



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

ECONOMY, ENERGY AND TOURISM COMMITTEE

Wednesday 5 September 2012

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ECONOMY, ENERGY AND TOURISM COMMITTEE

22nd Meeting 2012, Session 4

CONVENER

*Murdo Fraser (Mid Scotland and Fife) (Con)

DEPUTY CONVENER

*John Wilson (Central Scotland) (SNP)

COMMITTEE MEMBERS

*Chic Brodie (South Scotland) (SNP)

*Rhoda Grant (Highlands and Islands) (Lab)

*Patrick Harvie (Glasgow) (Green)

*Angus MacDonald (Falkirk East) (SNP)

*Mike MacKenzie (Highlands and Islands) (SNP)

*Stuart McMillan (West Scotland) (SNP)

*John Park (Mid Scotland and Fife) (Lab)

*attended

THE FOLLOWING ALSO PARTICIPATED:

David Allen (People 1st)

Gordon Arthur (Glasgow 2014)

Andrew Dixon (Creative Scotland)

Stephen Leckie (Tourism Leadership Group and Scottish Tourism Alliance)

Professor John Lennon (Glasgow Caledonian University)

Willie MacLeod (British Hospitality Association)

Ray McCowan (Jewel & Esk College)

CLERK TO THE COMMITTEE

Douglas Wands

LOCATION

Committee Room 1

Scottish Parliament

Economy, Energy and Tourism Committee

Wednesday 5 September 2012

[The Convener *opened the meeting at 09:31*]

Decision on Taking Business in Private

The Convener (Murdo Fraser): Good morning and welcome to the 22nd meeting in 2012 of the Economy, Energy and Tourism Committee. I welcome my colleagues back and hope that they had a pleasant and restful recess and are all set to go. I remind everyone to switch off mobile phones and other electronic devices. We have received no apologies.

Agenda item 1 is to agree to take items 3 and 4 in private. Is that agreed?

Members *indicated agreement.*

Tourism (Winning Years Strategy)

09:32

The Convener: Item 2 is the commencement of our evidence taking for our inquiry into VisitScotland's winning years strategy. We have two panels of witnesses, whom I thank for joining us. The first panel comprises Gordon Arthur, who is director of communications and marketing at Glasgow 2014; Willie MacLeod, who is executive director Scotland of the British Hospitality Association; Andrew Dixon, who is the chief executive of Creative Scotland; and Stephen Leckie, who is chair of the tourism leadership group and Scottish tourism forum.

Stephen Leckie (Tourism Leadership Group and Scottish Tourism Alliance): It is the Scottish Tourism Alliance.

The Convener: I am sorry—I need to keep up to date. I thank everyone for attending.

As the witnesses do not wish to make any introductory remarks and are happy to go straight to questions, I will get the ball rolling with a question for Stephen Leckie and Willie MacLeod. What feedback have you received from your members about how the 2012 tourist season in Scotland has been so far? We have not been blessed with the best of weather this summer and the Olympics seems to have had a bit of an impact, certainly, given yesterday's news, on the retail figures. What is the general feeling from the industry on the ground about the season?

Willie MacLeod (British Hospitality Association): Feelings are probably fairly mixed. The weather has undoubtedly had an impact on the season overall. The BHA in Scotland gets feedback from its membership every quarter and concerns were expressed in the early part of the year that 2012 was not going to be a material improvement on 2011. Hotels are broadly maintaining their occupancy levels, but the struggle is to achieve our industry measures of average rate—in other words, the average price that people pay for a room—and revenue per available room. There is evidence, even in the cities, that the RevPAR is declining in real terms and that the customer is—rightly—looking for a good deal.

In more remote areas, the position is more patchy, with small and independent hotels reporting different levels of performance. At our last meeting in June, some businesses said that business is becoming more markedly seasonal and that second and third holidays are not as high

on people's agendas, as the downward pressure on consumer spending increases.

Stephen Leckie: The BHA represents hotels and restaurants, but the Scottish Tourism Alliance represents guest houses, bed and breakfasts, self-catering accommodation, tourist attractions and so on. Over the past couple of weeks, we have carried out some research into the matter and 50 per cent have reported that figures are down on last year's, partly because of the weather and partly, as Willie MacLeod has pointed out, because of the squeeze on people's pockets and discretionary spend. It is as simple as that: times are tough.

When we say that the situation is "patchy", what we mean is that Glasgow, Edinburgh and the other cities are doing okay and are level pegging with last year. Level pegging is good; however, many in the cities are behind in revenue terms and, the further you go north and west, the worse the situation becomes—turning from patchy to negative. In fact, things are much worse; the figures are way behind—about 3 or 4 per cent behind—last year's. I should point out that for many of these businesses last year was 3 or 4 per cent behind the previous year and that the situation was not helped by the change in VAT.

So, convener—we are not actually in great shape.

The Convener: You say that 50 per cent have reported that figures are down, but what about the other 50 per cent? Are their figures increasing or just staying level?

Stephen Leckie: Of the rest, 21 per cent are up on last year, 20 per cent reported no change and 10 per cent did not know.

The Convener: Thank you. Did you want to add anything from a Glasgow perspective, Mr Arthur?

Gordon Arthur (Glasgow 2014): I do not, at this stage, convener.

The Convener: Unless other members have questions, we will move on to look at some of the things that VisitScotland is doing. Rhoda Grant will ask some questions about that.

Rhoda Grant (Highlands and Islands) (Lab): Given the scope of the inquiry and its focus on the winning years, my first question is reasonably general. What opportunity does the winning years strategy offer? What is the potential to increase tourism over the period?

Stephen Leckie: We need to be clear about VisitScotland's role. As far as the Scottish Tourism Alliance is concerned, VisitScotland is the key economic development agency for tourism in Scotland and its role is to market Scotland itself, not individual properties. Our members are still a

bit confused about the organisation's role and therefore do not get what it does. What I believe it does—and does very well—is market Scotland. Long may the significant grant that Government passes to it continue, because it makes good sense for the industry. VisitScotland deals with customers and visitors coming into Scotland—the visitor economy, as we now call it—and it is for us in the industry and the private sector to work out how to up-sell and market ourselves to them.

The winning years are a great marketing idea that is certainly working for VisitScotland, but is it working for individual hotels, guest houses, B and Bs and other operators? Probably not—but, then, it does not need to, as long as those individuals understand where they fit into the big circle of marketing Scotland. As I have said, VisitScotland markets Scotland well, and it is for individuals to work out their local market and where their customers will come from instead of simply relying on VisitScotland selling their rooms for them. It will take some time to spread that word, but that will be part of the role of the Scottish Tourism Alliance in conjunction with the strategy.

The challenges facing us are quality, people, skills and the young folk coming through. The skills agenda, as we call it, is a big issue for us, and you will hear more about that when John Lennon gives evidence. The fact is that we need to persuade young folk into the industry. Of course, the biggest issue in the industry is quality, which includes the fabric of our buildings, the four-star and three-star experience and ensuring things are fresh, nice, good and clean.

However, it is not just about that; it is also about ensuring that our staff are well trained and look after our customers and that we have a decent training plan for every unit, county and area in Scotland. That situation, too, is a bit patchy just now. It is about persuading schools to promote the fact that a career in tourism is a good career. For too long, we have been saying that if you are not very bright you go into hotels or tourism. That all has to change and it is changing.

Rhoda Grant: I will follow up on that before the other witnesses come in. Are you saying that without quality and without the right people in the right places, we cannot capitalise on the winning years?

Stephen Leckie: Neither could we capitalise beyond the winning years. You are correct that that is what I am saying.

The tourism strategy that takes us to 2020 should put in £1 billion or £2 billion of revenue in tourism by then. What might hold us back from achieving that? The answer is quality. It is about not only the quality of the establishment, the fabric of the buildings and what is on offer, but the

quality of the staff and the customer experience for the guests. How do we improve those across the board, not only for the few who buy into quality but for everyone?

There are 20,000-odd businesses linked to tourism in Scotland. How many of those guys are linked into, for example, VisitScotland's quality assurance scheme? Not enough of them are. I am not suggesting compulsory registration, but we need to consider something like that pretty seriously.

It is too easy for someone to open up their house and say that it is now a guest house, self-catering accommodation or a B and B, so they do not care about quality; they care only about the cash in their hands. They do not care about improving or growing their business, because they want to remain below the VAT threshold. It is a lifestyle business from which they get a few pounds in their pocket each week. That is not good enough for the industry, because it lets us down. Every person who has a bad experience of one of those places thinks poorly of Scotland. That is not good enough for us and that is one of the challenges.

Andrew Dixon (Creative Scotland): I will give a perspective on the winning years as a whole. First, I came to Creative Scotland having worked in tourism in the north of England and I have to say that the structures in Scotland for promoting tourism are very strong. VisitScotland and EventScotland have well thought out plans. Without some of those marketing initiatives, Scotland would not be where it is in terms of tourism.

Creative Scotland has been able to partner VisitScotland and EventScotland to add a new layer of cultural content and events this year, which is the first of the winning years. In the year of creative Scotland, we have invested about £6.5 million in additional events—on top of the existing cultural activity that happens across the year. I hope that that investment will, by the end of the year, contribute to building capacity and links between the cultural sector and the tourism sector and to addressing seasonality.

One of the fastest-moving brochures in tourist information centres in Scotland is "The Guide to Scotland's Festivals 2012". There are 350 cultural festivals in Scotland. Of those, 75 are held in the winter and we have added another 10 through the year of creative Scotland. I hope that the festivals will provide niches for certain places to create more sustainable tourism in the longer term. Developments include the enchanted forest event in Pitlochry being enhanced, Papa Westray having a festival in February and the establishment of a new choral festival in St Andrews in November.

I hope that the year of creative Scotland builds a more consistent body of cultural events in which the organisers think about tourism. They should not only put the events on but think about their role in relation to tourism. One thing about the year is that we have been able to shine a light on almost every part of Scotland. Through initiatives such as our creative places awards, for which we have looked at creative towns and villages, we have enhanced the capacity of places such as Wigtown with its book festival, St Andrews with its festivals and Huntly in Aberdeenshire, which is adding a food festival to its programme of activity.

The year of creative Scotland is the first of the winning years. Creative Scotland will also invest in the year of natural Scotland and, in partnership with Glasgow Life and the organising committee for the Commonwealth games, in the Commonwealth games.

We must view this as a build. We are building an awareness of Scotland and are using culture to highlight Scotland's natural strengths. Many of the projects that we have supported have brought a lot of attention to Scotland. The speed of light project on Arthur's Seat during the festivals and some of our other cultural projects in the environment act as promotional vehicles for Scotland.

I am happy to answer your questions about the specific things that have happened, although it is interesting to note that the statistics on the Edinburgh festivals have been extremely good this year. Although there was a 1 per cent reduction in the fringe from a very successful year last year, the main international festival took £2.83 million at the box office and was 9 per cent up on previous years, while the Edinburgh international book festival had its most successful year ever, with a 3 per cent increase. We are seeing consistent building of the festival base in Edinburgh. The same is true of the Celtic Connections festival in Glasgow in January.

09:45

Willie MacLeod: In overall terms, the winning years collectively are a fantastic opportunity for Scotland. If we had not had them over the past few years since 2008, when the recession really began to impact on tourism, we would have wished that we had something like them. I think that some of our competing countries wished that they had something similar up their sleeves. As Andrew Dixon implied, a lot of the opportunity for individual businesses comes from local events. Individual businesses can tap into those events and can perhaps see more tangible effects from something that happens in their locality.

The overall themes of the winning years—the year of food and drink, the year of creative

Scotland, the year of active Scotland and, next year, the year of natural Scotland—have all provided great reasons for people to visit Scotland. They have created a much better awareness of Scotland and might well have created a propensity to visit in the future. However, it is difficult to know—certainly for me, because I am not familiar with the data—whether the events have created a net additional flow of visitors at a time when we are struggling and might have struggled more if we had not had those activities. Individual businesses have the opportunity to use the events as appropriate for local events in their marketing. The themed years have the overarching effect of creating greater awareness of Scotland and will perhaps bring more visitors in the future.

My organisation, the British Hospitality Association, organised a tourism summit in London back in June. One presentation, which involved Malcolm Roughead from VisitScotland, Stephen Leckie—wearing his Crieff Hydro hat—and an executive from Disney, was on how Scotland was working together around the Disney Pixar film “Brave”. The feedback that I heard from non-Scots who were at the event was about how obvious it was that Scottish interests in the public and private sectors were working with Disney to capitalise on the undoubted opportunity that “Brave” will present this year and in future years.

Gordon Arthur: That is probably a good point for me to pick up on. The huge opportunity from the Commonwealth games is to do with the experience of the games and everything that goes with them. The opportunity is not just about the 17 sports and the 11 days of sport that are obviously at the core of the games. We are building our messaging around the games on the basis of the opportunity for people to come and enjoy the experience. That includes the cultural programme, which Andrew Dixon has referred to and which will be centred on Glasgow. The programme will capitalise on existing events and, we hope, will create new events across Scotland in the lead-up to and during the Commonwealth games.

