the dreadful pictures that many of you will have seen on social media are a thing of the past. Ultimately, they will not help our tourism because, if that is people's experience, they will not come back.

Christine Grahame (Midlothian South, Tweeddale and Lauderdale) (SNP): Much of what I wanted to ask has already been covered. However, the committee has to reflect on the complexity of funding sources, and I have two questions about that for Russel Griggs. First, how do smaller businesses know where to go for funding, whether that is to South of Scotland Enterprise, local authorities or whatever?

My second question is about the centre for the great tapestry of Scotland, which is costing £6 million. You talked about anchor businesses, and that is a huge one not just for Galashiels but for the whole of the Borders. The £6 million came from the Borders railway blueprint funding, but I see that the local authority has had to dip into its emergency funding to provide £315,000 for the display cabinets. We might think that that is all well and good, but that is all being done on the basis that there will be 50,000 visitors a year.

What support can you give that project, given that you say that you are joined at the hip with local authorities? Is there a role for South of Scotland Enterprise? How can we get the project through its difficult first year—assuming that it opens later this year—given that so much money has been invested in it?

Professor Griggs: In response to your first question, I note that all businesses can use the Government's website to look for support. In addition, the councils and South of Scotland Enterprise have tried to reach people through social media and the like to say that, if they are confused, they can call and speak to us. We have had a lot of calls from businesses that know about the funds that are out there but ask which ones they should apply for. That has opened up good discussions with each of those businesses about their needs, and those discussions have helped them to decide.

The position is by no means perfect, but we are happy that, over the past six months and in the initial stages, we have reached a lot more businesses by acting together with the councils and so on. Businesses in the south of Scotland have a clear route and we are trying to get to them. We opened our Facebook and Instagram pages this week so that we can get more out to them through social media. I think it is just a case of getting the communications going as quickly as we can. In the end, there is nothing like having a conversation with a business and trying to direct them, because a lot of them may be looking at the wrong thing.

Other members of the committee may not know that Christine Grahame and I have now been talking about the great tapestry of Scotland for a goodly period of time. Interestingly enough, Rob Dickson and I were talking about it last week, and

Mike Gray and his team have been involved. We are trying to see how we can come together and what we can do to help within the vagaries of Channel Street. We are joined up. We know about the issue and people in my team will be involved in the discussions. Nobody wants the tapestry centre to be anything other than a raging success, so we will all work together on that.

Christine Grahame: You did not mention money, though, Russel. I want to hear the chink of money.

Professor Griggs: Money is involved, Christine, but we are still—

Christine Grahame: Can you tell me how much?

Professor Griggs: I cannot tell you that yet because we are still discussing what Mike Gray and others want. There are different aspects. As you know from our previous discussions, it is a complicated exercise, and in the midst of it we get down to talking about what we are going to do with Channel Street.

Christine Grahame: I did not want my question to be just a constituency question. It is a major project of a kind that we have never had in the area before and a lot of money has been invested in it. I take some comfort from your saying that, despite Covid knocking the level of tourism football on the head for a wee while yet, there will be support. I hope you are telling me that the project can tick over until we recover from this dreadful virus and the economy gets going.

Professor Griggs: Yes—of course it can.

Christine Grahame: I have now got that on the record. Thank you.

Dean Lockhart (Mid Scotland and Fife) (Con): My question goes back to the idea of business support. Can you track the numbers of applications that are coming through from businesses across the various funds? If so, will you talk us through some of the trends that you are seeing now and have seen over the past 12 months? For example, have you seen an increase in applications over the past few weeks compared with the number during the first lockdown in March? You might not have the exact numbers, but what percentage of business applications are accepted and what percentage are declined?

Professor Griggs: You are right—I do not have those numbers in front of me. However, I am happy to send them to the committee. Those in my team who are listening to the meeting will make sure that we provide you with that data.

In recent weeks and months, we have had fewer conversations with people saying, "Please can you keep me alive?" and more conversations with

people saying, “I need this support to build for the future.” Moving away slightly from tourism, I note that the farmers markets have now opened, and I was speaking to a group at the Dumfries farmers market. During the period when retail was shut down, a lot of businesses became more used to dealing with people virtually, and their online business has grown. They are now looking for us for help with that. We are also getting more inquiries from groups of businesses about setting up transport hubs so that they can come together and aggregate loads in order to make things simpler.

I am not saying that we have not had businesses come to us in recent weeks and say that they are still in desperate need. We have been trying to help them through our funds or point them to the right ones. However, we are now having other conversations. Last week, for example, we had an application from somebody who wanted to talk to us about building a new children’s park on a beach on the Solway coast, which would help a number of caravan parks in that area. That is about building for the future. When those businesses open their doors again, they will have a better offer for their customers. That is the type of conversation that we are starting to have with a lot of businesses.

Aside from that, we are trying to help the wedding industry to be alive when we come out of the current situation, because it has no certainty about when that will be. However, we are starting to look more to the future, and the majority of the conversations between us and the South of Scotland Destination Alliance are now about what it needs to do so that, when we come out of Covid, we are ready to go and to run quickly.

Dean Lockhart: It sounds like there are some grounds for optimism, which is good to hear.

Before I put the same question to Charlotte Wright, I would like to get a sense from Professor Griggs of the reasons that have been given in cases where applications from businesses have been declined. What are the common reasons for applications being refused?

Professor Griggs: The reasons depend on the fund. Businesses might ask for too much, for example. In many cases, whether the business is sustainable going forward needs to be considered. If we think that it is not sustainable we do not, however, just say no.

We made a decision on day 1, when we opened on 1 April, that we will never turn down a business other than through a conversation. Every business that we turn down, we speak to; we have a conversation explaining why they have not got the funding and outlining why we have turned them down, and exploring how we can help them to find

another way. One of the challenges that many businesses have had is that they have just had a letter saying that they are not getting the money, without being told why.

Every time we have turned down an application, one of our team has spoken to the business to explain why, and has tried to find a different solution. I am not saying that everybody is happy, but the businesses have all thanked us for taking the time to come and explain to them what we are doing. We will continue to do that.

That has helped to build much better relationships between us and our customers, who are now happier to come back to us. Someone might say, “Look, I’ve gone away and thought about it again. How about if I do it a different way?” That approach has encouraged longer and stronger relationships with businesses, for the future.

Dean Lockhart: I put the same question to Charlotte Wright.

Charlotte Wright: I want to be clear about that, so it would probably be better to give you a comprehensive written answer. Was your question about the specific Covid-related business funds and/or what I might term “business as usual” funds? Clearly, we are dealing with both. The applications and processes with the Covid schemes are slightly different to those for business as usual. Rather than throw a load of numbers at you now, I will clarify the details and we will give you a more detailed written answer, if that would be helpful.

Dean Lockhart: Yes. You are right: the question was about Covid-specific funds. I would be grateful if you could provide details to the committee.

Could you give you an overview of the trends that you know of, anecdotally, in applications for funds, just as Russel Griggs was able to provide a rough guide about recent trends?

Charlotte Wright: Some of the funds have had timelines attached to them. We have moved through the process, having dealt earlier with the PERF and the hardship funds, which represented significant numbers for the Highlands and Islands. A high proportion of those funds went to tourism businesses. PERF alone provided £20 million for the Highlands and Islands; about half of that went to tourism businesses.

We are currently dealing with the hotel support programme, which was specifically targeted at larger hotels and comprises both revenue and capital support. That fund, like every fund, has been oversubscribed. There has always been a challenge in using available resources as best we

can. I agree with Russel Griggs's comments about challenges regarding eligibility, viability and so on.

When we have declined an application that was not eligible for a fund because of some oddity that meant that the business did not fit a particular scheme, we have often taken them into our core business and provided support through other means. We have a number of examples of that.

10:00

During the summer, tourism businesses were able to operate, so that was their absolute focus. Their concerns now are about working capital and whether there will be a spring and summer season. There have been peaks and troughs, which reflect the journey that we have been on throughout the pandemic.

I am happy to send the committee the detailed numbers that we have. It might be worth highlighting that the key thing that businesses are asking for—but which is not under our control—is an extension to business rates relief. I know that you have heard that a million times.

Dean Lockhart: Indeed. We will look out for that. Thank you for those answers. I look forward to the committee receiving further detail in writing.

