

From: [REDACTED]
To: [Central Correspondence Unit](#)
Subject: Deputy First Minister Kate Forbes
Date: 13 May 2024 16:40:36
Attachments: [Outlook-Join our c.jpg](#)
[Kate Forbes Deputy First Minister.pdf](#)

Response from PO 14/05/24 AT 8:58 - Grateful if Ms Forbes letter could be added to MiCase as a DR.

Dear Deputy First Minister Kate Forbes

Please find attached to this email, correspondence from the Scottish Hospitality Group

Regards



[REDACTED]

[REDACTED]

Scottish Hospitality Group

[REDACTED]

www.scottishhospitalitygroup.com

[REDACTED]





Kate Forbes

Deputy First Minister and Cab Sec for Economy

The Scottish Government

St Andrew's House

Regent Road

Edinburgh

EH1 3DG

13th May 2024

Dear Deputy First Minister Kate Forbes

I write to you today on behalf of the Scottish Hospitality Group

We would like to take this opportunity to place on record, our congratulations to you on taking the office of Deputy First Minister, and Cab Sec of the Economy

It was a pleasure to be able to have our brief call on Thursday of last week, and to listen to what your plans are for the future, and for the economy, but also to allow me to express some of the ongoing issues within the hospitality sector.

I agree that some of the issues we have are certainly not fixable within weeks, however some quick wins are possible, if we work together on these, which would give the businesses we represent some confidence back, which although has been previously promised, has unfortunately been lost over the past while.

Our board look forward to meeting you when diaries allow you to, however, in the meantime, SHG are fully committed to working with you, your colleagues and officials in your new role going forward, and I look forward to hearing from you soon.

Regards



Scottish Hospitality Group



Deputy First Minister and Cabinet Secretary for
Economy and Gaelic
Leas Phrìomh Mhinistear agus Rùnaire a' Chaibineit
airson Eaconamaidh agus Gàidhlig
Kate Forbes MSP/BPA



Scottish Government
Riaghaltas na h-Alba
gov.scot

[REDACTED]
E : scottish.ministers@gov.scot

Our Reference: 202400414016
Your Reference: Deputy First Minister Kate Forbes

28 May 2024

Dear [REDACTED]

Thank you very much for your letters of 13 May 2024, to myself and the First Minister with congratulations on behalf of Scottish Hospitality Group. Please accept this as a joint response.

It was good to be able to speak to you following my appointment. I very much appreciate your commitment to work effectively with me in my role as Deputy First Minister and Cabinet Secretary for Economy, my ministerial colleagues, and officials on advancing Scotland's economic prosperity. I look forward to our continued collaboration and to working towards our shared goals for a prosperous and resilient hospitality industry in Scotland.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

Tha Ministearanna h-Alba, an luchd-comhairleachaidh sònraichte agus Rùnaire Maireannach fo chumhachan Achd Coiteachaidh (Alba) 2016. Faicibh www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1
3DG
www.gov.scot

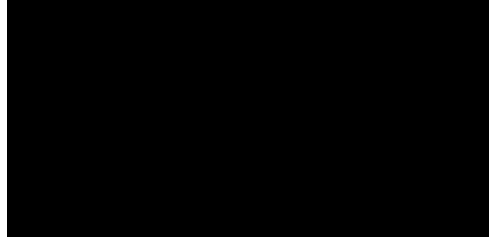


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I would be delighted to accept your invitation to meet the Scottish Hospitality Group's Board, subject to Parliamentary business. I would be grateful if you could contact my Diary Secretary, [REDACTED] via email at DFMCSEG@gov.scot to arrange a mutually convenient date and make the necessary arrangements.

Yours sincerely



KATE FORBES

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Tha Ministearanna h-Alba, an luchd-comhairleachaidh sònraichte agus Rùnaire Maireannach fo chumhachan Achd Coiteachaidh (Alba) 2016. Faicibh www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1
3DG
www.gov.scot



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From: [REDACTED]
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: Meeting with DFM and SHG Board - Info required
Date: 27 September 2024 13:58:00
Attachments: [~WRD0000.jpg](#)
[image001.png](#)
[image002.jpg](#)

That's brilliant, thank you [REDACTED] have a lovely weekend.