The Queen’s baton relay, which precedes the games, carries a message from the Queen round the Commonwealth, inviting the athletes of the Commonwealth to come to Glasgow to compete. We are already in advanced talks with VisitScotland, EventScotland and others about using that as an opportunity to promote Scottish business and tourism throughout the Commonwealth while the lead-up to the games gradually focuses in on the UK, then on Scotland and then Glasgow. There are huge tourism opportunities from the games. The Olympic games have already given a massive bounce in interest in ticket buying, volunteering and getting involved in the games.

We did some research earlier this year and conducted an omnibus survey across England. From that, we know that there are some areas of interest across England, which is obviously an important tourism market for Scotland. London and Manchester have their own games stories from the Olympic games and the 2002 Commonwealth games. All the way down the west coast main line corridor are areas in which there is already real interest—the research was done before the Olympics effect kicked in—among people about visiting Scotland for the Commonwealth games. Encouragingly, the people who say they want to do that are people who are already likely to visit Scotland in the future. I hope that we can work with Glasgow City Marketing Bureau and VisitScotland to provide the opportunity, impetus and motivation for people who might only have been thinking about holidaying in Scotland to make 2014 the year that they do come.

The games will finish just before the festivals start in Edinburgh, so from our perspective, we have a great opportunity to work with VisitScotland to package Scotland as a destination and to sell a much wider offer to people than just to come and take in one or two days of sport at the games.

We should also all be encouraged by the fact that 50 per cent of the people who applied for tickets for the London 2012 Olympic games described themselves as not being sports fans. That is an important statistic because it shows that such mega-events bring in people who just want to experience something that they know they will probably never be able to experience on their home soil again in their lifetime. Along with Glasgow City Marketing Bureau and VisitScotland, Creative Scotland, EventScotland and lots of agencies, we are working through an audience development group to co-ordinate all our marketing campaigns and communication activities. Almost by necessity, we have kept below the radar in the run-up to the Olympic games, but we are about to step out and become much more high profile in the coming months. All that is being co-ordinated to ensure that we maximise the opportunity that is presented by the Commonwealth games and everything else that sits around them.

Rhoda Grant: We heard earlier that our cities seem to be doing quite well but our more rural areas or areas that are more distant from centres of population are not doing so well. Mr Arthur talked about the Commonwealth games and the Edinburgh festivals. What kind of work is being done to push people into the more rural areas that seem to be doing worse than the cities are?

Gordon Arthur: To be honest, we have not really started that detailed planning at this stage. It

is only during the past four, five or six months that the planning committee has got to the stage of having people working in all our different functional areas. There are about 60-odd functional areas across the organisation and we are now up to about 180 staff, but a year ago we only had 60 or 70 staff. At that point, we did not have anyone working in, for example, our accommodation function.

We have been building up our resource base in as planned a way as possible to keep our costs as low as possible while ensuring that we pick up the various strands of work as they develop. During the next six to nine months, more of that detailed planning will start to kick in. We know that Glasgow will be stretched to provide all the accommodation that we need for the games family, the athletes and their friends and families, and the people who will come from all 71 nations and territories of the Commonwealth, plus the package of products that will be sold through the tourism industry.

From our accommodation work, we already know that Glasgow is going to be really busy in the lead up to and during the games. That must be a positive thing because, by its nature, it means that the effect of the games will spread beyond the big, branded groups of hotels out into smaller businesses in the city and outside it.

We have to start work on packaging what we can sell around the games to ensure that people coming to Scotland for a couple of weeks can take in a few days of the games and then choose from other options, and we have to work out whether they will be available as part of a package from hotel groups, and how we can work with smaller sections of the industry to ensure that benefits are spread more widely.

The final element is our work with Glasgow City Marketing Bureau, VisitScotland and others on people who want to build their own holidays, which is happening more and more. People will be able to buy tickets over the phone and on the internet and, given that an increasing proportion of people are building a holiday around such an approach, we must ensure that our communications system does its best to support all sectors of the industry and encourages people to visit places right across Scotland.

Stephen Leckie: What works against people visiting places right across Scotland is the not insignificant cost of travel and fuel, which particularly affects north and west Scotland. Alongside that, of course, is the patchy quality of accommodation. I am not saying that everything should be five-star accommodation; this is about being good at being three-star or two-star accommodation, with everything clean, fresh and

decent, visitors made welcome and good basic hospitality.

The Commonwealth games and everything that Gordon Arthur is doing are very exciting and good for Scotland, but I am not so sure how good the Olympics have been. The jury is still out on that. Heathrow and the cities feed the economy and, indeed, Heathrow itself feeds Britain, but during the Olympics there were fewer passengers through Heathrow and London was quiet—which meant that the rest of Britain was quiet and many BHA members and others in England and Scotland were not very busy. The worry is whether something similar is going to happen in Scotland with the Commonwealth games.

What is VisitScotland doing about that? The winning years is a great idea, but what happens after 2014? I know that VisitScotland is meeting at lunchtime to work out what to do after the year of natural Scotland. We certainly must not lose sight of these great marketing ideas.

The Convener: Another two or three members want to ask about spreading the benefits.

Mike MacKenzie (Highlands and Islands) (SNP): I am interested in pursuing the matter because, as we have heard, the Olympics had an—unexpectedly—quite bad effect, even in parts of London, and I am concerned about displacement not just with people being drawn to Glasgow but their being driven to their television sets instead of being out and about and participating in the festivals and activity in other parts of the country that Andrew Dixon was talking about. Is that the case and, if so, what can we do about it?

I wonder whether there might also be an opportunity. How much does tourist activity by visitors from abroad feed into benefits further down the line with, say, Scottish businesses getting future export business from people who previously came into contact with them? Are we aware of such a phenomenon and should we be doing something more in that respect?

Andrew Dixon: I want to make two points. First of all, the issue of spread that Mike MacKenzie has highlighted will be as important for 2014 as it has been for the year of creative Scotland and we, Glasgow Life and the OC are hoping to make some announcements on the matter in October. We certainly hope to engage every Scottish local authority area in a cultural programme that celebrates their place in the world. Of course, the theme of 2014 is homecoming and that will provide another great opportunity to use culture and cultural programming to welcome visitors.

What I have found refreshing in the year of creative Scotland is the small things that we have been able to do, such as the very specific

exhibition that Caithness Horizons on the north coast has been working on with North Lands Creative Glass, and projects in the Borders that have held cultural events on the back of historical events, and which I think lay the foundations for participation by the whole of Scotland in 2014. I am very confident that for 2014 we can create benefits and opportunities for the whole of Scotland, partly through cultural programming and partly through the baton relay, which was such a huge success for the Olympics. Creative Scotland supported the summer of song, with 31 local authorities commissioning songs or choirs along the route.

10:00

The Convener: Only 31?

Andrew Dixon: Yes.

The Convener: Which one did not participate?

Andrew Dixon: I think that it was the Scottish Borders—it was a capacity issue.

There are mechanisms for and ways of engaging the whole of Scotland in all of this. Of course, from a tourism perspective, the participation of residents is really important. According to an economic impact study on culture that we just carried out, about £1 billion is attributable to overnight tourism and £1 billion to day tourism. We have to engage our population as advocates in tourism and culture, and events such as the winning years enable us to do so.

I do not know whether Mike MacKenzie wishes to be slightly more specific with regard to his second question but, as I see it, it is about spin-off economic benefits from exports. For the Edinburgh festivals, Creative Scotland established in partnership with the British Council and Festivals Edinburgh the international delegate centre, to which 150 delegates from something like 25 countries came to buy Scottish work in our festivals. Those festival promoters, theatre bookers, representatives from Governments around the world and so on were looking at the made in Scotland programme, which was funded by the Scottish Government, and literally buying up work to take it on tour around the world. Every one of those projects is an ambassador for Scotland that takes Scotland's name with it. Moreover, some of the projects in the London 2012 cultural olympiad programme, such as the written world, which was delivered by the Scottish Poetry Library with the BBC, are shining a light on Scotland as a place to visit. There are fringe benefits that I hope will have a longer-term impact in raising awareness of Scotland as a cultural and creative nation.

Willie MacLeod: Without some kind of structured and sustained effort, it will be very difficult to get visitors coming for a specific event to move on to other parts of the country. You have to make it easy for them by packaging and marketing things. However, they are coming for a fixed time and with a fixed budget. Closer cultural links with certain Commonwealth countries might well make it easier for people to stay on for a holiday after the Commonwealth games and, as I pointed out earlier and as Andrew Dixon has just made clear, things might also be made easier by having local events that create a reason to visit parts of the country outwith the place where the major event is happening. I am not sure of the extent to which visitors to the open golf tournament or the Scottish open, for example, have visited other places. If you are going to a specific destination to watch golf, are you really going to make a side trip? It has always been quite difficult to persuade delegates at a major conference to have a holiday before it or to stay on after it, and you have to make a very sustained and structured marketing effort to make something like that happen.

Gordon Arthur: The displacement in London that we have read about happened in large part as a result of a highly efficient—perhaps overefficient—communications campaign from the organising committee of the Olympic games to try to get those working in London to stay away during the games because of pressures on the transport system. For example, the campaign encouraged those who worked in businesses around the M25 or further out to work from home.

Having visited London during the games, I know that that long and sustained programme to stop the strain on the transport system was certainly a fantastic success for the system, but not so much for restaurant and shop owners and others who suffered from a drop in business. My impression, certainly from what I have read, is that the big impact on businesses in London came about not because of tourists but because people who would normally go in and out of the city simply stayed away during the games.

The Olympic games and the Commonwealth games are very different. We will be mindful of wanting transport to work in Glasgow, but the heart of our games will be the centre of the city. The heart of the Olympic games was the Olympic park. We do not have an equivalent of the Olympic park—our Olympic park will be the city centre in Glasgow. We will want to bring people into the city centre, where there will be a huge amount going on. Glasgow is a compact city, whereas London has the west end, the City and the new area developing in the east by the Olympic park. We hope that the geography of Glasgow and the way that we are planning the games will mean that, for

example, the restaurateurs' association, which we talk to a lot, will be a big beneficiary of the games, rather than finding Glasgow to be a bit of a ghost town during the games. We are aware of those things, but the differences in the city and in our planning mean that we can talk positively with people about the city centre being very busy through the time of the games.

Andrew Dixon mentioned the all of Scotland approach. We have been working with our games partners for two years on how to take the games out across Scotland. Even at the stage of the flag handover ceremony in Delhi, all 32 local authorities had an event, through the games for Scotland programme, which was funded by the Scottish Government, to celebrate the flag being handed over from Delhi to Glasgow. We have had those events, and this year the games for Scotland programme will focus on the launch of the Glasgow 2014 mascot in just over two weeks' time.

The Convener: I hope that it is better than the Olympic mascot.

Gordon Arthur: I assure you of that, convener.

We will take the mascot out across 25 local authorities between the end of September and Christmas, and we have planned a range of other events. The games mascot will be a big engagement opportunity for us and we want to make sure that it is out stirring up excitement and interest for the games. We will continue the games for Scotland programme and hope to tie in with the Queen's baton relay in 2014 and one year to go in 2013. That has all been co-ordinated with the support of a lot of different organisations and agencies.

As for business benefits, we are doing a lot of work with business club Scotland, which was established in 2009 to support the events industry in Scotland. We hope that part of the benefit of staging an event such as the Commonwealth games is that businesses gain valuable experience in putting on major events, in all aspects of service delivery, construction and other things that are required, which will enable Scotland and Glasgow to sell themselves as major event destinations for event owners to bring their events to in future. There is a much-publicised decade of sport, which people talk about a lot—particularly down south—but the winning years are the equivalent in Scotland. Even below the eight major events, the world gymnastics championships are coming to Glasgow the year after the Commonwealth games and there will be significant international track cycling events at the velodrome, the first of which is the world cup event in November, which sold out in 25 minutes last week—5,000 seats in the velodrome in 25 minutes.

We need to build excitement around all those events, and with that excitement we need to build capacity. Part of the capacity must be in our business sector, to enable Scotland and Glasgow to host more events. Glasgow has gone up into the top 10 sports destinations in the world; Manchester is at number 5 and London is at number 1. To have three UK cities in that top 10 is a phenomenal achievement. We need to keep investing in that, and we need to create expertise in all aspects of event delivery. Part of that expertise is in the business community, so we are working, through our procurement process, with Scottish Enterprise, business club Scotland, the Scottish Council for Development and Industry, and others, to make sure that that is one of the legacies that come out of hosting the Commonwealth games and that it benefits things such as the bid for the 2018 youth Olympic games.

Mike MacKenzie: On a slightly different tack, in the context of his remarks about the need for greater training, Stephen Leckie talked about the need to get away from the microbusiness that hovers below the VAT threshold. However, microbusinesses provide diverse experiences, and I am sure that Andrew Dixon agrees that our cultural diversity is part of the attraction for visitors. Does the panel worry a wee bit about creeping homogenisation and a loss of identity? We know how it feels to wake up in a big-chain hotel and wonder which country we are in, or how it feels when the waitress asks every 20 seconds whether everything is all right, which can be a bit intrusive. That kind of service might tick the training box—if you see what I mean—but there can be a loss of real quality. There is a danger that we will iron out the wrinkles that provide the quality in visitor experience.