Kenneth Gibson (Cunninghame North) (SNP): My constituency includes Arran and Cumbrae, which are in the Highlands and Islands Enterprise area. HIE plans to invest £3 million over the next three years in tourism destination management organisations, as part of its support for recovery in that sector. What do you hope that it will deliver?

Charlotte Wright: We have supported destination management organisations for a number of years; there are several across the Highlands and Islands. The money will give them a better path to sustainability by supporting them over three years. It also builds on the vital role that they have played during the pandemic in representing their areas and businesses, and in providing communication, advice and support. The money will also provide strategic opportunities for destinations.

I spent a lot of time in the summer talking to folk on Arran, which is a well-organised business community. People are clear about their plans and strategies, about the constraints that they experience and about what must be done to support them. Dialogue is far easier when there is a plan; we can come together with other agencies around those plans and we can provide support.

The DMOs are all different, but they have been a crucial part of tourism in the Highlands and Islands, hence our decision to offer that funding.

Kenneth Gibson: Understandably, we have talked a lot about funding. I want to go back to that. There have been numerous funding packages from the Scottish and UK Governments, and some are still to be rolled out. There has been the furlough scheme, VAT reduction, the pivotal enterprise resilience fund and the hotel recovery fund. Dean Lockhart also touched on rates relief. Resources will always be limited. Which of those packages have been most effective in delivering help to businesses and saving jobs? Which give the biggest bang for the buck?

Professor Griggs: That is an interesting question. Each fund was put in place to tackle something slightly different and each sector has had its own challenges.

To be honest, the furlough scheme has worked well for a host of businesses across all sectors. Once flexibility was built in to allow people to move in and out of furlough, businesses—especially in the tourism sector—had a far better opportunity to get staff in and out of the business as they were needed. Initially, the challenge was that people who had been furloughed could not be brought back in if they were needed. That change helped.

The PERF and the hardship fund—the two initial funds—removed a lot of the initial anxiety for many tourism businesses. We were able to work very closely with a host of our large and small businesses across society, and to plug an immediate hole. At the beginning, there was a lot of thinking about what businesses were going to do next. The funds at least got them through a period in which—we hope—they started to think about sustainability for the future, and could tap into the funds that they had got.

I am not trying to avoid the question, but I do not think that there is a simple answer that says that this one worked and that one did not. Given the nature of how we have progressed through Covid, they have all served different purposes at different times in the pandemic.

Charlotte Wright: I agree with Professor Griggs. However, in order to build on that, it is critical that we continue to find the right ways to support business. We have come so far down a really difficult track, and these last—I hope, with every finger crossed—few months will be absolutely essential.

On standing back and reviewing the key matter of the bang for the buck—which, of course, we will do—some of that could be undermined by not continuing with the job, so it is essential that we build on what we have done to date. It might not have been perfect, because there is a balance to be struck in respect of being able to respond at pace—which has, not surprisingly, been a key demand from business—and how perfect a

scheme is. I think that it was important that we got money out to businesses as effectively as we could while perfecting what we are doing.

The issue now is how we will deal with the next few months until the spring or summer, when, I hope, we will be fully operational again. Thereafter, it will be about strategic choices on investing for the future.

Kenneth Gibson: On a review being needed to find out what has had the most positive effect, do you feel that any packages have not delivered what they should have delivered or that there are moneys that could have been allocated elsewhere?

From what I am hearing so far, nobody seems to be saying that one scheme was better than the other, and that the millions of pounds that have been put in could otherwise have saved more jobs or businesses. That is what we are trying to focus on. As I said, funds are obviously limited. If we can save a job for £10,000, it is better to put money into that fund than to put £100,000 into another fund to save the same job. There would be no point in putting the money there. Are there any packages that you feel have not delivered as they should have?

Charlotte Wright: The funds that we have been involved in—around short-term revenue aid to business through the Covid-related schemes—certainly did what they were required to do: they got money to the right places. The challenge might be around whether the money was enough, in some cases. For example, our giving a large grant to a larger business might still not be enough to make a significant difference. We always have the challenge in relation to whether to give a small amount to a lot, or a larger amount to a few. We have tried to strike a balance during the period.

The PERF and the hardship fund were getting smaller amounts to a large volume of businesses, while things such as the hotel support programme were getting larger amounts to a smaller group of businesses that we see as being more strategic, either in their location or in relation to long-term strategic plans for investment and development. That balance is important. The difficulty in fully answering Kenneth Gibson's question is that a formal review has not yet been done.

Kenneth Gibson: I think that we would all agree that the money is never enough in such a situation.

Professor Griggs: I will follow on from what Charlotte Wright said. Many of the funds have been consequential. The PERF and the hardship fund were to plug a gap and to help us to start a dialogue with businesses to see where they might get other support. Charlotte is right that money that we could give might not have plugged the

gap, but businesses' banks or others might have been able to do that.

As time has gone on, other funds have tried to fill some of the holes that were left. The funds have been consequential, which is why it is difficult to say which funds were good and which were bad. If they had all come out at the same time, we could make that judgment, but they came out one after the other.

As we have gone on, there have been people who have felt, for whatever reason, that they had not been heard. The wedding industry is a good example—now its voice has been heard and it has £15 million. It is interesting that we hear in conversations that the approach of a lot the bigger businesses that would previously have had money from PERF has been, "Please can we help as many people as we can?" rather than doing things on what I would call a straightforward proportional basis.

Neither Charlotte Wright nor I are trying to avoid the question; if all the funds had gone out at once you would hear a much better answer. However, the funds have been consequential and some were filling holes that had been left, so it is not an easy question to answer.

Kenneth Gibson: Okay. I thank both panellists very much.

The Convener: That brings us to the end of our questions. I thank Professor Griggs, Ms Wright and Ms Miller for attending at such short notice, and for their evidence. The committee will shortly hear from the Cabinet Secretary for Rural Economy and Tourism.

10:11

Meeting suspended.

10:15

On resuming—

The Convener: Welcome back. We continue agenda item 1, with further evidence on the impact of Covid-19 on Scotland's tourism sector. I welcome Fergus Ewing, the Cabinet Secretary for Rural Economy and Tourism, and his officials from the Scottish Government: Bettina Sizeland, deputy director, tourism and major events; and Duncan Mackay, tourism sponsorship manager for tourism and major events. Before we move to questions, I invite the cabinet secretary to make a brief opening statement.

The Cabinet Secretary for Rural Economy and Tourism (Fergus Ewing): Thank you, convener, and good morning. When I was last in front of the committee, in June, none of us could have imagined that this awful virus would still be

devastating our country and our tourism industry. The Scottish Government's overriding aim remains the preservation of life, and all the measures that we have taken go towards achieving that aim. In taking them, however, we fully understand what that has meant for lives and livelihoods across the sector.

There is no part of Scotland's visitor economy that remains untouched. That is a terrible thing. The visitor economy includes tourism accommodation in all parts of the country; visitor attractions, including outdoor attractions that had been able to remain open; airports; tour operators; businesses that rely on international visitors; supply chains of all types; and our hospitality industry, including wedding venues, which has perhaps felt the most devastating impact. Our city centres are like ghost towns, and rural areas and villages that were overwhelmed at times now fear the return of large visitor numbers.

We have worked hard to support the sector through its darkest times, putting in place a range of funding solutions to address hardship and ensure survival. Most recently, in December, we announced a new package of support worth more than £104 million, which will help to support those parts of the industry that may have missed out before or which need more help following festive closures. That package will also address the short-term recommendations of the tourism recovery task force.

We continue to work alongside the industry and our visitor economy agencies—from which, in part, you have just heard—to look at the task force's longer-term recommendations, and to work with the tourism ministers of the other three UK nations to press the UK Treasury to step up further. Job retention support and VAT reduction have been invaluable, but we need to be sure that our sector can continue to survive until it is able to reopen fully and safely.

Scotland's tourism sector will recover and our new Scottish Government-funded leadership training programme will develop talent to support that recovery. We can see sunlight at the end of this very dark tunnel and we will continue to do all that we can to ensure that Scotland's welcome is waiting once again.

The Convener: Thank you. Can you give the committee any more detail on the £104 million that has been announced for tourism businesses? In particular, how will it break down among the various funds, and when will businesses see money in their accounts? Also, in terms of the Scottish budget process, is the budget line for tourism likely to stay the same or is that dependent on the five-year recovery plan?

Fergus Ewing: The £104 million is designed to provide support across the tourism sector in a variety of funds. Full details of those funds are in the course of being provided.

I see that an email has just gone out from VisitScotland, giving details of some of the funds that it will implement. Those are designed to reach out to, support and—crucially—provide a lifeline to various segments of our tourism industry, such as wedding venues, bed and breakfasts, self-catering accommodation and the coach, ski, outdoor tourism and destination and marketing sectors, as well as the events industry. I am not seeking to be comprehensive, convener, but you asked for details.

An important point is that the objective is to provide lifeline support—in other words, to enable such businesses to get through this period and survive. In practice, that means, I think, providing sufficient support to defray, largely, the fixed overheads that a business may have even though it is not trading. Obviously, people who run premises have bills for heating, insurance, and maintenance, and perhaps staff costs that they cannot shed without jeopardising the business.

The lifeline support is designed to help businesses to survive. I think that the STA and the whole sector appreciate that we cannot replace, supplant, or make up or compensate for all lost revenue. That would not be an achievable aim.

I know that members are absolutely focused, as am I, on timescales and delivery. The aim is that schemes should be open for application in January or February—that they should be launched very quickly—and administered thereafter as swiftly as possible.

I thank all the people—the public servants—on the ground, whether they work for local authorities, VisitScotland or the enterprise agencies, which are also involved. I know that they have worked extremely hard, and we work closely with all those public bodies to try to make sure that the burden of the administrative work, which involves tens of thousands of applications, is carried out as efficiently and diligently as possible.

The Convener: Thank you very much. I am sure that that funding is welcome. I see that the email from VisitScotland came into my inbox exactly five minutes ago.

You commented on the gargantuan efforts that have been made by public servants. That issue has already come up at the committee. In particular, there has been a suggestion that perhaps local authorities were overwhelmed by some of the different funds that have been announced so far. Will administration by VisitScotland of the funds that have just been announced ease the burden on local authorities?

The discretionary fund is an issue that has come up repeatedly in my constituency. That fund was announced in November, but in my local authority area, Dumfries and Galloway, it is still not live. Since November, I have been telling supply chain companies, including those in the tourism supply chain, that that fund will be able to help them.

Although we all are now locked down, before Christmas Dumfries and Galloway was in level 2 and then level 1. Many businesses in such areas were not eligible for the funds that were given to businesses that were forced to close, although they were obviously affected by impacts on the rest of Scotland, because people were not coming to the area. Will the discretionary funds be rolled out across Scotland, and will the new funds perhaps plug some of the gaps for the people who have not yet been able to access a discretionary fund?

Fergus Ewing: I would not say that local authorities have been “overwhelmed”, but they have been extremely busy and extremely diligent. As an example, I have some data on the strategic business support fund, which I think is of increasing importance. That fund is designed to make regular payments on a four-weekly, segmented basis, in recognition of the need for continuous support for the reasons to which I alluded earlier.

To give a sense of the sheer weight and burden of applications for that fund alone, the latest data shows that, as of 28 December 2020, local authorities had received 23,254 applications for the strategic business support fund and made 13,462 grants, totalling £31.4 million. Forty-eight per cent of applications were accepted, and 21 per cent were rejected—mostly for the reason that the applicant was in an ineligible sector.

On the point about using VisitScotland or other agencies to deliver support, we are doing that, as you alluded to, and that is the correct thing to do. There are particular areas where the expertise of VisitScotland comes into its own.

The enterprise companies have a close relationship with the larger businesses in particular. I am responsible for HIE and SOSE, and my colleague Fiona Hyslop is responsible for Scottish Enterprise. The enterprise agencies administer the pivotal fund and the creative and hardship funds. Their knowledge of the business base in their areas was a great help. The committee heard from Professor Russel Griggs and Charlotte Wright of the two agencies for which I have portfolio responsibility. Their role in helping businesses with the pivotal support and the creative and hardship funds was really appreciated by those businesses last year. They provided the lifeline that I was talking about earlier,

which, frankly, was needed to help businesses to stay afloat.

The Convener: Funding is very welcome for businesses that are forced to close. As I said, there are businesses that have not been forced to close—there certainly were before the total lockdown and there are such businesses even now—but which are severely impacted, and they are looking forward to the discretionary fund.

I return to the question that I asked about the 2021-22 budget. Are you expecting the tourism budget line of just over £60 million to stay the same or to rise?

Fergus Ewing: We are in discussions with Kate Forbes, who is completely attuned to the needs of tourism, as you would expect, given the importance of tourism in her constituency. I believe that we will get a satisfactory budget. I am not sure that I am permitted to go into the draft figures at the moment, but I am certainly arguing that that lifeline support is the key need at the moment.

Obviously, we need to focus on the future and on things such as marketing, but there is no point in marketing when people cannot participate in tourism. Therefore, the extent to which a marketing budget will be required will depend on a number of factors.

There are other areas on the capital side. You will be aware of the importance of the rural tourism infrastructure fund, which has helped to alleviate pressures in many parts of rural Scotland—pressures that were manifest in the summer. I hope that we can do more to support projects that help to deal with matters such as facilities for dealing with litter and safe waste disposal; the provision of parking facilities for camper vans and so on, so that they do not become a burden to local communities; and the availability of toilet facilities in parts of rural Scotland. During the staycation period in the summer, some areas experienced acute pressures. That was particularly the case in the honey-pot areas—the most popular areas. I am putting in a strong case for supplementing the rural tourism infrastructure fund, and I am grateful for the chance to highlight that.

The Convener: We now have questions from the deputy convener, Claire Baker.

Claire Baker: Thank you, convener. Employment figures from the Office for National Statistics show that unemployment in accommodation and food services rose by 8.4 per cent between March and September in Scotland, which is higher than the rate in England, Northern Ireland and Wales. Everybody has had access to the furlough scheme, so why are Scotland's figures higher? Why have we experienced the

worst impact? What measures is the Scottish Government introducing to try to address that?

10:30

Fergus Ewing: It is fair to say that the tourism and hospitality sector, including food and drink, is even more important to the Scottish economy than it is to that of our friends down south in England. It forms a larger part of our economy and, proportionately, employs more people.

Given the horrendous impact on the sector across the UK, it was therefore always to be expected that our greater proportion of people who are involved in it would lead to a greater impact.

The furlough scheme has been important, and its extension until April is welcome. I have a constructive relationship with Nigel Huddleston, who is the relevant UK Government minister. From the outset of the furlough scheme, I argued that it would have to be extended beyond October—that was evident fairly early on after the initial lockdown—and I am pleased that the UK Government has done so. It might be that the scheme will have to be extended further to protect employment.

The Scottish Government is doing many things to protect employment. Indeed, it is fair to say that, in some cases, we are doing more than they are doing down south. For example, the hotel recovery programme fund, which I set up, was established with the deliberate objective of assisting with the preservation of employment. As Claire Baker will know, the furlough scheme, valuable though it is, does not cover all the costs that an employer has—for example, I understand that it does not cover elements of income tax, national insurance and pension contributions. Employers therefore still have a burden despite having no trading income. I was very much cognisant of that.

I will finish with this point, because I do not want to usurp members' time. I have had fairly extensive engagement with the sector and in particular with hoteliers across the country. It is evident to me that hotels are suffering very badly at the moment—across the board, but especially those that rely on international trade. Of course, there is no tourism at the moment, but even when there was, the occupancy rates in some of our cities, such as Aberdeen, were lamentably low. I have had three or four discussions with hoteliers in Aberdeen and in other parts of Scotland. We set up the hotel fund because they are major employers. I could go on and on but I had better not because, rightly, the convener will not want me to. However, I stress that that fund was set up specifically and deliberately to assist with preventing more people from having the dreadful

experience of losing their job by being made redundant.

It is too early to say how effective such measures have been. Time will tell. No doubt there will be inquiries and assessments, which is absolutely right and proper. However, while we are still in the thick of it, as we are at the moment, we must simply judge situations and act as quickly as possible. The hotel fund was one of the ways in which we specifically sought to address the scourge of unemployment and to try to do what we can—difficult though that is in these times.

Claire Baker: I have a couple of further points. I take the point that each of the UK countries has a different population and the importance of tourism to each of their economies might differ. However, it seems that the employment figure for Wales has increased by 1 per cent, so it might be interesting to look at that.