The Convener: That was quite a broad philosophical point. I invite brief responses from the panel. Mr Leckie, you run a hotel that could never be described as being part of a large chain.

Stephen Leckie: No, and long may that continue. We need microbusinesses—that is clear. They make up the bulk of the Scottish Tourism Alliance's membership. My issue is not with microbusinesses per se—not at all. Our being a wee bit different sets Scotland apart from its competitors, which is great. Next year, we have the year of creative Scotland—by the way, three quarters of our members are aware of the year of creative Scotland, which is a great advance since 2008-09, when very few folk knew about the year of homecoming, so well done to Andrew Dixon and his team. There is great awareness about the years of creative Scotland and natural Scotland. Part of the year of natural Scotland is about what Scotland offers that is different from what is offered elsewhere in Europe and around the world.

I am very much for smaller businesses; my issue is with the quality. How do they train their staff? What is the experience like? What do the guests think after they have left a place? Quality is not an issue for everyone, but there are a few too many businesses for which it is an issue. How many businesses are not involved in the quality assurance scheme, which VisitScotland runs well?

Willie MacLeod: Mike MacKenzie is quite right. Smaller businesses, whether they are in rural areas or cities, add greatly to the diversity of the visitor experience and, more important, to the authenticity of experience that we know that visitors seek. We need a combination. We need the large-chain hotels, because international visitors recognise them and destinations and cities benefit greatly from their marketing efforts and reservation systems—there is a clear advantage for destinations in that regard. We also need the smaller, independent businesses, which bring the diversity and authenticity that visitors want—the things that distinguish Scotland in a crowded marketplace.

Andrew Dixon: The experience is important. We need to engage visitors with Scotland's culture, on an on-going basis. Some of the projects that we have supported, such as a crafts trail that is linked to the cycle route on the Clyde or the fèis tour around Scotland, which involves 100 different venues, provide opportunities for visitors to engage with something very authentic and local. I went to Orkney last week, when the Cabinet was visiting, for a year of creative Scotland event, and on the main street one sees music shops, a music venue and jewellery and design shops—a visitor can see something that is authentically Orkney. They can go on to visit Sheila Fleet's workshop.

We need to create such opportunities. For me, it is about the cultural quality and range of visits—365 days a year, because cultural tourism is not cyclical or seasonal but can go on all year round.

Stuart McMillan (West Scotland) (SNP): Stephen Leckie said that the west and the north are down this year—I think that you said by 3 per cent. You talked about the weather and fuel prices. When people think about tourism in the west of Scotland, which I represent, they automatically think about Loch Lomond and Arran in particular. There are other areas, though. In my opinion, much more could be done to promote Dumbarton and Inverclyde, for example, and bring people into such areas.

Is it your perception that there a disconnect that could be improved on in developing the winning years? You have highlighted why there has been a decline this year, but are there any other issues that should be worked and improved on, or are things operating fine?

10:15

Stephen Leckie: You make a great point and thank you for prompting me on that issue. I am clear that we are the envy of Europe with our marketing body, VisitScotland—no other country has such a body. We did not have a leadership body until the birth of the Scottish Tourism Alliance, which is an alliance of influencers that pulls together all the relevant associations.

We believe that there are 250 associations in Scotland linked to tourism, including the Oban and Lorn Tourism Association, the Crieff and Strathearn Tourist Association and the Blairgowrie and East Perthshire Tourist Association. There are also bigger associations such as the British Hospitality Association, the British Holiday and Home Parks Association and the Camping and Caravanning Club. Those associations do many good things, but we do not pull them all together, so part of the alliance's role is to help with that. For example, Dumfries and Galloway Council has its own strategy linked to tourism. However, it is one of 32 councils and the rest of them do not have that—if they are working up a strategy, they are not doing it quickly enough. They do not take tourism seriously enough in their area so part of the alliance's role is to engage those guys and get us all working together.

The conversation that I had with Willie MacLeod before the meeting was that this provides a chance for the tourism industry to work together and get its act together. We have no choice but to do that now; otherwise we will be in trouble. We have a great chance with the winning years and the Commonwealth games. Scotland welcomes the world; tourism is everyone's business—those must be straplines that we do not lose sight of.

Willie MacLeod: I very much echo what Stephen Leckie has said, but businesses must take a certain amount of responsibility for their own fortunes by looking at what they offer, understanding what customers are looking for, creating reasons why a person should visit an area, and making sure that when people visit they get the experience that they are looking for and find the things that they want to do and get great customer service and good value for money. Businesses have a responsibility, individually and collectively, in working together to deliver that.

Andrew Dixon: Every place in Scotland has a unique contribution to make in promoting the nation. It is interesting to take a place such as Inverclyde, because it might not be seen as a place that drives tourism, yet it has just attracted "Waterloo Road", a cult teenage television series that screens every week on the BBC. We are about to open the Beacon arts centre, which will be one of the best theatre spaces in Scotland. There is other regeneration activity through

cultural activities in the Greenock area. Within the space of a couple of years, there is a cultural product that can be used to attract people on day visits and, I hope, to stay in Inverclyde. We can achieve that in different ways around Scotland, although not everywhere will attract large numbers of visitors.

Another area that we have not fully exploited is film locations. Creative Scotland plays the umbrella agency role in attracting films such as “World War Z”, “Cloud Atlas”, and “The Railway Man” to Scotland. When there has been filming, how, for example, do we promote North Berwick through “The Railway Man”? How do we promote the Highlands through “Cloud Atlas”? How do we build trails around those films? We can find ways of making different parts of Scotland more attractive from a tourism perspective through culture.

Stuart McMillan: Another area in Inverclyde that has not been touched on is the cruise liners. A record number of liners have come to Greenock port this year. However, last week, when I was discussing the number of tourists who stop in Greenock, the point was put to me that the number of folk staying in the Inverclyde area seems to be a bit down. That is partly due—allegedly—to passengers being given information that tells them that they should not stay in Greenock or Inverclyde because there is nothing to see, and they should go outside the area. Could any activity be undertaken with the people who operate the liners to ensure that that type of message does not go out on their vessels, so that there is an opportunity for Inverclyde to capitalise on folk who want to come off the boat and stay in the area?

Willie MacLeod: I will have a go at some sort of answer to that.

The Convener: I am not sure that any of you are qualified to answer that, but you can have a go, Mr MacLeod.

Willie MacLeod: Part of the answer to Mr McMillan’s question relates to what I said earlier about ensuring that you create a reason for people to visit or stay in an area. That is one of the first rules of tourism: why would you go to a place, and why would you stay there? You need a compelling, interesting and engaging product. I worked at VisitScotland in its earlier days for a number of years, and ports such as Invergordon had similar complaints about passengers not staying there.

One reason for that, I believe, is that passengers are very heavily sold tours when they are on the cruise or in advance, and when they land they get on to buses and go from Invergordon to Inverness and Urquhart castle. I imagine that,

from Greenock, they may be heading for Burns country or Loch Lomond. Having a compelling offer and great customer service will keep people in the area. It can be quite difficult to influence what happens when passengers make their booking and decide what tours they will go on when they join a cruise vessel.

Stuart McMillan: I am happy to show you around Inverclyde any time, Mr MacLeod. It is a wonderful place.

Willie MacLeod: I visit Inverclyde frequently.

Stephen Leckie: That is a very good point, Mr McMillan. It would be easy for us to say that it is VisitScotland’s job to do that, but tourism is not just VisitScotland’s job; it is everyone’s business. We all have a role to play and a responsibility to engage those tour and cruise companies and help them to understand just why Scotland is such a great place to stop off, no matter which port people get dropped off at. We have the year of creative Scotland and the year of natural Scotland—how exciting is that? We have so many natural things to offer; it does not matter which port we are talking about, as there are lots of things to see and do around Scotland.

Stuart McMillan: Mr Arthur mentioned the need to widen the appeal of the 2014 Commonwealth games. If one thing each could be used for West Dunbartonshire and Inverclyde to encourage those areas to fully engage with the games and to allow them to feel the benefit, what do you suggest that it would be?

Gordon Arthur: I do not know enough about the specific opportunities to answer that, other than to suggest that local authorities connect in with the programmes that will be running across Scotland. There is a mechanism in place through what was the all of Scotland group, which is currently being reorganised. There is a forum to allow engagement with all the local authorities at a strategic level and to identify opportunities for the authorities to engage with the games. Their own priorities will, to a great extent, drive decisions on the best methods to use. There will be numerous opportunities for engagement in the next 18 months to two years, and authorities will need to maximise the ones that fit most closely with their priorities.

Patrick Harvie (Glasgow) (Green): I want to follow up on Gordon Arthur’s comments about learning lessons for the 2014 Commonwealth games from the Olympic games. There are two aspects that I would like to pursue. One is about the protection of brand intellectual property and corporate sponsors’ interests, and the messages about people’s right to protest. I hope that it is recognised that, in some instances, that protection was overly aggressive during the Olympics when

people simply wanted to get into the spirit of the games. We have heard the story of the butcher with sausages in Olympic rings in his window. Whatever we think about that, it led to a very negative perception that was harmful. At least one satirist tried to get into the games with tickets and a variety of T-shirts with different political slogans. It is interesting that he was not allowed in with a "Free Tibet" slogan, but he was allowed in with a "Free Scotland" slogan.

The Convener: I am not sure how relevant to tourism your line of questioning is, Mr Harvie. It would be helpful if you came to a point quickly.

Patrick Harvie: There will be legislation relating to the Commonwealth games that will go into the same area. What lessons are there to learn to make people feel welcome and able to participate and express themselves?

The second issue is the G4S debacle and the need to treat casual staff respectfully. How can we avoid repeating mistakes to do with people not knowing whether they have work and ensuring that people get the living wage and decent terms and conditions, for example?

The Convener: I appreciate that that is a little bit off-topic, Mr Arthur, but if you can try your best to—

Patrick Harvie: It seems to be relevant to the Commonwealth games.

The Convener: The purpose of the inquiry is to look at the winning years strategy, and I am not sure that protests at the Commonwealth games are quite within its scope. However, I will let Mr Arthur in. If you can respond to that, Mr Arthur, please do so; if not, perhaps you could write to Mr Harvie separately with more detail.

Gordon Arthur: I will make a brief response. If you want me to follow up my response in more detail later, I would be happy to do that.

Protecting sponsors' interests is always a challenge. The Commonwealth games do not have a tier of top sponsors, such as Coke, McDonald's or Samsung, as the International Olympic Committee has for the Olympic games. A lot of the Olympic games brand protection is driven by the IOC rather than an individual organising committee. All the sponsors of the Glasgow 2014 Commonwealth games will be appointed by us, so we will have more control around how we protect them.

As a starting point, it is incredibly important to recognise that games sponsors invest a lot of money, and it is incumbent on us, working with others, to ensure that that investment is properly protected and that other people cannot simply come in and ambush in that space. However, the sausages in the butcher's window and the cake in

the cake shop window cases might be a step too far. That is my personal opinion.

It is all about balance. We very much hope that we will be able to strike a balance that will create an environment in Glasgow and Scotland that welcomes people and gives people a sense that the investments of those who have invested a lot of money are being protected and there are no rules that will mean that trading standards officers will go in and remove such things from shop windows. I hope that our brand protection programme will strike the appropriate balance during the games.

I am not sure that we have time to explore all the aspects of the G4S situation, but Patrick Harvie asked about terms and conditions in particular. It is probably fair to say that Glasgow City Council has been a leading light in the introduction of an appropriate minimum daily wage and appropriate terms and conditions. We work with all the companies that we have contracted to work on the games with community benefit clauses that try to tackle many issues to ensure that the people who work on the games do so in a way that will benefit communities. We have a range of mechanisms through our contracting process to try to ensure that certain minimum standards are met. Obviously, depending on individual contracts, the particular aspects will be very different from one type of business to another.

At this point, we have not yet determined how our security will be delivered for the games. Whether that will be done through a similar model to the one that London tried to implement or through a different model is probably for the next six months to nail down.

If Patrick Harvie would like to come and talk to us more about our community benefit clauses and the ways in which we contract with the companies that are working on the games, we would be delighted.

Patrick Harvie: I appreciate that; thank you.

10:30

John Park (Mid Scotland and Fife) (Lab): I am sorry, Mr Arthur, but my question is for you again, although I am interested to hear the other witnesses' views as well. What lessons do you believe can be learned from the organisers' general experience around the Olympics? Do you envisage setting up formal structures to disseminate some of that information in order to inform your experience and the decisions that you will have to make about the organisation of the games?

My question might apply to Mr MacLeod, too. I would like to hear the views of other stakeholders about the Olympics and the formal structures that your organisations might have in place to ensure that Glasgow 2014 is a success.

Gordon Arthur: We will have formal structures for capturing any lessons from the Olympic and Paralympic games. We are working with the Scottish Government, Glasgow City Council, Commonwealth Games Scotland and other agencies to ensure that that happens in a structured way and in the same way as it did after the Delhi Commonwealth games and the winter Olympic games in Vancouver.