You mentioned the hotel fund. I am pleased to hear that there will be monitoring of how that money is spent. If the Government's intention is to retain people in employment, I would expect it to keep a careful eye on how effective that fund is.

I also want to ask about the self-catering accommodation sector, which I understand is excluded from the recently announced top-up grant—I think that that is still the case. The cabinet secretary will also be aware of concerns that have been raised about the Scottish statutory instrument on short-term lets. I know that that is the responsibility of the Minister for Local Government, Housing and Planning, but the cabinet secretary will be aware that businesses have been contacting members about it. Although the majority of members are supportive of those measures, questions remain on timescales and, in particular, the fact that businesses are now under additional pressure that was not anticipated when they were introduced. What discussions is the cabinet secretary having with the self-catering sector on those issues?

Fergus Ewing: Those are all important matters. I am acutely aware of the need to support the smaller accommodation providers—those with self-catering properties, bed and breakfasts and guest houses, as well as small hotels—and, indeed, other properties that are important to the economy, such as caravan sites and holiday home parks. Incidentally, I was pleased to see Argyll Holidays make a very optimistic statement about the staycation market—which we hope will be able to resume at some point this year—and its investment in the future. There is some optimism around.

I want to address the self-catering properties, B and Bs and guesthouses; their situation is extremely important to me and my colleagues. I

have been determined to make sure that we include and do not exclude them, and that they get lifeline support. We have taken a number of measures there anent. Just yesterday, I had a lengthy, fruitful and productive session with Fiona Campbell of the Association of Scotland's Self-Caterers and David Weston of the Scottish Bed and Breakfast Association. It was a constructive discussion, in which we worked with them to try to iron out the best way to deliver support. At all times we have tried to work with industry and not present it with a fait accompli. We might not always have succeeded in that, but that is what we strove to do within the strictures of the time limits and the need to act swiftly. I am grateful for their counsel and comments on our support measures, which we announced last night.

I can say, first, that all self-catering properties, B and Bs and guest houses that are eligible at level 4 for non-domestic rates relief can now apply to the strategic framework business fund, which provides grants for businesses that are required by law to close as a result of Covid. In most cases, that will mean payments of £2,000 every four weeks. B and Bs, guest houses and self-catering properties that pay business rates will qualify for that on-going, regular support every two weeks.

What about properties that pay council tax? Support equivalent to that from the strategic framework business fund will now be available to B and Bs and guest houses that do not pay non-domestic rates but pay council tax. That support will be paid by local authorities. I suspect, convener, that you and many other MSPs have received representations from B and Bs and guest houses that, for different reasons, have not paid business rates but pay council tax. They are not excluded—they are included. I want to be quite clear about that, because, as Russel Griggs mentioned earlier, we want to try to fill the gaps. If gaps have arisen, maybe that was our fault—maybe we did not get it right, but we need to put it right. I have been determined to do that, and that is what we did yesterday in relation to some of the gaps that have emerged.

Secondly, there are the larger self-catering properties. Even during the period when travel restrictions were lifted or limited, the restrictions on households—which allowed, first, six persons from two households, and then just one household—meant that self-catering properties that catered for seven or more people were effectively shut, because they had no market, even though people could travel. They have suffered particular hardship, so yesterday we announced particular support for them. That recognises that, unlike self-catering units that were able to trade to some extent during at least some of the interregnum between the end of the first lockdown and the introduction of the tier 3 and 4 restrictions, they

have been unable to receive help. I was very pleased to see last night that the Scottish Tourism Association hugely welcomed my announcement on that.

Convener, I am not complacent. I am absolutely convinced that we have more to do. I suspect that more businesses will come forward and say, "What about us? There is a further gap." I pledge, should that happen, to work hard and swiftly to fill any more gaps to the best of my ability, and provided that I can persuade my colleagues of the merit and justice of the case. I am very pleased that yesterday's announcement, which was made after a huge amount of real, hard work by some of the officials who are on this panel and others, will help those small businesses—key businesses in our tourism sector—to survive. Those measures will give them, as well as the other businesses that I have mentioned, that lifebelt.

Claire Baker: I hope that there is time for the cabinet secretary to comment briefly on the SSI on short-term lets.

Fergus Ewing: That is of course being dealt with by Kevin Stewart. I am aware that we have received quite a large number of representations about that. Obviously, as tourism minister, I am concerned and want to ensure that any impacts on tourism businesses will not be major.

I work closely at all times with my colleagues to keep under review what further measures, if any, we can use to tackle concerns, which I take seriously. I do not want businesses to struggle with burdens at the moment. I assure you that, because of the timescale of the regulations, there is nothing to be done at the moment. There is no requirement to do anything right now or, I suspect, during the continued period of Covid restrictions. Nonetheless, I take the concerns seriously and, because I do not want tourism businesses to be punished, I have discussed with colleagues whether there are other steps that we can take to ameliorate, soften or diminish the impacts and, in particular, the financial impact.

I have been an MSP for 21 years and I have never received an antisocial behaviour complaint about a bed and breakfast business in my constituency. Some accommodation providers feel that they are being subjected to measures that are not really directed at them but at others, perhaps in our capital city.

Kenneth Gibson: It is important to acknowledge at the outset that witnesses have praised Fergus Ewing for his accessibility and commitment to the sectors for which he is responsible.

In today's meeting papers, the Scottish Parliament information centre provided a comparison of the support that is provided by

selected European countries for employee wages. What it shows is quite stark. The UK Government support for the normal cost of wages is less than 14.5 per cent of the total, compared with 29 per cent in Germany and 46.5 per cent in Spain.

The cabinet secretary touched on the furlough scheme earlier. As well as an extension to the scheme to sustain jobs and businesses, is he keen for the Government to increase the proportion of support that it provides through furlough to each employee?

Fergus Ewing: That would be desirable. I am aware of international comparisons.

As I said earlier, the tourism ministers across the four nations of these islands discuss matters regularly. We have constructive dialogue and a good relationship, which I welcome. However, throughout the months of July, August and September, Nigel Huddleston maintained adamantly that the chancellor would not, under any circumstances, extend the furlough scheme in October, yet the chancellor did extend the furlough scheme, for which we were grateful. The UK Government changed tack, which I welcome, so it can change tack again.

The practical nitty-gritty issues are twofold. First, some employees did not qualify for furlough and still do not, and neither do people who have been taken on since some date in December—I stand to be corrected on that. If a business takes on somebody new, it cannot furlough the new person if it needs to, which inhibits businesses from taking on staff. Why would a business take on an employee if there will be no financial support if it is forced to furlough them?

Secondly, as I alluded to earlier, the current furlough scheme does not cover all employer costs. This might be one of the most important things that I say this morning. Some hotels are really struggling to survive. They have gone through their reserves, they have taken out coronavirus business interruption loans and coronavirus large business interruption loans—CBILs or CLBILs, which are large loans—and they have used up their savings. They do not want to make their staff redundant. They still have overheads, however—the furlough scheme does not meet all their costs.

10:45

Mr Gibson has raised an extremely important point. If this Covid restriction period extends beyond April or looks as though it will, an extension of the furlough scheme will be required. In the interim, the UK Government may well need to consider again now whether the scheme is sufficiently fair, having regard to the fact that it does not really do what it says on the tin: help

businesses to defray fixed overheads for which they have no income. The state has told businesses that they are not allowed to trade, but the state is not meeting all the fixed overheads that hotels have in relation to keeping on employees—which is something that we all wish to happen. Thank you, Mr Gibson, for allowing me to make that point this morning.

Kenneth Gibson: There will obviously be an element of frustration in the work that you do, because you must operate within a devolved context. Nevertheless, has the Scottish Government examined the work of other sub-state legislatures outwith the UK to see what more can be delivered by a devolved Government in the context in which you operate? There is a lot of focus on what happens within the UK, but there are, no doubt, many worthwhile initiatives in other parts of Europe and perhaps beyond. Is that a focus for the Scottish Government at all?

Fergus Ewing: We are always mindful of what other countries do, and we keep an eye on that. VisitScotland, in particular, has that in its remit. I am aware that, despite everything, VisitScotland is extremely active.

Our primary focus is on a determination to get financial support out to those who need it. That is our absolute focus, and rightly so. We are mindful, however, of what happens elsewhere.

VisitScotland is doing a virtual trade event from 27 to 29 April for national and global tour operators, headed “Scotland Reconnect 2021”. It is well timed, I think. VisitScotland is busily thinking of the future, while looking at what other countries are doing, as Mr Gibson is right to highlight.

Kenneth Gibson: I asked both Professor Griggs and Charlotte Wright, on the previous panel, about the numerous funding packages from the UK and Scottish Governments, some of which are still being rolled out, ranging from furlough and VAT reduction to the pivotal enterprises resilience fund and the hotel recovery fund. Resources will always be limited, but I asked them which packages they believed would be most effective in helping businesses to survive and to retain jobs, and where we could get the best bang for our buck. Both those witnesses basically said that there has not been a review of that.

From your perspective, even anecdotally, where do you feel resources could be tweaked in the future? I know that new funds are being rolled out, such as the wedding fund, which you cannot analyse yet, but, of all the funds that have come out, where do you feel that more resources can perhaps be allocated in the months ahead? Are there any funds that you feel have not really

reached the mark in terms of what they were intended to do?

Fergus Ewing: That is a difficult question. All the funds are designed for a specific purpose and, by and large, that purpose has either been achieved or largely been achieved. I do not want to give myself marks out of 10; others will judge. Our job at the moment is to ensure that everyone involved in tourism and hospitality—and indeed across the economy—who has been impacted by Covid gets lifeline support. That is the simple but clear objective.

We have devised funds for taxi drivers, for instance, and I do not think that that is the situation in England; nor is it the situation with regard to the hotel support fund or the pivotal enterprises resilience fund. Those funds address gaps that exist. For example, the pivotal enterprises resilience fund was brought in because businesses over a particular rateable value—which I think was £52,000—did not get any grant finance, and were, therefore, forced into taking loans. Many hotels in Scotland are family owned. Hoteliers have spent decades of hard graft and devotion building up a business and owners might be in their 60s or 70s. Would you want to take on a loan of a million quid at 65? I thought that they should get some grant finance and not be left out of the party.

We set up the pivotal enterprises resilience fund to provide a fair amount of grant support to businesses that would not otherwise have had any grant finance. We did that in Scotland; I do not think that it happened to the same extent in England. It filled a gap. It is for others to judge how effective the fund was.

My email is red hot every day with people's concerns about various issues. I appreciate that. I thank people for writing to me. I understand their problems. I try to reply to many of them or to have replies sent to them.

All of the funds have been successful, but time will tell how successful they have been. We constantly review whether we need to do more. I am in touch with tourism leaders every day. Yesterday, I spoke to Fiona Campbell and David Weston; tomorrow, I will probably speak to people from the STA. I am in touch with them all the time.

I am acutely aware of the pressure on hotels. If you asked me to identify the sectors about which I am most concerned, it would be those that are wholly or substantially dependent on international trade. I will finish here, but it is an important point. Most of us feel that it might be possible for tourism to resume at some point this year. Some say that that might be in March or April; others are more sceptical or pessimistic. Most of us feel that the staycation market should revive and will be busy,

as it was last year, if we can travel safely again—although saving lives is the first imperative.

However, most of us also realise that there is far less prospect of a resumption of international travel. We do not know how effective vaccinations will be, whether new strains of the virus will cause further problems or whether the vaccines will be effective against them. The future for businesses that are involved in international trade, which includes airlines, hotels and many visitor attractions, is worrying. We may need to look at how we focus our support on those businesses. Even after domestic trade reopens, they will still be, in effect, without revenue. We are grappling with that in principle at the moment. I hope that we do not have to grapple with it in practice, but I fear that we will.

Your asked what I am particularly concerned about. The answer is hotels and those businesses that depend on international trade. That is what worries me most. It is my job to look after the whole sector, which is what we, with Bettina Sizeland, Duncan Mackay and their team, do every day.

Kenneth Gibson: Thank you for that comprehensive answer.

Jamie Halcro Johnston: I have just received an email from VisitScotland with the latest information about some of the schemes that have been rolled out. The previous panel of witnesses discussed the potential for the support that is available to be simplified, given that there are a huge number of quite distinct and focused funds. I am sure that you can make arguments for those, based on your discussions with the sector.

The email that I received says that the pivotal event business fund, which you mentioned, has already closed to expressions of interest. Applications for the digital boost, which is mentioned on Visit Scotland's website, opened and closed on the same day because of problems with capacity. We have discussed a number of distinct schemes, particularly those for self-catering or bed and breakfast accommodation. Is the amount of money that is available to each scheme capped? If the schemes are capped, is that funding, in your opinion, sufficient to meet demand?

We still do not have information about when some schemes will finally open, and we certainly do not have information on when the money will be in the bank accounts of the businesses that need it. What targets have you set for the roll-out of that support?

Fergus Ewing: Mr Halcro Johnston raises several very reasonable points. First, on capping, for reasons of managing public money, we need to carefully assess what we anticipate the total costs

of any scheme to be. That assessment process is done working with tourism and finance officials and others, alongside industry. When the scheme is opened, we will attract applications. In the event of an overspend or an underspend, we will seek to make an adjustment. If there is an insufficiency of overall funding in a particular scheme and if I conclude that we have not achieved the objective of filling the gap and enabling survival, my job has been, remains and will always be to make the case to Kate Forbes that the fund should be enhanced if at all possible. I must say that, thus far, where these scenarios have arisen, the discussions with Kate Forbes have been very fruitful. Moreover, I do not wait until the oversubscription is demonstrably the case. If I feel that the money that I set aside for a particular group might be insufficient, I will make the point then—and I have done that—and flag up to finance officials that there might be a need for further spending for a particular group of people.

The member also asked about complexity, and I agreed that it is complex, I think by necessity. Nuclear physics is complex—it is probably difficult to make it simple. A plethora of funds is complex—it is not that easy to make it simple. However, it is our job and our responsibility to provide an information guide, which is what we do with the website information, so that those who seek funds can quickly identify where they can go.

If you were to ask taxi drivers or hotels or those entitled to pivotal funds or the ski centres, with which we are working at the moment—an announcement will be made on that shortly—whether they are happy that, in Scotland, there is a fund to support them, I think that I know what their answers would be. I think that they are quite pleased that we have engaged specifically with their sectors to understand their needs and to consider their financial situation with regard to the impact of Covid and the fixed costs that they face. Trying to understand what people are going through is part of the duty of a tourism minister, so that we can respond rationally and effectively. I am not saying that we are perfect. We are not—we make mistakes; we do not get everything right. However, we have issued a great deal of financial support so far. Mr Halcro Johnston, I do wish that it could be done slightly more quickly, and I can assure you that that is a point that I do not leave unmade internally in the Scottish Government with regard to swiftness and the need for speed and diligence in the administration of funding.

Jamie Halcro Johnston: I welcome the available funding. I would be interested to know whether information on the levels for each fund is available in one place—just so that we could be apprised of that. There have been concerns in the sector that some of the funding packages have—perhaps understandably in some cases—not met

the needs of certain parts of the sector because of the impact of Covid on particular businesses.

The cabinet secretary also mentioned potential gaps in funding and the fact that sectors might still come forward to raise others with him. Is he aware of any sector that has already come forward whose needs the Scottish Government has been unable to meet in the current round of funding packages? If so, what could be done to address those?

11:00

Fergus Ewing: There certainly were sectors that lacked specific support. I will give an example in response to Mr Halcro Johnston's perfectly fair question. The part of the coach sector that largely depends on tourism, as distinct from the part that supplies school transportation, had not received support in either Scotland or England. I sought to persuade Nigel Huddleston that we should have a pan-UK scheme, not least because some coach operators work across the border, with coaches going to and fro between England and Scotland. I thought that having such a scheme might make sense because of that factor. I was not successful in persuading the UK Government to support the coach sector, but I determined that we would do so ourselves because the UK Government would not. Therefore, the Scottish Government has been working with the sector and is now finalising its plans.

This week, I have had discussions with leading representatives of the Confederation of Passenger Transport and others. I am not saying that the funding that we have in that area will necessarily be sufficient—I am keeping that very much under review—but that is an example of a sector in which there was a gap and, as far as I am aware, one remains in England but not in Scotland.