For example, we have people on the official International Paralympic Committee observer programme at the Paralympic games at the moment. Later this year, all that information will be fed in through a structured process across the partnership to ensure that we capture all the different lessons.

Was your question specifically about tourism or was it more general?

John Park: The general issues are fine but we are focusing today on the tourism aspect, so it might be helpful if you could give any examples of how that might play out.

Gordon Arthur: The Commonwealth games are on a different scale from the Olympic games, and Glasgow is different in scale from London. From the work that we have done to date, I think that we can expect the significant opportunities for tourism around the Commonwealth games to be in UK tourism. There will be some benefit from people from Commonwealth countries visiting and from the friends and families programme. The priority markets for VisitScotland and Glasgow City Marketing Bureau—Australia, New Zealand, Canada, Jamaica, India and South Africa—all align closely with the larger countries within the Commonwealth family in which there is tourism opportunity and potential.

For tourism in particular, we will be able to learn some things from London 2012, although we will be operating in a different market. However, I am confident that we have all the right people involved in the process to ensure that we capture the lessons while developing what is right for Scotland and ensuring that the country benefits from hosting the Commonwealth games in 2014.

John Park: The Paralympics are still on and the Olympics are pretty fresh in the memory, and it will take time to understand fully what happened and what did not happen during those games. Can you give any examples of where you think the organisers got it right and where they got it wrong?

Gordon Arthur: One of the areas that I am working on is ticketing, and I think that they got aspects of their ticketing programme right and wrong. That is a good example. If, in September 2013, we have sold every ticket that we have to sell at that point in time, I will be pretty happy. I can tell you that.

The Olympics and Paralympics started off from a fantastically positive position with their ticketing, but a lot of aspects of the ticketing programme, particularly at the granular level, caused people a lot of frustration. We are currently procuring our ticketing provider and we have built into the contract provision a range of lessons from London 2012 so that we produce a ticketing programme that fills all our stadia, is built on accessible pricing, and is accessible and easy to use.

One example is that people who bought tickets for the Olympic or the Paralympic games had to use a certain brand of credit card. I do not envisage that being the case for our games. We will make available at an earlier stage ticket offices that will give people the opportunity to walk up and pay cash for tickets. That was not feasible in London, because the games, in effect, sold out so early.

Across the programme, London did lots of things terrifically well that we can try to replicate and build on. There are other areas in which we need to understand why things did not work so well and whether we can avoid the same pitfalls in our programme.

John Park: Mr MacLeod, as a Scot in a UK organisation, you have a wider view of things. What is your perspective?

Willie MacLeod: I have every confidence that Glasgow and the Commonwealth games organisers will learn from the pluses and minuses of the Olympics. Undoubtedly, there should be a clarity of message to visitors and residents about what is happening and when it is happening, and whether people are welcome in the city centre or whether they should be working from home. As a Glasgow boy, I am not sure that I would welcome being told to stay away from the city centre, and I would not want to be the guy who tried to keep Glaswegians out of the city centre.

John Park: I need a visa to get through from Fife.

Willie MacLeod: A Visa card might be the answer.

That lesson was learned too late in London. My organisation, the Society of London Theatre, the retail organisations, the English Tourism Alliance and others, along with the London mayor's office, campaigned to get the message out during the Olympics that London was open for business. I

think that the compactness and the smaller—relative to London—size of Glasgow, and the fact that the city centre will form part of the venue, mean that the situation will be different there.

Businesses, too, may learn from experiences in London. I know that quite a few London hotels, perhaps because they had given allocations to the wrong organisations or to the London Organising Committee of the Olympic and Paralympic Games, set their prices too high and ignored some of their traditional business. There were tour operators that traditionally go to London that found it extremely difficult to get capacity. At the end of the day, hotels offered good rates to fill their rooms. I hope that Glasgow hotels will look carefully at how they allocate their capacity and that, as well as encouraging official tour operators that will bring people for the games, they will look after their traditional business so that regular customers come back in future years. In addition, I hope that they will keep some unallocated space for individual customers to book.

The Convener: In view of the clock, we probably need to move on, because two or three more members have questions.

Chic Brodie (South Scotland) (SNP): Yesterday, I used a phrase that I pinched from the marketing gurus for Dumfries and Galloway. I said:

“a brand that has a story to tell has meaning, and a brand that has meaning will have impact and resonance.”—*[Official Report, 4 September 2012; c 10935.]*

I did so on the basis that VisitScotland has raised the profile of Scotland the brand significantly in the past few years. I believe that the Scottish Tourism Alliance supports that, but there is a disconnect. We have heard that everyone is working together around the Disney film, but Stephen Leckie commented that the message was not getting round Scotland.

I have a three-page paper from the Scottish Parliament information centre on the organisations that are involved in tourism. I want to focus on the local authorities. We have a report from the Scottish local authorities economic development group that asked several questions about authorities' tourism activities. One of them was:

“Does your local authority align its tourism activities with VisitScotland's 'Winning Years' campaigns?”

Of the respondents, 84.6 per cent replied yes, whereas 15.4 per cent said no. In response to the question,

“Do you feel the 'Winning Years' strategy is working for your local area?”,

61.5 per cent said yes and 38.5 per cent said no. There is something wrong.

Can you help me specifically on the local authorities? How are we connecting? Are we

connecting? How does the organisation work? We may be selling Scotland the brand, but I know from discussions in the south of Scotland that there is not a general view that that is the case and the organisations seem to be disparate.

For example, in Ayrshire we have a tourism group under the chamber of commerce and we also have a new tourism group that comprises three local authorities and is led by one local authority. How is our approach to tourism organised? How better can we connect to ensure that we cascade the message about what we are trying to do? We are spending some money on the matter—£50 million pounds is no little money.

Stephen Leckie: VisitScotland is about marketing—the management process that is responsible for identifying, anticipating and satisfying customer requirements properly—and it does that very well. It pours customers into Scotland. It persuades English visitors to come to Scotland and persuades Scottish people to stay in Scotland. That is good for Scotland.

The Scottish Tourism Alliance is relatively new and it is part of the strategy for tourism in Scotland. An aspect of the alliance's role is to provide strong leadership at business, local and national level. As I said, it includes the 250-odd associations that are linked to tourism in Scotland—Mr Brodie mentioned a few of them. The alliance also includes the 32 councils. There is an education issue for many of those folk: it is about understanding the relevance, impact and importance of tourism. Tourism is everyone's business.

Chic Brodie: Is it an education issue or an organisational issue? There are different structures.

Stephen Leckie: I think that it is an education issue, because people do not grasp how big tourism is. Tourism has been regarded as a cottage industry, but it is not. The industry is geographically spread and disparate; it is made up of lots of small players in the market, but when we put them all together we have something pretty significant. Tourism accounts for roughly 10 per cent of the working population of Scotland and roughly 10 per cent of Scotland's gross domestic product. Tourism is big and many trades and professions are linked to it.

An education process is required for councils that are not linked directly to tourism to help them understand more about how they can get involved. I sit on the Scottish Chambers of Commerce and am the president of Perthshire Chamber of Commerce. Three or four of the directors of that board are linked to tourism, but we do not have tourism on the agenda at all. Why not? That is crazy.

This is about education. We should be talking about tourism and talking up tourism. Look at the impact of "Brave". Will "Brave" have visitors from all over the world knocking down our doors? Not exactly, but there is a huge feel-good factor about films such as "Brave" and about events such as the Olympics and, I hope, the Commonwealth games in Glasgow.

The feel-good factor allows us to promote what Scotland is good at on the back of creative Scotland, natural Scotland, the winning years, homecoming Scotland and whatever we come up with for the next few years after 2014. It is about pulling together all those things and it relates to my original point about leadership. It is about leadership and education in all those areas for folk who currently do not get tourism.

Chic Brodie: We cannot educate if we do not have an organisation that fits into the overall jigsaw.

Andrew Dixon: I had worked with 54 local authorities before I came to Scotland and I have added another 32. I am currently on a major tour as I have visited—mainly at chief executive level—27 of the local authorities. My observation is that where local authorities work together there is a bigger impact. The councils in Ayrshire are working together on tourism and we see the benefits.

From a cultural perspective, we have found a way of looking for every local authority to play its part. Some councils have come together. For example, South Lanarkshire Council and North Lanarkshire Council are holding a celebration that will be launched at the end of the year of creative Scotland, and they will take part in activities linked to an anniversary next year.

It is in our interest to think about the way that tourists think and to encourage local authorities to work together with a customer focus. The person who travels over the border from England does not think, "I really need to go and visit Angus." People want to visit a particular project, place, event or facility. It is important to encourage local authorities—I have worked with local authorities on tourism—to accept that local authority borders are not the natural borders for marketing or grouping tourism. I cannot comment on the structures in Scotland as I do not know them in enough detail, but I see some local authorities working constructively together.

10:45

Chic Brodie: I have great affinity with Prestwick and the west of Scotland. Air passenger duty and the third runway at Heathrow are big on-going issues. Have your organisations made representations about the removal of APD? Do

you have any views on the impact that a third runway at Heathrow would have on Scottish tourism?

The Convener: Can we have fairly brief responses, please?

Willie MacLeod: I can respond with a simple yes. The British Hospitality Association has identified APD as one of the barriers to growth in tourism in the international markets and it supports the campaign that is being led by the airlines to have APD removed.

I perhaps do not know enough about the debate on the third runway at Heathrow, but I am pretty certain that if we do not have sufficient capacity at our gateway airports, we are likely to lose out on international leisure and business travel.

Chic Brodie: Would direct flights into Scotland's airports—[*Interruption.*]

10:46

Meeting suspended.

10:58

On resuming—

The Convener: We can resume—apologies for that brief interruption for the fire alarm. I am assured that there has been no fire. It was simply a false alarm, about which we are all very relieved.

I think that you were interrupted in mid-flow, Mr MacLeod. I do not know whether you can remember what you were talking about, but you can try to pick it up. It was about aviation, was not it?

Willie MacLeod: The question was about direct air routes. Effective transport into and within the country is critical for tourism, but international visitors cannot get here if we do not have the routes in. Increasingly, they prefer to fly direct to their destination rather than to transit through a hub, whether it is in mainland Europe or in London or elsewhere in Britain.

The other point is that the routes must be sustainable and sustained so that businesses, tour operators and others can plan around an assurance that the routes will be there in future.

Chic Brodie: Thank you.

11:00

The Convener: Stephen Leckie wanted to come back in on local authorities.

Stephen Leckie: This goes back to the education point that Chic Brodie was challenging me on. There is a tendency for folk just to be reactive. For example, I sit on Perth and Kinross

Council's economic leadership board. We meet twice a year and have a great chat about things. There is a tendency to go back to one's desk and just be reactive about the things that are critical that day, such as schooling, housing, education, policing—for example, the single police force—and poverty. All those hit council executives' desks and they quietly forget about the impact of tourism because they are dealing with those other issues and hassles. We need to educate those executives to be proactive on things such as tourism that are good for the local economy.

Chic Brodie: I agree. I am not picking on any one local authority or group of authorities, but local economic development strategies do not pay lip service to tourism—it is a major feature, certainly in some of the councils in the south of Scotland. While you—or we—try to raise the profile of tourism, there should really be outcome measurements of what is being done on the main elements of the economic development strategy, and not just tourism. Regrettably, some local authorities do not do that.

The Convener: I am surprised that Patrick Harvie has not jumped in on the issue of aviation, although I am sure that he would if I allowed him to. On that issue, to what extent should VisitScotland concentrate on the home market as opposed to the overseas one?

Willie MacLeod: Do you mean the UK domestic market?

The Convener: Yes.

Willie MacLeod: I cannot remember the precise figure, but I think that the UK as a whole comprises about 80 per cent of the market—John Lennon is behind me and will probably correct me on the figures. The residents of Scotland are an important part of that. The domestic market is accessible and is highly important to Scotland. A great many people in Scotland have not visited other parts of Scotland and a great many people in the rest of the UK have not visited Scotland. VisitScotland is right to continue its sustained marketing effort in the domestic market. It has done a very good job of segmenting the market and it targets its activities effectively.

I am not here to speak for VisitScotland, but I think that Chic Brodie mentioned £50 million with reference to VisitScotland's budget. I am sure that VisitScotland could do more internationally and domestically if it were able to allocate more to marketing. I cannot quite remember the detail, but Jeremy Hunt—

Chic Brodie: I am sorry to interrupt. VisitBritain is supposed to promote Scotland internationally. Does it do that, in your view? Does it do it effectively?

Willie MacLeod: It has that role, and it does that, but whether it does it effectively depends on the resources that it gets from the Department for Culture, Media and Sport. I was not prepared for that question, but if I am correct, VisitBritain's budget has declined in recent years. I am not sure what the figure is at the moment. Recent announcements from the DCMS concern the splitting of VisitBritain and VisitEngland into two much more discrete organisations, although I think that they will continue to share common services.