As for whether there are still gaps in other sectors, I have done my best to ensure that, in the areas that are covered by my portfolio responsibilities, there are no large ones. However, if I am wrong about that I want to hear about those—I want to know about them very quickly. I would appreciate any help on that that members might provide. However, we have sought to be fairly comprehensive.

My ministerial colleagues have responsibility for different segments of the tourism sector: Michael Matheson is responsible for airports, and Fiona Hyslop works with mainstream business and the chambers of commerce and deals with many other aspects. Other business areas might have a tourism perspective or component but are not primarily based on tourism. Across the board, all my colleagues have tried to ensure that businesses that have been severely impacted by

Covid receive lifeline support and are not left unassisted and without aid.

To finish my reply to Mr Halcro Johnston, I say to him that this is still work in progress. It is an iterative process that never stops. Our absolute duty is to focus on it resolutely every day, which is what we seek to do.

Jamie Halcro Johnston: Thank you, Mr Ewing. Thank you, convener.

Fergus Ewing: Is that the questioning over?

The Convener: No, no. Christine, we are waiting with bated breath.

Christine Grahame: I did not get a cue there. I did not hear you speaking, convener, which is why I did not come in.

No, cabinet secretary—luckily, I have a question for you. It is opportune, after the questions that you have just had from Jamie Halcro Johnston. It concerns the crossover—I sometimes call it a clash—between your portfolio and that of the Cabinet Secretary for Economy, Fair Work and Culture, Fiona Hyslop. I will give you an example of a business that is falling between two stools. In my constituency there is a camper van hire business, which is wholly based on tourism—it hires out vehicles to people who are touring Scotland. The only funding that that business has had was £10,000 in March last year. Its application for a business closure grant was rejected because camper van hire companies are not specifically listed alongside campsites and caravan parks as “accommodation”. The business applied under the category of self-catering hospitality and was rejected.

It is a bit like flying a kite; I am now looking at Jamie Halcro Johnston and I do not know why. As I am a lawyer—as you know, cabinet secretary—what crosses my mind is that, if we put everything down specifically, we do not have a catch-all area where there can be discretion. Although we need specific examples, I wonder whether we might have a provision covering “such other businesses as may be regarded as falling within this category”. If we could do that, who would be the arbiter of that discretion? I think that that would help, rather than people having to come to us all the time saying that, because their business does something else, they do not fit into the particular category.

Fergus Ewing: Again, you have raised a very fair point. Early on in the lockdown, it became apparent that the use of the valuation roll of the rating system as a proxy for businesses in tourism left glaring gaps, because lots of businesses were operating as businesses in tourism and hospitality but were not on the valuation roll. The problem first became evident very early on, and we

adopted the system that allowed ready and rapid administration of grants; in other words, the efficacy of using the valuation roll was largely a function of the ability to administer payments rapidly. It was the only method, but it left a number of gaps; companies hiring out camper vans or marine leisure craft are examples of businesses that were not rated.

We have sought to fill the gaps and we have done so in most cases. As you would expect, I work very closely with Fiona Hyslop; I am in daily contact with her by email and telephone as required, so we work as team Scotland. My officials are careful to work across silos, but you have raised a point that I would like to give further consideration to. If my officials, Bettina Sizeland or Duncan Mackay, have anything else to add, that might be helpful, so I would be grateful if they could contribute.

An element of discretionary funding is available. The previous funds—pivotal, creative and hardship—were, in part, designed to help fill those gaps, and they did so. However, I do not feel as though I have fully answered your question. It is a very fair question so, with the convener’s permission, I wonder whether Bettina Sizeland could add anything that she thinks is relevant.

Bettina Sizeland: Thank you. I am thinking that through. The purpose of the discretionary fund that is available for the local authorities to use is to pick up categories that are not dealt with by the broader categories through the strategic framework business fund. That would be the first place to direct such businesses, but we will also consider whether there is a gap that is not being picked up.

Christine Grahame: I have a supplementary question. The camper van hire business is not entitled to the discretionary fund either, because that would perhaps be for something that is required for the local economy. That is difficult, because local authorities across Scotland are very different in how they administer that fund, so there are issues there.

Cabinet secretary, you know exactly what I was saying. When we put a list of specific examples down, we could build in a catch-all such as “and such other businesses as may be deemed to be part of the hospitality and tourism sector”. I do not know who would arbitrate on that; perhaps it would be VisitScotland. That business has its revenues, which we are able to see. It is like knowing an elephant; we cannot describe it, but we know it when we see it. If somebody says that the camper van hire business is tourism, we can see that it is; that provision is all that I am asking for. We would get rid of a lot of problems for MSPs, who are trying to direct unhappy businesses from one pot

to another, only to find that they are rejected every time that they apply to different sources.

Fergus Ewing: That is quite a lot of material. Christine Grahame has raised a sensible point. I think that we have covered it to some extent, but I am not sure that we have covered it fully, so I undertake that we will take it away and give it further specific thought. I say to Ms Grahame as one lawyer to another, albeit that we have not been in practice for, I think, a matter of decades, that I take the point that, if there is a list of things that qualify and if something is not on that list or is not, as lawyers say, *eiusdem generis* on that list, by definition it would not qualify for support—m'lud.

Christine Grahame: Now you are just showing off.

The Convener: I think that we shall move on from this lawyers' love-in and bring in Ross Greer.

Ross Greer: Cabinet secretary, I want to ask about the support that the Scottish Government has been able to offer workers in the tourism sector. The committee recently took evidence from Unite hospitality, which is involved with the Better Than Zero campaign. As you are aware, and as you mentioned earlier, this period has been devastating for workers in the sector. A huge number of them have lost their jobs. Substantial numbers have seen significant cuts to hours or to their hourly wage, and other exploitative practices have either been brought in or have grown very significantly. Has the Scottish Government used the support that you have offered to businesses in the sector as a way of bringing in any conditionality that relates to your fair work agenda?

Fergus Ewing: Again, that is a fair point. Of course, when we distribute funding that is designed to support the retention of employment, we seek to do so in a way that achieves that objective. I can give further information about the hotel fund and the conditions that apply to an applicant's eligibility. The aim is to ensure that employees can be retained and that the funding is used for that purpose.

Plainly, the main way in which employment has been supported is through the furlough scheme. Through Kenneth Gibson's line of questioning, we have already identified the possible shortcomings of that scheme, so I will not repeat those. However, that scheme has been the mainstay.

I am acutely aware of the plight of people who have lost their jobs. It is devastating for all members, I am sure, to communicate with people whose lives have suddenly been transformed for the worse because of this crisis, and we absolutely have to consider their interests, in particular. That is why I am very pleased that, in Scotland—I do

not think that it has been done in England to the same extent—other workers, namely the self-employed and newly self-employed, have had support. I am not saying that that is sufficient. It is one of the more difficult schemes to grow, because some element of proof of entitlement is needed, and that can be more problematic for an individual who has no human resources department or payroll staff to answer questions about paperwork. I am acutely aware of the difficulties that an individual faces in establishing their qualification for a fund. However, in Scotland, we have reached out and helped a whole plethora of people in the tourism sector who have been self-employed, such as coaches, instructors, mountain guides and those who show people around stately homes. Fiona Hyslop and I have been active in that.

Again, there is much more to do. If any member has any specific proposals about what more we could or should be doing, I am enthusiastic and keen to hear them. We want to fill the gaps. We are not taking the view that we have done enough. We are not going to say that we are perfect or that everything is right and is all that we need to do. It is the total opposite.

My approach is about whether we are doing enough, every day, and whether we should be doing more to help people. The emails that I get, from individuals and from diligent MSPs who advise me of the plight of their constituents, are all helpful. It is all part of a team Scotland exercise to help precisely the people to whom Ross Greer has referred.

11:15

Ross Greer: On the hotel fund that you mentioned at the start, it would be useful if you could provide further information in writing to the committee.

I am aware of time, so I will roll two questions into one, as the first is very small. You mentioned some of the organisations that you have been meeting. I am aware that Unite hospitality has written to you; it would be useful to know whether you have had the opportunity to meet its representatives as well.

My wider question is about how we translate any of the short-term benefits of the work to improve conditions in the sector that you have mentioned into long-term, permanent benefits. For quite some time, the tourism and hospitality sectors have, by nature, been sectors with a lot of low-wage income, insecure contracts and so on. How do we use the short-term mechanisms that have now come into being to create long-term benefit for workers in the sector?

Fergus Ewing: Of course, I have engaged with trade unions, as I always have done as a minister, for 13 years. The tourism task force benefited from positive contributions from trade union representatives, and I am always ready to engage further with union representatives to ensure that we are working in a way that meets the needs of union members and of others who are not members of trade unions.

We have seen an overall improvement in the tourism sector, but I am aware that some people in the sector are on low pay—that is absolutely correct. We want to see that improve. We want to support investments in improving workplace safety and protecting workers. We want to provide more training opportunities, apprenticeships and learning placements. An awful lot of work has been done in respect of that, particularly with universities and Skills Development Scotland. We want to support employee retention and improve productivity and skills development on the job.

We also want to see—and we were making a lot of progress on this pre-Covid—the tourism season extended in so far as possible, so that businesses get a year-round income and are thereby able to sustain more consistent employment. In the Highlands, the season can be from April to September, and some in the islands might say that that is a good season. Much tourism employment is therefore seasonal, and I felt that extending the season to all year round and having all-year-round revenue was extremely important.

Pre-lockdown, we took it for granted that a hotel such as Gleneagles was open 365 days and 12 months a year. Back in the 1980s, it was not—it was open only for certain months. I know that Mr Greer was not around then, but it was not such a very long time ago. By extending the season and the overall profitability of the sector, we were making some progress. However, I absolutely accept that the point is fairly raised, and it is one upon which we are focused continuously.

Ross Greer: Thank you, cabinet secretary. We have finally found a point on which we disagree—whether the 1980s is a long time ago.

Fergus Ewing: To me it isn't.

Beatrice Wishart: Cabinet secretary, you have rightly highlighted the plight of hotels and how badly they are suffering through the crisis. In October, NorthLink Ferries decided to cancel all tour group bookings for 2021, and it did so without any discussion or consultation with local stakeholders. You will be aware from the correspondence that I submitted to you that one hotelier described not having any tour group bookings as akin to “a fourth winter” that they are unlikely to survive.

As well as the knock-on effect on hotels, there is a knock-on effect on small heritage sites, cafes and the whole supply chain that relies on people who come to the islands or, indeed, any other part of Scotland. Do you have any comment on the ongoing effect on people other than hotel owners who are dependent on group bookings—for example, tour guides?

Fergus Ewing: Beatrice Wishart raises the important point that there are a number of hidden people who depend on tourism and on people being able to travel to Lerwick on NorthLink Ferries. Obviously, ferries are a lifeline—I do not need to say that to Beatrice Wishart—but they are also essential for tourism. I say that as somebody who, the year before last, holidayed in Orkney. I have also been a not-infrequent visitor to Shetland, where, if I may say, the breakfasts that I have had at the Shetland hotel have been some of the best that I have ever enjoyed in my life—but that is not directly relevant to the question.

The question is that ferries are struggling at the moment, as are many other businesses. Because of the pandemic, it is extremely difficult for them and they are having to make difficult decisions. I very much hope that we can continue to operate on a team Scotland basis. I work closely with Michael Matheson with regard to the importance of what CalMac Ferries does on the west coast, what NorthLink does on the north coast and what the various other ferry services, which are hugely important do. Indeed, the Isle of Arran is entirely dependent on ferry services, as was discussed with Mr Gibson in the early part of lockdown. That, as well as people such as tour guides being dependent on that business, is something of which we must be cognisant.

The last point that I will make, which has not been made yet, is on the importance to places such as Lerwick and Kirkwall—and, indeed, to Invergordon, Greenock and many other places—of the cruise liner business, which has brought many people to Scotland and many advantages to many parts of Scotland. It is a modern success story. One of the challenges on a global scale is to consider how cruises can be resumed in relation to safety and the pandemic. I am working closely with that sector and, although we cannot reopen the cruise liner business yet, there is an enormous appetite among the companies involved to come to Scotland, which is seen as a very attractive location. Cruises contribute enormously to businesses such as tour guides and those who run coaches to and from Lerwick to visitor attractions in Shetland and all the other destinations. I thought that I would mention that, because it is another important sector that is unable to operate at the moment.

Beatrice Wishart: The cruise sector is a valuable part of Shetland's tourism offer. I also want to ask about the digital boost development grant, which is oversubscribed. Obviously, local businesses will want to use that for marketing ahead of welcoming tourists back, whenever it is safe to do so. Is there any indication of what might be happening with that? Will that fund reopen? Can you offer any clarity on that?

Fergus Ewing: Subject to budget discussions, I cannot be specific about that, but Ms Wishart has raised another important point. If a tourism business—particularly an accommodation provider, but really most businesses and visitor attractions—does not have an online presence and an online booking system, it is not really at the races, so digital access, enablement and empowerment are a sine qua non of most, if not all, tourism businesses these days. Therefore, particularly in relation to small businesses, it is my wish that we are able to be of practical help as far as we can be.

I take that point on board and will look at it specifically following this meeting, given that a committee member has raised it. We will write to the committee with more detail on it, because, looking to the future, continuing to help businesses to be digitally enabled is an essential component of our tourism policy.

Stewart Stevenson: Cabinet secretary, we have inevitably been largely focused on businesses during the discussion so far. However, businesses depend on the many community-run and volunteer-led events that are held throughout Scotland. I point to the Portsoy boat festival, in my constituency, which attracts tens of thousands of visitors during a three-day period, and also the Highland games, the fèis and the mòd. One event that I am familiar with, which takes place in the south of Scotland, is the Wigtown book festival, and there are many others, such as the ridings.

To what extent are you considering how to build capacity in volunteering and support those relatively small and sometimes quite informal organisations through policy, so that there is a rich tapestry of events that will attract tourists from across the world to Scotland, who will take home vivid memories of how enjoyable their time here was?

Fergus Ewing: The events sector is hugely important for the reasons that Mr Stevenson has mentioned and others. Those events range from tiny village fêtes to enormous events like the Commonwealth games, Bannockburn celebrations and world orienteering championships. They are a marvellous part of life in Scotland, particularly in rural places such as our respective constituencies.

The loss of agricultural shows, game fairs and Highland games has left a real gap in the life of rural Scotland for many people, including us. It is for that reason that we have recognised the need to support the events sector generally, and that is being dealt with by Fiona Hyslop. A fund of—I think—£7 million is available, with awards of up to £10,000 per business and 800 businesses thought to be eligible.

Of course, Mr Stevenson's question was largely about volunteers and the community aspect. It is probably correct to say that, in almost all cases, smaller local events are organised by a committee of volunteers, and that is done by the same people, year in, year out, and probably decade in, decade out. Organisations such as the Scottish Women's Institute, local farmers, NFU Scotland and tenant farmer associations are all at the heart of those events and of their communities. They do it for the love of it and would not take any money for it. In most cases, they would be insulted if it was offered.

However, we need to recognise and value what they do, and we need to help those events in any practical way that we can, as they contribute enormously to the enjoyment of the experience that our international visitors, in particular, take away from Scotland if they attend Highland games, agricultural shows or any of those other events.

It is therefore absolutely essential that—when we can safely do so—we enable, encourage and facilitate those events. If members have any specific points about what we should do, I would love to hear them. However, most of those events are freestanding, raise their own money, have very clear plans and carefully manage their budget, and they often make a profit through canny Scottish management. Good luck to them.

Stewart Stevenson: As the cabinet secretary mentioned the world orienteering championships, it would be appropriate for me to declare that my brother is one of the lead organisers of that event. His son, Jamie Stevenson, has, of course, twice been world champion in orienteering. It is therefore something of particular interest to my family. That completes my questioning.

Fergus Ewing: I know that the tentacles of Mr Stevenson's family tree extend into just about every area of life in Scotland.

11:30

The Convener: Dean Lockhart has the final questions.

Dean Lockhart: I will keep this very brief, as we have had a long session already.

Coming back to the issue of business support funds, does the Scottish Government track at a national level and on a regular basis the number of applications that are made for support under the different tourism support funds that are available? If it does, will the cabinet secretary provide us with a sense of what trends the Government is seeing?

In addition, as we have all heard and seen in our inboxes, some businesses are not always able to access the funding that is available. What does the cabinet secretary see as the main reasons why some businesses cannot get the funding or support that is available?