I am a bit confused by some of the messages from the DCMS about the promotion of tourism, whether it is the promotion of tourism to Britain, including Scotland, or the promotion of tourism to England. I am unsure—I am sure that I could clarify that for the committee. My feeling is that if VisitBritain does not continue to deliver strongly for Scotland, we should seriously consider whether we have to resource VisitScotland better to undertake international marketing of Scotland as a destination.

The Convener: We can look into those figures and get more detail on them.

We are behind the clock, but John Wilson wants to come in with some questions.

John Wilson (Central Scotland) (SNP): Thank you, convener, and good morning. I want to ask two questions.

First, is enough being done to co-ordinate the winning years approach? Stephen Leckie said that there are 250-plus tourism associations in Scotland at present. Who is co-ordinating them?

I have picked up from this morning's evidence that local authorities work together, but nobody has said that local authorities are working with the local tourism associations in their areas or that their work is being co-ordinated to a level whereby there is a concerted effort by some Scotland-wide organisation that can speak on behalf of the various associations out there about what is happening. I am concerned when I hear that there are 250-plus tourism associations in Scotland alone. Where is the co-ordination? Where is the approach to galvanise those organisations to work closely together to co-ordinate the winning years strategy? Resources need to be pooled to ensure that the strategy is genuinely working for Scotland as a whole, not just for patches such as Glasgow or Edinburgh.

Stephen Leckie: It is the role of major associations such as the British Hospitality Association in Scotland to contribute to the Scottish Tourism Alliance, which is the lead voice. Our catchline is "Leading on industry matters" because that is our fundamental role alongside helping to deliver the private sector-led strategy for tourism.

Rome was not built in a day, and the Scottish Tourism Alliance is a relatively new phenomenon that has grown from the ashes of the Scottish Tourism Forum, which failed for a variety of reasons. The Scottish Tourism Alliance is in good shape and will now grow arms and legs. The membership list is growing by the day, which is good news. We are getting some pretty serious donors to our cause, and people are buying into the process and the idea that we have to lead on the industry at a local, national and business level.

Willie MacLeod: I have a two-part response to the question. VisitScotland is doing a great deal to communicate the strategy; it organised an excellent and very well-attended conference on the winning years back in March. There were 300 delegates and, although there are 20,000 businesses in the sector, many of the people who represent local destination organisations and trade associations were there.

There is very little excuse for tourism businesses in Scotland not to be aware of the winning years. Stephen Leckie and I, and others, are attending a meeting this afternoon with VisitScotland to discuss the winning years, the themed years, such as the year of homecoming, and other events that are taking place in 2014. I am sure that VisitScotland, through its regional offices, is disseminating that message.

Stephen Leckie and I sit on the board of the Scottish Tourism Alliance. It is a new organisation, and only about 60 of the 250 industry associations are members. I would prefer all those associations to participate, but some of them are very small and underresourced organisations. We did some research earlier this year to try to ascertain which trade bodies were active in tourism, and we found that some were moribund, although they were still in existence. The key issue is that some of those associations are underresourced, and my personal view is that there are too many, which is confusing.

Even some local destination management organisations—which, in my view, should be seeking to manage rather than simply market their destinations—are also underresourced. Businesses are under cost pressures, which makes it difficult for them to make contributions to these organisations, and local authorities, too, are under pressure. I would not like to comment on whether local authorities are working together on tourism, but I think that the issue is of different degrees of importance to different local authority areas and that they are allocating different levels of resource to it. I read in today's paper that Aberdeen City Council has cancelled its hogmanay event—as a result, I am sure, of cost constraints—and that might or might not have a

negative impact on tourism to Aberdeen over the festive period.

I am not sure whether I have answered your question, but it is a very complex one about local involvement in tourism, whether at local authority or industry level. The Scottish Tourism Alliance is attempting to co-ordinate that activity, but there are some who will not come to the table.

John Wilson: I know that the alliance has existed only for under a year, but I must congratulate it on its work. The question, as Willie MacLeod is right to identify, is how we co-ordinate activity: how we know what is out there—what the landscape is—and whether people are competing against one another for the same client base. We must ensure that we get people working together at local authority, regional and national levels, and I hope that the alliance has a good stab at bringing those groups together and ensuring that they work together for everyone's benefit.

My follow-up question is about the relationship between the alliance and VisitScotland. After all, we need to listen to the voices of the industry and tailor what VisitScotland is doing to deliver what we know Scotland can deliver not only to Scottish and UK markets but to the rest of the world. Do the alliance, VisitScotland and the 250-plus tourism associations have a good working relationship to ensure a co-ordinated approach to what we are trying to deliver?

Willie MacLeod: I would say that the working relationship is close and productive, but it is not cosy. There can be an honest and open dialogue between the organisations. My organisation, the BHA, has its own dialogue with VisitScotland. We do not always agree on things, but there is at least an opportunity to discuss and challenge; indeed, the same opportunity exists with the Parliament through this committee and in dialogue with individual MSPs, through which we can make our views known.

There is a disparateness—if such a word exists in the English language—in the relationship between the local and the national. There are so many reasons for businesses coming together—they might do so because of their geography, their product or their market, or there could be a trade organisation that is based around businesses—but in some respects I still think that there are too many bodies. Stephen Leckie might well challenge me on this, but I do not think that any organisation has been able to co-ordinate the activities of the very disparate industry bodies out there. Indeed, I would go so far as to say that it is like herding cats.

Stephen Leckie: Mr Wilson's question about links with VisitScotland is a good one, and I believe that the relationship has never been as

strong. The Scottish Tourism Alliance represents the private sector and is independent of the public sector. As its chairman, I am invited to sit at the table at VisitScotland board meetings, not as a director but as an observer, and that, to me, is an example of how we work together. The alliance's chief executive frequently meets a number of senior executives to discuss and understand developments. After all, he who communicates, leads, and this is all about communication, education and understanding VisitScotland's might, size and magnitude and how that information might be dispersed through the 250-odd associations. The alliance communicates that through not only e-mail and digital means but the very well-attended open meetings that we hold across the country throughout the year. We are building up to Scottish tourism week, which will be held next February or March and will provide a big chance for us to move on the education element, to highlight the impact of tourism on the wider economy and to engage more public sector bodies in getting represented in the alliance.

11:15

John Wilson: We have heard that over the summer VisitScotland spent something like £7 million on publicity for "Brave". Obviously, it has budgets that it is using, but are they being used wisely enough to promote Scotland? Moreover, are the assessments of the benefits of that expenditure accurate? In the past, the committee has tried to look at the target set for VisitScotland of increasing tourism by 50 per cent, but are we able to calculate accurately the meaningful benefit that expenditure on such promotional work brings to Scotland with regard to tourism?

Stephen Leckie: Some recalcitrants in the industry just love to throw stones at the coconut shy of organisations such as VisitScotland. I am going to ignore those people, because I believe that throwing stones is neither productive nor helpful. It is just not cool to condemn, criticise or slag off VisitScotland any more.

As a businessperson involved in Scotland for 20 years now and in this industry for 30, I see a very able and ably led marketing body. I cannot guarantee that every penny spent by VisitScotland is well spent, but my impression is that its employees work very hard at ensuring that we get good bangs for our bucks, and I believe that the money is very well spent. Do I want its budget to be increased? Absolutely, because that is good for the economy. As I said at the start of the meeting, we believe that VisitScotland is the lead economic development agency for tourism and think that we should keep loading money into it. The industry, too, believes that it is money well spent. I have said it before and will say it again: with

VisitScotland, we continue to be the envy of Europe and the rest of the world.

Andrew Dixon: As a relative newcomer—I have been in Scotland for only two and a half years—and having worked in the tourism industry, I simply observe that VisitScotland spends its money extremely well and has a very good body of research to inform its approach to marketing. Its knowledge of markets and its market intelligence are exceptional. As for the leverage that it receives from its investment, I think that it is somewhat misleading to say that it invested £7 million in "Brave"; it has actually invested £7 million in marketing Scotland and has simply used some of the key markets and the film as a theme.

Its tactics and campaigns are very strong and, from a national perspective, Creative Scotland has found it very easy to work with VisitScotland and EventScotland. They are very professional and know what they are doing; we do not tread on their toes or territory and they do not tread on our toes or expertise. VisitScotland is a very strong agency. Of course, these are tough economic times, but the Government has made some very good decisions about investment in tourism, not just with regard to VisitScotland but in other tourism products such as the new national museum, which has been a terrific driver of visitors, the Scottish national portrait gallery, the Victoria and Albert museum in Dundee and others to come such as Moat Brae in Dumfries and Galloway. We need to refresh the infrastructure as well as the marketing.

Willie MacLeod: Augmenting those comments, I point out that VisitScotland's market intelligence and consumer information are widely available to the industry, and businesses have no excuse not to pick up on and use that intelligence. As far as I am aware, all VisitScotland marketing campaigns are subject to monitoring and evaluation processes and the organisation produces return-on-investment figures for each of its main campaigns.

Marketing Scotland is one thing; we have to ensure that the product that we offer our visitors is appropriate to their needs. Businesses have a clear role to play in that respect but the fact is that, in the hotel sector, business profitability is under great pressure, with the fairly well-respected business analyst organisation Plimsoll reporting that in the hotel industry pre-tax profit as a percentage of turnover is about 2.4 per cent. That is putting the industry under great pressure as it attempts to reinvest in its own product. Private sector investment is one thing, but the public sector can play a role in infrastructure, and continuing cuts in public sector expenditure are taking their toll on the public realm in our cities, towns and villages. We must ensure that what our businesses and the wider community can offer our

customers is second to none, and I am sad to say that we are failing to deliver in that respect in some areas of our public realm.

The Convener: I apologise to members who wanted to ask supplementaries, but we are well behind the clock and still have to take evidence from another panel of witnesses, who have been sitting at the back, patiently awaiting their turn.

I thank the witnesses in the first panel and suspend briefly for a changeover.

11:21

Meeting suspended.

11:28

On resuming—

The Convener: Once again, I apologise to the members of our second panel for the delay in getting started. Some of that was our fault and some of it was beyond our control. Thank you for coming. David Allen is the director in Scotland of People 1st, Ray McCowan is the director of curriculum strategy and academic planning at Jewel & Esk College, and Professor John Lennon is the director of the Moffat centre for travel and tourism business development at Glasgow Caledonian University.

Before we get into questions, I remind members that all electronic devices should be switched off. Does anyone want to say anything by way of introduction or shall we go straight to questions?

Professor John Lennon (Glasgow Caledonian University): Given the time, I think that you should charge in.

The Convener: Fine. In that case, we will start with Chic Brodie.

Chic Brodie: Erm—

The Convener: Unless you want me to start with someone else.

Chic Brodie: Yes.

The Convener: Okay. We will start with John Park.

John Park: I knew that was coming. The convener looked at me and said "Chic Brodie." It is an easy mistake to make.

My initial question is for David Allen and is about some of the reorganisation that has happened to the sector skills councils at UK level. Obviously we in the Scottish Parliament have not done any direct scrutiny of that but it has an impact on delivery. How has the reorganisation of the sector skills councils impacted on the work of People 1st? What does it mean for your ability to deliver

the required skills for the tourism sector more widely in Scotland?

11:30

David Allen (People 1st): As has probably been well documented, the Alliance of Sector Skills Councils, which was the overarching parent body of sector skills councils, has undergone a massive downsizing of its coverage and responsibilities. That has happened partly because of the restructuring in how all sector skills councils are funded, predominantly from Westminster.

The net result for People 1st and the hospitality, passenger transport, travel and tourism sector that People 1st represents has been fairly minimal because we were quite a forward-looking and engaging organisation anyway and we rarely used the alliance for our positioning, lobbying and skills work. The majority of the work that we did with the alliance was on some of the broader consultations linked to apprenticeships or the wider skills strategy but, on that side, a capable team works with me in Scotland to identify the opportunities without the need for the alliance.

The impact on us has therefore been minimal. We have strong links with the Scottish Government through the tourism unit and with various members, and we work closely with organisations such as the Scottish Tourism Alliance to move the skills agenda forward.

John Park: One issue that we hear a lot about when we talk about skills in every sector is the cluttered nature of the landscape. One example is of a UK-wide organisation such as People 1st having to deal with the differences in the devolved nations. Do you agree that the landscape is quite cluttered for employers who have to engage with skills development? Our earlier panel also mentioned the cluttered nature of industry representation. Does all that represent a double whammy for tourism and hospitality more generally?

David Allen: Yes, there is certainly a fair argument to be made on that. However, a lot of work has been done since 2008-09, when the tourism framework for change was first put out to review and we looked carefully at the cluttering and overproliferation of qualification and non-qualification provision. An awful lot of work has been done since then to address that problem. Some of it has been led directly by People 1st, and other work has been done in other areas through some of the other organisations, colleges and workplace providers.

We launched the inspirational skills legacy 2014 strategy on Monday with the Minister for Energy, Enterprise and Tourism and the Scottish Tourism

Alliance. That strategy builds on work to address confusion in the landscape for employers and individuals and the fact that they do not always receive the best advice or guidance about the qualifications that are fit for purpose or which non-qualifications, such as other intervention or training programmes, have the eyes and ears of the industry.

We are looking at introducing a voluntary licence to practice, whereby we identify across key occupational areas the programmes that the industry has worked with us to identify as being the lead in fit-for-purpose provision. To build on that, we will implement a kitemark and accreditation scheme, which is also about identifying the programmes that are fit for purpose. It is almost a matter of accepting that there are lots of routes to qualification and provision, but if we focus on the programmes and interventions that industry has said it values and needs, and we communicate that information effectively throughout the local authorities, colleges, schools and the other interventions and routes to market that we have, by default we will start to get to the root of some of the proliferation issues.

John Park: There has been criticism of the relevance of interventions from the Government and Government agencies to the needs of employers. When sector skills councils were first introduced, they sought to ensure that employers' views were represented as effectively as possible. They aimed to ensure that the decisions of Government agencies and Government spending decisions have the greatest impact.

Do you believe that People 1st is a good example of engagement with employers? Can you give us examples of how you glean the information that you need from employers that engage with your system and how wide your net is cast? Is it the case that you deal with the usual suspects and that there are challenges in how you support smaller businesses and microbusinesses with skills development?

David Allen: I probably speak from a biased viewpoint when I say that I think People 1st does—

John Park: I laid that on a plate for you.

David Allen: Yes, thanks for that. [*Laughter.*]

Ultimately, I will leave it to others to judge whether we have the impact that we believe we do, but I think that we are a very good example of an organisation that puts the employer at the heart of everything that we do. All our research projects and consultations are built around employers. A couple of years ago, on the back of the last Government review of the tourism framework for change group, we were instrumental in setting up the skills group and bringing together other

organisations that, in their core remit, exist to represent the needs of the industry, so that we can encapsulate and bring to the table as much evidence as possible from every corner of Scotland and from every business, regardless of shape or size. That is critical for the future.

The research that we produce annually through our "State of the Nation" reports and other publications is well used, well respected and incredibly robust. We go about producing that research through a variety of industry consultation events. We engage with other associations and industry bodies to glean and get a drip feed of information coming through, which we build on in a very informed way. We do not listen to one individual business and assume that the issue that it raises is an issue for every other business that operates in the sector. We canvass a lot of opinions to get a balanced overview of the key challenges and we sit down with other organisations, including the skills group in Scotland, to look at how we prioritise our resources, our function and our work to support their efforts.

The other partners, in particular organisations such as Skills Development Scotland, have been very good at coming along and aligning themselves with the work of the skills group, supporting us and ensuring that funding is going to the places, interventions and opportunities that need it most. That is not to say that the system cannot be improved, but we are certainly a hell of a lot further on than we were two or three years ago before we set that structure up.

Chic Brodie: Good morning, gentlemen. On skills, I was encouraged by my meeting with East Lothian Council, which is in the process of setting up a curriculum that goes right through from 15-year-olds to college or university.

I have two questions. First, what impact does corporate sponsorship have on the creation of skills demand in the tourism industry and the hospitality industry? Corporate sponsorship tends to be for one-off annual events, using temporary labour, which militates against a continuum of skill provision. Secondly—I would ask this, as I am convener of the cross-party group on social enterprise—what, if anything, is being done to encourage the creation of co-operatives or social enterprises that work in the tourism industry?

Ray McCowan (Jewel & Esk College): I am happy to answer your first question but can probably comment a little less on the second one.

I am at the committee largely because of my involvement with the academy to which you refer. If we are looking at corporate sponsorship, however we couch it, employer involvement and engagement is crucial, but I do not agree entirely

that it is necessarily about a one-off annual event. One thing that has enabled the hospitality academy to gain a level of traction relatively quickly and a number of young people to become engaged with the prospect of a career in hospitality as their first choice as opposed to ending up in hospitality—which is what tends to happen, if I am brutally honest—is the overt employer involvement from the beginning.

The commitment from employers is differentiated from what has traditionally been the case. Traditionally, the education sector—through schools, colleges and universities—has not necessarily engaged well with employers in the first instance, so employers have not necessarily had the best possible understanding of how they can best influence young people and attract them into the hospitality industry. There has been a disconnect.

I told David Allen before the meeting started that, when we considered the academy, we deliberately did not look at any of the models and strategies that are out there—I say that with the best will in the world and with no disrespect to the strategies and models that are in place. Our efforts were focused on asking what we can do to make working in the hospitality and tourism industry an aspirational first-choice career for young people.

We asked educationists for their perspective on the question. Rather than go through sector skills councils or anyone else, we then went out to engage with employers directly and overtly. The responses that we got would have been entirely different if we as a group of educationists had just done what we always do, said, “This is what we think businesses really need” and engaged with the usual fora. If we had done that, we would have ended up with a relatively small and incremental change to what we do.

Our overt engagement with a number of employers has led to their overt involvement in all aspects of the programme. Their overt engagement with the curriculum design that has ultimately emerged—this touches on the question that John Park asked a moment ago about the skills landscape—has meant that we have been able to take the qualifications off the table and have a conversation about what businesses really need.

We as educationists can put in place the qualifications that will meet the need, but the discussion starts with what employers want and what will make the difference to them and their businesses. We can then be assured that, however we configure a qualification, employers will be comfortable that it will meet the need, because they have told us what they want. We got a very different curriculum product—in inverted commas—from the product that we would have

got if we had sat as a group of educationists and said, “Let’s design this new course for the hospitality industry.”

That was probably a slightly long-winded way of answering your question. Employer engagement is critical.

Professor Lennon: We are back to the cluttered environment and having too many organisations. Education is as guilty of that as the rest are—in further education, higher education and universities, we have tourism programmes, hospitality programmes and events programmes.

Looked at over time, the initiative is great and is absolutely appropriate. It will not solve the nation’s problems, but it is a start. That is a bit like the work that the Scottish Tourism Alliance is doing. We are back to the phrase that, if we were going to start again, we would not start from here.

A big part is the perception of a career in the sector for kids who come in. Why have we been unable to change that perception through education or employment? Why do people in Switzerland, France and even the USA perceive such a career differently from people in this country? Here, the career is seen as being poorly paid, having poor conditions and involving tough, part-time and seasonal work, such as work in events, typically for a short period, after which the work disappears. That is the nub of the issue—that goes through the minds of those of us who have kids.

I am a tourism and hotel guy—that is my background—and I wonder whether I want my child to be a lawyer, an accountant or a hotelier and manager. If I have that self-doubt, what do other parents think? A big perception and image change is necessary, and it will involve talking about the facts. The industry provides 10 per cent of employment and 10 per cent of gross value added and it is critical to the economy in Scotland—I am not talking about the UK but focusing on Scotland.

Changing that perception is key, as is working with the bigger and better employers—the ones who are willing to engage here. That tends to be in mainland, central belt, urban destinations. Once we get out to the far north and the islands, the problems of training and training places become even more acute, and we have struggled in those parts. My report or scorecard would therefore say that good work has been done but that there is more to do.

11:45

Chic Brodie: On the subject of social enterprise, should there be further encouragement to help graduates start up businesses and

understand what is involved? Is there enough of that? Could we do something different? How do we think outside the box?

Ray McCowan: The short answer is no. We should be able to do an awful lot more than the sector currently does—not just regarding tourism but across the piece.

The shortfall that exists in further education and perhaps higher education is an overt focus on employability. I absolutely understand employability and I have no issues with it whatsoever, but because we put such an emphasis on employability we put a glass ceiling on ambition. The reality is that we focus everyone on employability—that is what we push through our systems—and do not prioritise or focus on enterprise. We do not prioritise or focus on giving people the ambition, as their main ambition or one of their main ambitions, to work for themselves and generate their own future and wealth.

If the sector positioned itself in a slightly different way and had a primary objective—or the primary objective—of focusing people's energies on the possibility that they may want to work for themselves and of developing their skills of enterprise and entrepreneurship, those people would subsume employability skills along the way. To build a good business, a person has to have all the employability skills: they have to be able to engage with people, work with teams and have personal development skills. Guess what? To work for people, someone has to have those skills as well. The difficulty—which might be nuance rather than substance—is that if we focus on employability people do not get enterprise skills along the way, but if we focus on enterprise there is a chance that people will get a large number of the employability skills along the way.

We are already looking at the business curriculum, which is probably where this discussion should reside. One thing that I hope that we push through into the new Edinburgh college, when it morphs in a few weeks' time, is to position the delivery of the business curriculum to create exactly the sort of thing that I am talking about this morning.

Chic Brodie: Thank you. I do not know whether we are allowed to applaud.

David Allen: I would like to add two points. I will come to corporate sponsorship in a second.

To pick up on what Ray McCowan said, we cannot lose sight of the fact that we, as an industry, have in the UK about 25,000 new business start-ups each year. The majority of those sit in the small to medium-sized enterprise bracket. Unfortunately, about 25,500 businesses go out of business each year. The net result across the length and breadth of the UK is that we

lose about 500 businesses a year from our sector. Approximately 10 per cent of those are based in Scotland.

We need to encourage the entrepreneurial aspects of education and ensure that we have a new breed of people who feel inspired and motivated to set up businesses. Our industry is littered with people who have done that—80 per cent of businesses are small businesses, and a lot of them in Scotland are lifestyle businesses. However, we must not lose sight of the need to support those who are already operating small businesses in Scotland and to give them the same amount of support and encouragement and the business skills that some lack—a lack that can ultimately culminate in their business going under.

Chic Brodie raised the issue of corporate sponsorship and whether we can use that as a lever. When we look at what is coming to Scotland over the next few years—notably the Commonwealth games and the Ryder cup—and at some of the lessons that we have learned from events that we have been directly involved in, we can see that corporate sponsorship can be used to create a positive skills legacy.

One example is the work that we have been doing with McDonald's, which was one of the big corporate sponsors of the Olympics. A number of years ago we brought the WorldHost programme to the UK. We shared that programme with McDonald's to build on the Olympic values, and we integrated it into an online learning platform. More than 100,000 people the length and breadth of the Olympics have benefited from the programme, including the volunteers in the parks, in London city and in the airports and train stations.

On the back of that, McDonald's has made a commitment to support anyone who has completed the online training to work towards a customer service qualification. It views that as a long-term legacy: not only will the individual get a bit of experience and training to support the Olympics but they will have a real and tangible skill that they can take back with them into the industry once the games have gone.

When the Olympic park and the athletes village are converted into residential areas, coffee shops and restaurants will ultimately migrate there, and there will be a tangible skills legacy. The corporate sponsors are helping to build that, which provides a lesson for Scotland. Considering what is coming to Scotland, we should embrace that lesson and take it forward.

John Wilson: Good morning, panel—it is still morning. I will stay on educational opportunities. Is every school and college in Scotland in a position to deliver the educational opportunities that enable

young people to view hospitality and tourism as a career choice?

Professor Lennon: Not every college can offer those programmes because resources are scarce, which is a function of the geography of our nation and the way in which population and wealth are distributed. We have attempted to rectify the distance issues through the Highlands and Islands institute and we have made good progress, but we ain't there yet. That impacts on our service and on the tourism industry in terms of getting people to think of it as a career stop.

The comparator that I will give you guys is the retail sector, which had many of the same issues 10 to 15 years ago and has sought to redress them. It is a service industry with negative perceptions around quality of work and issues of pay and conditions. The UK is now widely regarded as a leader in retail in a range of offers such as fashion. To come back to Chic Brodie's interesting question—which we dodged—on social enterprise and social innovation, and whether we can have social enterprises in the tourism sector, I have been looking at retail for some time now to learn lessons for my sector. The Co-operative emerged as a central plank of change. It was a dusty company that turned itself around from wonderful origins that hit you in the heart to being a contemporary force for the positive in retail.

I have trouble identifying such a force in the tourism sector. There are interest groups such as Tourism Concern, and there is plenty of good stuff coming from the green eco-tourism brigade, but we do not yet see a significant player. There might be a clue in that. Good stuff is being done in para-state organisations such as Historic Scotland—for example, in training and development in traditional crafts. That is very positive, as our heritage stands equivalent to anything that the rest of the world can offer. We do a great job there.

However, to come back to the point about perceptions and change, that is where the real task lies, particularly in the big institutions. The universities must integrate much more closely with college provision. We do not have room to keep on setting up new models; we must integrate and transfer within what we have already. We are looking for the bigger colleges in Glasgow to integrate with our curriculum so that we do not waste money on duplicating what is being done and so that we provide a seamless pathway. That is the East Lothian model.

Social enterprise and social innovation are key. The Co-op gives a signal to Marks and Spencer, which then develops a corporate social responsibility, and right at the apotheosis of our retail sector, the tide starts to turn. That will be a great thing to see.

Ray McCowan: I agree entirely with John Lennon. We have tried really hard to work on the image change. That was the focus of our engaging with employers at the beginning because this is about facilitating an image change in the minds of the people who shape the decisions of young people to come into hospitality as a career. Therefore, the people with whom we really need to connect are guidance teachers in schools and the parents, who are, as you might suspect, as important as anyone else.