Fergus Ewing: Yes, we obviously keep records. We have to keep records, because we are accountable for the disbursement of public funds and have to demonstrate who we have paid. We also have to take steps to avoid fraud. Fraud does not happen on a huge scale in Scotland; by and large, we have a very law-abiding country. Nonetheless, we have to be mindful of the need to make sure that the money goes to those who need it and not to those who may claim it wrongly. That means that we have to be diligent in how we administer the funds.

The fact that the strategic fund provides support on an on-going basis is a reasonable surety that we are reaching out to businesses that have been most impacted. Some businesses have been able to continue through Covid—and good luck to them—because they can continue without human contact and can operate online, for example. In relation to businesses that sell bicycles, for example, I tried to buy a bike for my daughter and was told by the local shop in Grantown-on-Spey that we wish to use that there was a three-month wait. Incidentally, I am not saying that all those businesses are doing well, but some are.

In addition, some sectors, such as forestry and construction, continue to operate. It therefore may be that some of the businesses that apply for support feel that Covid has had an impact on their business, but that impact is not sufficient to allow them to qualify for lifeline support. In other words, there may be a judgment, and such judgments have to be made by any prudent Government so that the money goes to those who need it and not to those who perhaps do not need it.

The last point that I will make is that the vast majority of businesses and self-employed people across all sectors want to get back to business and would much rather be able to carry on their business than have to be on furlough. Although I think that most of them accept the need for that and abide by the rules, the vast majority of businesses do not want payments or—as they might say—handouts from the Government; they want to get back to work, as do we all, as soon as we can safely do so.

Dean Lockhart: I asked a similar question of Highlands and Islands Enterprise and South of Scotland Enterprise, and they agreed to come back with a breakdown in relation to the number of applications received and declined. Can the cabinet secretary do that on a national basis with respect to applications processed, applications not processed and applications declined?

Fergus Ewing: We can do that and, generally, we have done it. Obviously, I tend to take the closest interest in the matters in my portfolio. However, for example, we have kept track of the upshot of the pivotal enterprise fund and the creative and hardship funds, which were administered by the enterprise agencies.

I have on-going and regular contact with Russel Griggs at SOSE and Charlotte Wright at HIE. We have regular discussions, and the first topic of conversation is usually Covid support. Moreover, I have made it clear, and it has been made clear through our formal process of governance, that our expectation is that the enterprise agencies will need to continue to be available, as will their resource—their staff—to help us to administer support to businesses. Generally speaking, we work closely. The best way to identify where the problems are is simply through the engagement that we have with representatives of industry, listening to the public, to MSPs and to what is said in our correspondence, and identifying gaps. That has been the main way in which I have sought to pull our socks up, to improve and to provide support. However, we are mindful of the need to keep track of the money and ensure that we know what we are spending and who is getting support.

In handing out further support, we must have regard to whether a business has had £250,000 already from the pivotal enterprise resilience fund or whether it has had nothing. It is only fair, from the point of view of consistency towards businesses, that we are mindful of the overall picture. That would include whether an applicant for current support has had previous support. It is a difficult area and one that we will come back to. We are mindful, as are our agencies, that we need to be fairly consistent across the board to businesses while getting the lifeline support out to them as swiftly as we reasonably can.

Dean Lockhart: I will follow up on your request for MSPs to highlight any gaps. Beatrice Wishart mentioned the need to support rural businesses to move online. As you will be aware, the digital boost development grant was launched on 13 January, and it closed after a couple of hours when all the available funding had been allocated or used up. Perhaps you could look into providing adequate or further resources to help rural businesses to move online and, as you say, to capture the opportunities in the digital market.

Fergus Ewing: That is a really important point, and I am grateful that Mr Lockhart and Ms Wishart have raised it. The implementation of the R100 programme means that every person and business in Scotland will have access to superfast broadband, either through fibre or vouchers, which will enable many people who would like to form rural businesses to do so successfully. R100 is a gateway to a lot of new rural opportunity, and it is therefore essential that we think now about how we can further assist in equipping businesses.

Once that £600 million programme is rolled out—the largest single programme ever in Britain for enabling broadband access—there will be even greater demand, and rightly so, for digital empowerment. I agree that that is a totally reasonable point. I will take it away and, because of the interest shown, I will endeavour to provide as detailed an answer as we can at this point.

The Convener: That brings us almost to the end of the meeting. To wrap up, cabinet secretary, as you are only too well aware, there are many unknowns about the pandemic. In particular, as the First Minister said the other day, there is still quite a lot about the vaccine that we do not know. It is perhaps inevitable that businesses are trying to look on the bright side and thinking about reopening as soon as possible. However, it is going to take some time—people are talking about 2022.

The pandemic is going to change the way that we do business across the board. I am sure that it will structurally change tourism. You have talked about the impact on large hotels, as have people in that sector, which might never come back if business tourism changes. What is your thinking on the long-term implications for how tourism has changed, how we need to restructure and how our responses might need to be different? Will that thinking be built into the five-year recovery plan that you have requested?

Fergus Ewing: Yes. That question is absolutely spot on. Such matters were considered by the Scottish tourism recovery task force, in which we have a massive bank of expertise and knowledge. Its view is that our recovery will be slow and will take time, particularly in the sectors that depend on international business, as I have said.

However, at the end of the day, those who work in hospitality and tourism tend to be optimistic and are often extroverts who have a glass-half-full view of life and enjoy dealing with people. We, in Scotland, have such a tremendous offer. For example, yesterday I was talking to the Scotch Whisky Association, whose members' investment in tourism during the pandemic has been one of our success stories.

Also, as the global population grows, more people throughout the world will be able to have holidays—something that we in the west might have taken for granted. Scotland has a niche, a role and an attraction for guests and visitors from China, Japan, India, Malaysia and many other parts of the world. Given all our huge assets and attractions, I am very optimistic that, if we play our cards right, we will see recovery. It is nice to finish on a positive note.

The Convener: It is nice to see that you, too, are taking a glass-half-full approach, cabinet secretary. When will you respond to the task force's recommendations?

Fergus Ewing: We have already given them some consideration, but I will come back to the committee with a more definitive answer. I guess that, as I have said, our main focus has been on the devising of the various support schemes and then their administration by our local authority and other partners. I have asked my officials to give prominence to those aspects. However, if I may, we shall revert to the committee shortly with a response to that question.

The Convener: Thank you—that is much appreciated. I thank you and your officials for giving evidence, which has been helpful.

The committee will consider the evidence that it has just heard in private session later in the meeting. Before we proceed to our next agenda item, which is consideration of subordinate legislation, I suspend the meeting for a few moments to allow our witnesses to leave. I remind members that the committee will remain in public session for that agenda item.

11:42

Meeting suspended.

11:44

On resuming—

Subordinate Legislation

Census (Scotland) Amendment Regulations 2020 (SSI 2020/450)

The Convener: The next agenda item is consideration of an item of subordinate legislation. The instrument is laid under the negative procedure, which means that its provisions will come into force unless the Parliament agrees to a motion to annul it. No motions to annul have been laid. The Delegated Powers and Law Reform Committee considered the instrument on 12 January and determined that it did not need to draw the Parliament's attention to the instrument on any grounds within its remit. Do members have any questions or wish to raise any issues?

11:45

Dean Lockhart: We heard evidence from National Records of Scotland about the challenges that it faces with the next census. I have concerns about the delay of the census until 2022, which we heard will give rise to issues with Scottish data being out of date and being derived and worked on from a different date from that of the data for the rest of the UK. I was not convinced by the evidence given that delaying the census until next year is the only option. Therefore, I have concerns about the subordinate legislation that will result in the census being delayed.

The Convener: Are you lodging a motion to annul the subordinate legislation?

Dean Lockhart: No, I am not.

The Convener: You are not.

We also have a request to speak from Stewart Stevenson.

Stewart Stevenson: I had not intended to speak, convener, but I wish to provide balance. The Government has worked hard to come up with a robust approach to the census, which is an important statistical exercise that underpins much of public and private sector planning. I am content, without reservation, to support the proposal that is before the committee.

The Convener: As no member objects, the committee agrees that we do not wish to make any recommendations in relation to the instrument.

That concludes the public part of the meeting.

11:48

Meeting continued in private until 12:04.

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