John Lennon gave an interesting example when he asked whether he would want his son or daughter to be a lawyer or to go into hospitality. I hope that, in a year or two, the branding and perception of the industry will allow someone to say that that is a realistic choice. At the moment, we would all have to acknowledge—regrettably—that it is not that hard a decision to make and we would probably err on the side of safety and go for the lawyer option.

With the academy, we have been trying to engage with a number of the key employers. About eight or nine key industry partners have already signed up to the programme as employer partners. We have been demanding of our employer partners and we made quite a bullish pitch when we engaged with them. We said that unless they could sign up for everything in the programme, they should not sign up at all. We told them that it was not that we did not want them, but that we wanted to try to do something different and we wanted them to devote more energy to the young people who were put in their care. We also told them that our quid pro quo was that we, as educationists, would be much more involved, much clearer about what we wanted from them and much more ambitious about what the product would look like for the young people.

As a result of that, we hope that parents will, when they see what the employers who have engaged with us are prepared to offer, see evidence of a different kind of hospitality and tourism industry from the one that they see at the moment. We will have visits from the employers to the schools and visits from the schools to the employers so that people see—

Chic Brodie: What about the parents? How do you engage with them?

Ray McCowan: We will do exactly the same. The parents will get the chance to go on the visits and come to the events. It is about engaging with everyone—not just the young people. The basic idea is that they should see the opportunities that are available because we found, when we did research in the early days, that the perception was that hospitality was confined to a couple of small jobs—it was about cheffing and waiting and that was it.

We are really keen to open up to young people across the regions the idea that the industry has enormous possibilities. We engaged with the employers with whom we have engaged because we wanted to be able to show the young people, parents and teachers the breadth of opportunities that hospitality has to offer. Because those organisations were of sufficiently large scale, we were able to point to a defined career path that a young person could take.

At the moment, we are in the middle of mapping a track approach that will show which jobs someone will be able to do and what career will emerge before them as their education and skills development increases. It is not simply about the first destination of a job: it is also about saying what skills and qualifications a young person who stays for two or three years will acquire along the way, and how they will, in tandem, progress up the career ladder. That is the basic model that we are trying to create so that there is evidence of an emerging career path. We think that, if we do such things together, we will have a much better chance of shifting the image of hospitality so that people perceive it as not just a job.

David Allen: Leadership is critical in that model, which goes back to Steven Leckie's earlier point. The academy is an example of industry stepping up and showing leadership and commitment to addressing the problem. For too long, our industry has been guilty of relying on an easy workforce; we have been reliant on the migrant worker coming in and doing the job and if that person did not work out, there was a queue of another 20 standing outside. Clearly, the economic climate has changed and it is much harder to recruit the right people. Businesses are focusing on spending more time on attracting the right talent.

Initiatives such as the one that Ray McCowan mentioned are an excellent example of industry working in partnership with the colleges and in partnership with other providers and a good example of what can be achieved. Leadership and professionalism are at the heart of that. Our industry needs to show more professionalism and greater leadership in addressing these problems, rather than relying on the colleges, sector skills councils and other training providers to provide a solution. Everybody must work together to achieve that and Ray has demonstrated a very good example. Other examples are now coming to the fore in Scotland that replicate something very similar and which should be commended and applauded because we need more of that.

12:00

John Wilson: I welcome those comments and the initiatives that have been taken by key players in the hospitality sector. The difficulty is that the key players in the hospitality sector form only a

small percentage of the hospitality and tourism sector in Scotland. Much of the hospitality and tourism sector is outwith the cities and the large towns.

Professor Lennon referred to the perception that it is a low-wage sector where the work is seasonal and the hours are long and unsocial. How does one get the message over to proprietors of small bed and breakfast businesses in a town such as Elgin—I do not mean to be disparaging to Elgin—that they have a duty and a responsibility as employers to uphold the employment rights of their workers? How can we ensure they do not use and abuse young workers leading to the continued perception among those young workers and their parents that the hospitality sector exploits young workers in a low-wage economy? How do we convince employers in the hospitality sector that they also need to participate in providing the career and educational opportunities for young people working in that sector?

Not everyone working in the hospitality sector works for a major hotel chain where a career advancement path will be marked out for them so that in 20 years' time they may be managing a restaurant or a hotel. How do we get that message over to other people in the wider hospitality and tourism sector that there is a need to provide education and opportunities for people working in that sector?

Professor Lennon: I will respond because I am the process guy, so to speak. The problem with the B and B sector is oversupply across Scotland generally. That is the reason for the very low occupancy rate across the year for bed and breakfast accommodation. Most of them are marginal businesses that do not stack up, frankly. They are hobbies. The likelihood of generating jobs apart from cleaning jobs is marginal in a business with one or two bedrooms. That is not a career answer.

For small hotels and guest houses in the north and the Highlands in particular, where the problem of seasonality is acute and transport costs—in particular the cost of petrol—and other aspects of getting access to destinations make visitation problematic, the problem is back to what Willie MacLeod said. The overall return on investment in a hotel business can be 2 or 3 per cent, so you would be better off keeping your money in a bank, to be honest. A hotelier who understands scale would tell the committee that it is the key factor that we have never got right in Scotland. We need large-scale operations that will help to drive everything from profitability to return on investment, to good training for people. Norman Springford, who was here at the end of 2011, spoke about employing 700 or 800 people. He

said that he could develop bespoke training programmes. That is possible when there is scale.

At the smaller end it is much more difficult. It depends on those forward-thinking employers—and there are more of them coming through. I would highlight Tom and Dick Lewis at Monachyle Mhor, and the work that they have been doing in Callander High Street with Mhor Fish and their bread shop. They are getting back to traditional ways of cooking with fresh, to-order, seasonal produce that is supplied from their own land, and they have good bespoke training programmes for their young people. They are doing it on a micro-scale.

Pockets of such activity are starting to emerge. If you are asking me whether I can identify a Government initiative that has catalysed that, the answer is that I absolutely cannot. If you are asking whether a consultant came up with those ideas, the answer—crucially—is no. There is no panacea. The people whom I am talking about are good people who understand quality and the importance of getting the food and beverage right, of keeping the product simple, of ensuring that it offers value for money, and of focusing on food and produce that reflect the culture and heritage of the nation. The people who do that are the good operators. Such people are starting to come through, but there are too few of them.

I have lived in Scotland for 20 years and I know the 30 or so good places to eat in the Highlands, but it has taken me 20 years to find them. That is the problem. The natural product is fantastic, and we have proximity to our wondrous scenery and natural heritage. Much of our built heritage is good, too. I mean mostly stuff that is more than 100 years old, I have to say; the older I get, the more I find myself agreeing with Charles. Apart from the building that we are in, we have a lot of good built heritage and we have a lot of good natural heritage, but we have to top that off with quality small-scale stuff. We have to find and work with employers who are interested in building people's skills. We need to give those employers the praise and the public relations that they need. That is what we see happening in France, where the small operators are passionate about the quality of the soup and the linen on the table. That is beginning to come through here. Talking to the small-scale high-quality employers will be the key to getting the answer.

What interests me intellectually at UK level is that the private sector has got fed up with the state sector and we have the likes of Jamie Oliver and Terence Conran doing their own thing in private training academies. At state level, we put a lot of money into further and higher education, but at some stage we are getting a rebellion by employers who are saying, "We'll do it ourselves,

guys." That interests me from a process point of view. I am not peddling an agenda. I am just trying to analyse the situation and look at the environment.

David Allen: It is important to understand the difficulties that many of our small businesses face, particularly in rural areas, where seasonality is a big factor. Much of the training that small businesses undertake is training that is required by legislation, such as training on licensing, food safety and health and safety, because they have to do that. The simple reality is that, because such businesses often turn over a relatively small amount and the profit that they make is even less, their capability to invest in any other training is limited because the cost is prohibitive.

We have only to look at what is happening in our economic climate to see that. Occupancies are being maintained and the revenue that businesses can generate might not have been adversely affected, but the on-costs of running businesses have increased. Increases in fuel costs and the costs of what they buy in from their suppliers have had a knock-on effect, and all that has a huge impact on their margins. Unfortunately, the thing that invariably goes first is the training and development—the commitment to investing in the people within the business—and that is even more the case if the owner thinks that an individual will stay with the business only for six months and will, at the end of September, when the season closes down, be lost. The business owner might ask why they should invest in that person if they will stay for only six months.

As Professor Lennon said, it is important to identify the businesses that get it and which understand that investing in someone for only six months creates a ripple effect in the community for future talent coming through. The person might say, "It's a good business to work for because they look after you and give you a bit of training, although I might not go back to them next year because I'm going to do something else." It is about giving that little bit back to the community, and there are many examples of good businesses out there that do that. There is a lot to be learned from them. There is a challenge for us to do more to support small businesses, because they are absolutely the life-blood of our sector in Scotland.

Stuart McMillan: Professor Lennon mentioned Mr Springford, who gave evidence to the committee last year. One issue that came out of that discussion was the numbers of migrant workers in the hospitality industry and the attitude of indigenous Scots and UK nationals to working in the sector. In the past year, has there been any change in the level of migrant workers in Scotland? Has there been an increase in the

number of Scots and UK nationals applying to go into the hospitality sector?

Professor Lennon: I cannot give you specifics, but the general trend has certainly been that the significant migrant labour force that we had in the past 10 years has declined. As the opportunities that existed in the advanced economies in western Europe declined, pretty much after mid-2008, when the wheels came off the economy, many migrant workers started to drift home. The issue is more acute in places such as Ireland than in Scotland, but there were always more migrant workers there to begin with.

I am reluctant to get into generalisations about Poles working much harder than Scots, because that is dangerous stereotypical nonsense.

The Convener: We have been there, as a committee.

Professor Lennon: The issue goes back to a focus on service and willingness to do what customers want. The better employers understand that visitors to Scotland want all-day food provision, rather than a service that comes from the 1950s. There is a recognition that retail has changed from the model of post offices, which people tell me provide vital functions, to what the cutting-edge retailers are doing in places such as Edinburgh and Glasgow—the two approaches are miles apart.

There has been a net outflow of migrant workers, but there has also been tightening of the economy. The number of holidays that the typical Scot takes has reduced from about 3.4 per year, with a lot of short breaks, to about two per year, one of which will be in Scotland or England. The staycation market has helped to deal with some of the displacement of demand.

There is not such a need for migrant workers. The economy is that much harder, so our UK and Scots workforce are a bit more willing to engage with the sector, because there are not many opportunities. It is now very tough for kids to get a job, whether at graduate or college level or just at operations level. I do not have evidence for this but, certainly in the cities, we tend to see a much more educated operational workforce. We are starting to see kids with degrees working behind bars and serving people, because there are not many other jobs for them to do. That has a cascade effect lower down and makes it even harder for young people to get a foothold. We end up with an internship culture, which brings its own problems.

From the workers' perspective, the situation makes it hard for a trade union or employer association to try to build representativeness in such a workforce. That is an acute problem that is caused by the tightening of the economy and the

net outflow. People are going into the sector, but that is because they do not have huge choice.

David Allen: Our research shows clearly that the number of migrant workers coming into and working in our industry has declined. Conversely, despite the clear economic challenges that we face, not just in Scotland but on a much grander scale, there has been an increase in the number of businesses in our sector that are investing more in skills and training. Part of the reason for that is that businesses recognise that there is not the same flow of talent or people applying for jobs, so they are looking more introspectively at what they already have in their business and considering ways in which to upskill people and provide additional training.

That is so that they do not, in order to find new people, have to go out into the market—in which there are not necessarily the same calibre of people—and because there is a genuine desire to invest and support those who are already in the business and who have shown loyalty and commitment. That is encouraging. We need more of it, but it is certainly an encouraging sign that businesses are at least prepared to consider that. The research leans towards showing that the larger employers have more capability to do that and are leading the charge, but nonetheless it is happening.

12:15

Stuart McMillan: Have you made comparisons with other countries with regard to individuals' career paths? Mr McCowan mentioned France, for example. Have you been able to lay out comparisons with what happens elsewhere and potential targets that we should be considering to help the situation in Scotland?

Ray McCowan: We had only an internal focus on the career paths that we looked at, which means that when we talked to employers we asked what they could do for the young people here. We did not benchmark career paths in other countries.

We have been keen to enable our employer partners to engage with young people as and when they come into their organisations and tell them what, for example, the Novotel group or McDonald's can offer. They show the young people where they might end up after a certain time if, at secondary 5, the age of 16 or whatever, they choose to follow a certain programme of education or skills development. It is all about engaging with organisations at that level and, as I have said, we want about seven or eight organisations or employers of scale to give young people an appreciation of the range of opportunities on offer in Scotland.

As I said earlier, there is a challenge for smaller employers. We have engaged with the larger employers because we wanted to be able to demonstrate size, scale and opportunity, but we do not think that those are the only places in which the young people should ultimately choose to work. From the beginning, we have made it clear that we use larger employers to convey to young people an aspiration or ambition and to show them something that they can do. If their destination of choice is to return to their own regions and work for smaller organisations, that is absolutely fine. We will not simply be a training ground for those larger organisations. We want to ensure a regional dimension and to let the young people know that they can go back and work for smaller employers.

That said, I agree with earlier comments. We will not quickly get all the smaller employers to sign up to the kind of things that we are asking of the larger employers. If I were looking at this as an educationist, I would be looking to have the same kind of direct engagement with the smaller employers that I had with larger employers and to ask them to adopt the same standards. If a smaller employer, be it a B and B, small hotel or whatever, said, "I can sign up to that and facilitate it," I would be as happy to recommend a young person to that employer as I would to a larger one. As David Allen suggested, it is all about getting commitment to the kind of things that we want to do. I think that, if the industry can sign up to that as a way forward and say, "This is how we would like to engage with young people and employ them", the scale of the employer is less significant.

David Allen: On the original question about pathways, one of the very first three things that were written into the original tourism framework for change strategy under skills was the creation of an online system to allow careers advisers, teachers, individuals and even parents to access relevant information about the industry and available career opportunities. Over a number of years, we have developed a website called UKSP that offers a one-stop shop for every single job, for information about jobs and for pathways through the industry. If, for example, you are a trainee chef on a college programme with aspirations of being a head chef, you can go on to the system, plug in all that information and find out the pathway that you would naturally take, the career levels that you could go up to and the qualifications and experience that you would need to move on to those levels. More important, the website also links into college and provider networks, which allows individuals to find who in their area is offering such provision. By bringing links to employers to the table, the website promotes those job opportunities.

If a commis chef who is working in the Marriott hotel in Edinburgh wants to become a sous chef or

something like that as their next step, they can plug that into the system and find out that there are half a dozen businesses in the Edinburgh area that are advertising for a sous chef. It is about creating that knowledge and giving people an opportunity to see where they sit in a relative career path and what they need to do in order to progress to the next level. More important, it also allows them to see where their skills and experiences might sit elsewhere in the industry. Someone's experiences so far might involve working in a restaurant, but the customer interaction skills that go with that are as relevant in a visitor attraction, bar or another component of the industry as they are in a restaurant. It is about understanding the transferability of some of those skills so that people are not pigeonholed and forced down one specific career path.

Stuart McMillan: I have a question about the transferability not of the skills but of the training. Is there an opportunity for organisations that might not necessarily be considered to be tourism or hospitality organisations to buy into some of the training that might be applicable to them? They might not want to send their staff to do all of the training, given that most of it might not be relevant to their business.

David Allen: There is a call for there to be more of what is often referred to as short, sharp intervention, in which someone learns a specific piece of information or skill that is required for their job but they do not have to follow the whole course within which it is contextualised in order to do so. The work-based providers in the industry do a good job of filling that need, as do the colleges, in their local communities.

However, we need to wrap an arm round that to prevent it from growing too much, because, as you said earlier, if there is no element of control, there could be a massive proliferation of interventions and qualifications and the individual business or learner might not have a clue where they should go in order to access training and could disengage completely. We need to do something that recognises that. The work that we and colleges do to map those opportunities is critical in that regard.

Rhoda Grant: I take issue with some comments that Professor Lennon made about quality in the Highlands and Islands. Obviously, I spend a lot of time there, and I have to say that the quality there is as good as, if not better than, it is in areas of Edinburgh, where I also spend a lot of time during the week. It is not helpful that the myth that the quality is not good is being peddled.

However, there are issues about accessing training in such areas, because people are not necessarily near a college or university that specialises in that type of training, and small businesses have to give up time to allow people to

travel. What steps are being taken to ensure that people who are sole providers, or who perhaps run small businesses with one or two members of staff, on whose presence the business depends, can get the necessary training into the business without damaging the business in doing so?

David Allen: We are considering the creation of group training associations, and the use of seasonal training hubs that enable us to go into the areas that face challenges in accessing training programmes. We can work with businesses at or before the start of the season to identify training and skills development needs and then take on a brokerage role by going out to the training network and saying that we have brought businesses together in order to access training. That is better than having one business saying that it needs customer service training for its staff, because it is cost-ineffective to hire a trainer to deliver that training to such a small number of staff. If we identify that all 10 businesses in one area need a certain piece of training, we can bring them together, say to the training providers that there is a demand for that training to be delivered and invite them to come to the area to deliver it. That is one way of addressing the issue—it is not the complete solution, but it is one way.

The group training association concept is about taking that a stage further and saying that just because a lot of small businesses are seasonal—they might be operating for six months of the year—that does not mean that they should be excluded from the opportunity of recruiting somebody who is going through an apprenticeship programme. However, the six-month operating period restricts them in terms of what they can give.

The group training association or an apprentice training association could take on the responsibility and the burden of employing the apprentice. The association could then in effect loan out the apprentice to a small business for those six months and then loan them out to one of the larger businesses for the other six months.

That would bring two massive benefits. One benefit is for the small business in that locality, which is getting an opportunity to get someone who is committed to the industry, who wants to learn and who wants to grow their knowledge and experience. The business is getting somebody who is dedicated and committed to that business. For the individual learner, the big benefit is that they do not just experience one business—they get the opportunity to learn about how multiple operations in that sector operate, which allows them ultimately to make an informed choice about the direction of their career. That is another model and another solution that we are bringing to the

table as part of our skills legacy programme that really addresses and supports that need.

A huge focus of our work now is not about engaging with the larger employers—although we still do that, we recognise that those employers are already doing a lot of good stuff in the industry. They have departments and budgets that are dedicated to doing that. However, the 82 per cent of the businesses that are the lifeblood of our industry do not have that resource or that capacity to fall back on, so it is about trying to put that challenge to the local communities. The Scottish Tourism Alliance is passionate about that as well. It is about working with partnerships, whether they are tourism partnerships, the DMOs, destination groups or whatever.

In Dumfries and Galloway, we are building on that momentum and recognising that those small businesses are the ones that need the support. If we are serious about raising the leadership and the professionalism of our industry, we have a duty and a responsibility to support those guys.

Those are just some of the initiatives that we are putting forward to address and recognise that need. We have great support from some of the leading small businesses, which are lining up behind us and saying that that is the way that we need to go.

Professor Lennon: I want to respond to Rhoda Grant's point about quality. My comments come about because I believe that we have work to do in this sector. If we look at indicators of where quality is, we tend to find the Michelin-starred restaurants and the globally branded hotel products in the urbanised centres where there is wealth, where there is custom and where a lot of tourists visit. That is the function of capital and how capital flows towards markets.

It is much tougher to run a business in the Highlands and Islands. It is seasonal, it is remote and people work very hard to do it. That is not to say that there are no good businesses there. My caution is that the problem arises where there is too much of the mid-market supply. That is the issue—the anonymous stuff in the middle. The hospitality sector is polarised between products and experience. Its products are budget hotels and budget B and Bs that people do not remember. Experiences are those things that stick in people's minds, whether it is a great meal at Andrew Fairlie's restaurant in Gleneagles or a fantastic cup of coffee in Orkney in a local coffee shop—the experience and the product.

We lose in Scotland when we get caught in that middle ground of, "It's okay, it's just good enough," because that does not reflect where our industry should be going or our natural inbuilt heritage product. There is undoubtedly good stuff in the

Highlands and Islands, but the development and the quality follows the wealth and the population, which tend to be urbanised.

Rhoda Grant: I hear what Professor Lennon is saying, but that is almost to say that quality equates to cost. If you are working in a smaller area where you do not have people with the same spending power, you have to look at cost, but that does not mean that you compromise on quality. That is where I take issue. There may not be the same number of Michelin-starred restaurants, because, frankly, there is not the clientele to support such a thing, but there are small businesses delivering quality at a cost that is sustainable in their area.

I come at the issue slightly differently, in that I see many very reasonably priced establishments delivering on quality. You mentioned Orkney. Orkney could probably teach Scotland a thing or two about hospitality, because people in Orkney work together as a community and pride themselves on their hospitality. That happens in many other parts of the Highlands and Islands. Of course there are fewer top-of-the-market establishments, but we would not expect otherwise.

I was interested in what David Allen said about work to get young people involved. He also mentioned work with people who had set up lifestyle-type businesses. How do you spread that out into rural areas and help someone who has set up a business that delivers a high-quality product but who, frankly, might not have the business sense to make the business stack up? How do you provide support and training to such people?

12:30

David Allen: For us, the lifestyle businesses are probably the hardest to reach, because they tend to be one-man-band, husband-and-wife or family businesses that tend not to look at things externally but just do enough to maintain the business. The title “lifestyle” suggests that the business allows the people who run it to get by but they are not necessarily looking for massive expansion or growth. In some cases, they might not even be looking for quality, so they are much harder to reach with the skills, learning and development message.

I believe that the work that is being done with the Scottish Tourism Alliance will help to broaden the reach. The STA has brought something that is long overdue in our industry, which Stephen Leckie alluded to. It involves bringing all the different associations and organisations together to look at how we can send that message down to the most local level across the full footprint of our industry. It involves working with the chambers of

commerce, the Federation of Small Businesses and all the other components that might not sit directly in the industry but which still have a part to play in communicating the message down to that level.

That is one route that we all need to start going down. The DMOs, the area tourism partnerships and the local authorities all have a part to play in engaging with businesses of all shapes and sizes in their communities. Clearly, the organisations that operate in the more rural areas—such as Dumfries and Galloway, the Borders and the Highlands and Islands—face some of the biggest challenges, because the businesses there are much more dispersed and are harder to reach. I do not think that it is for one organisation alone to do that. The alliance is critical in aligning all the businesses and ensuring that the skills and learning message gets communicated down to as many people as possible, as often as possible, in the hope that we get something back.

In general, if small businesses are approached with a good proposition that they can see the sense of, they will buy into it. The lifestyle businesses tend to be a bit harder to reach. Dare I say it, it is a case of maximising our resources. We have learned that there are some business types from which we will get a return if we put the effort in, whereas there are others from which we will not. They will just not see the big picture because, quite frankly, they are not interested. They do what they do, they do it well and they are not interested in doing much more than that.

Ray McCowan: I would like to pick up on a couple of the points that David Allen made. The key when it comes to engaging with smaller businesses, especially in the harder-to-reach geographical regions, is to have a fairly honest dialogue with them about where to compete for business and where to collaborate to enhance their levels of capability and capacity. Providing training in a structured or meaningful way for small businesses in more remote locations is a particular challenge. It is better to have a dialogue with such businesses collectively than with a series of individual microbusinesses.

If such businesses collaborate on their training needs and skills development requirements, two or three things happen. First, the skills needs of the whole region go up because, as a result of collaboration and aggregating all the needs of small businesses, we identify—as David Allen said—the skills development needs throughout the region. We then put a skills intervention in place that addresses that. Because there is collaboration across the region, the risk of poaching gets less. People are essentially signing up to say that they will compete in terms of hotel rooms, guests, food and beverages and so on but not in terms of

training need, on which they can collaborate. As a result, even if people move between businesses, it is okay because everything is still improving within the region as a whole.

We have started to have discussions with one or two larger employers as part of our current exercise to address the issues in the rural and more geographically remote regions and to see whether we can almost create a shadow business, for want of a better phrase. Put simply, is there a way of keeping people in the business whom we might otherwise lose because of seasonality?

I am focusing on young people at the minute. There is a six-month season in these rural areas, at the end of which a young person goes off and does something else and may not come back into the business, even though they are highly skilled and well developed. Once we have lost them, we may have lost them for a long time. Could we establish partnership arrangements with central belt businesses that have the scale and capability to retain people across a 12-month season, so that those young people who we might otherwise lose when the season ends in the Highlands can work in the central belt for the first six months of the year—the winter season—when there is work available there, and then at Easter or in March, or whatever the relevant time of year is, go back to the Highlands and work there? That idea is at a relatively early stage, but it is one possible approach to addressing some of the issues that you talked about.

David Allen: That is very similar to the way in which we have set up the group training association model—it builds on that approach.

One final issue is using and embracing technology as a means to get quality training out to small businesses in rural areas. We are focusing heavily, as I know a lot of other businesses are, on investment in online training solutions so that small businesses have access to resource, learning and information that will help to guide them in their business operation.

I would certainly not advocate that all training should be put online—I firmly believe that some types of training have to be done in a face-to-face environment—but there are a lot of programmes and initiatives that would support many small business owners to improve their business, whether it is in relation to profitability, sales and marketing, or the use of online as a means to sell, promote and market their business.

There is scope and opportunity to embrace that. I guess that the challenge is the accessibility of the technology to build on that. I know that there are issues with broadband speeds in certain areas—that is a big issue when we start to go out to the

more rural areas. Perhaps that is an issue for another day.

The Convener: It is a whole other issue for a different day.

The issue of seasonality that we have touched on is fundamental. It will be a big barrier to upskilling the workforce and improving quality. As you say, in our larger cities we have almost developed a year-round tourist economy—maybe we have got there all the way—but in large parts of the country, outwith the central belt, that does not yet exist and will continue to be a challenge. The committee will be very interested in looking at that.

I thank you all for coming. It has been very helpful to the committee.

12:38

Meeting continued in private until 13:07.

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