Many thanks,

[REDACTED]

Hospitality Policy and Strategy Team
Business Strategy Division
Directorate for Business and Better Regulation

DG Economy | Scottish Government
Victoria Quay | Area 2G South | Edinburgh EH6 6QQ



From: [REDACTED]
Sent: Friday, September 27, 2024 12:46 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: Re: Meeting with DFM and SHG Board - Info required

Good morning [REDACTED]

Thank you for your patience in me getting back to you

Please see below:

Agenda:

- Introductions from attendees
- Brief intro from DFM on the landscape and her commitments
- Roundtable discussion on business rates, with live data, and how SHG can help
- SHG exercise on NDR
- Budget asks
- AOB

Attendees and bios

- [\[REDACTED\] Buzzworks Holdings](#)
 Buzzworks are a family business which started in Kilwinning Ayrshire. About to open their 21st site in Musselburgh. Top 75 UK Best Large Companies to work for. [REDACTED] employing approx [REDACTED]
- [\[REDACTED\] The DRG](#)
 [REDACTED] is a formidable personality within the hospitality sector in Scotland. Owner of restaurant brand such as [REDACTED] [REDACTED] employing approx [REDACTED]
- [\[REDACTED\] Signature Pubs](#)
 [REDACTED] is [REDACTED] years in the industry, and [REDACTED] years with Signature Pubs, operating 21 units across Scotland. Sunday Times best places to work 2024, employing [REDACTED] [REDACTED]
- [\[REDACTED\] McGintys Group](#)
 [REDACTED] operates 10 units across Aberdeen and employs [REDACTED]
- [\[REDACTED\] Eusebi Deli](#)
 [REDACTED]
 [REDACTED]
 [REDACTED] Employs approx [REDACTED]
- [\[REDACTED\] Scottish Hospitality Group](#) and owner of [REDACTED]
 [REDACTED] is well known for [REDACTED] voice and passion across the hospitality sector, and also for [REDACTED] relationship with Scottish and UK Government, and all parties. [REDACTED] looks after all the daily operations of SHG, whilst running [REDACTED] own small restaurant, and employs [REDACTED]

Regards



[REDACTED]
 [REDACTED]
 Scottish Hospitality Group
 [REDACTED]

www.scottishhospitalitygroup.com



From: [Redacted]

Sent: Friday, September 27, 2024 09:14

To: [Redacted]

Cc: [Redacted]

Subject: RE: Meeting with DFM and SHG Board - Info required

Of course, thank you!

Many thanks,

[Redacted signature block]

Hospitality Policy and Strategy Team

Business Strategy Division

Directorate for Business and Better Regulation

DG Economy | Scottish Government

Victoria Quay | Area 2G South | Edinburgh EH6 6QQ



From: [Redacted]

Sent: Friday, September 27, 2024 9:13 AM

To: [Redacted]

Cc: [Redacted]

Subject: Re: Meeting with DFM and SHG Board - Info required

Good morning [REDACTED]

I will have this to you by lunch if thats ok?

Regards

[REDACTED]

[REDACTED]

Scottish Hospitality Group

[REDACTED]

Sent on the move so please excuse any typos

On 27 Sep 2024, at 09:08, [REDACTED] wrote:

Good Morning [REDACTED],

I hope your trip to England was successful. I was wondering if you had a chance to consider below?

Many thanks,

[REDACTED]

Hospitality Policy and Strategy Team

Business Strategy Division

Directorate for Business and Better Regulation

DG Economy | Scottish Government

Victoria Quay | Area 2G South | Edinburgh EH6 6QQ

<image001.png>

From: [REDACTED]

Sent: Tuesday, September 24, 2024 11:23 AM

To: [REDACTED]

Cc: [REDACTED]
[REDACTED]

Subject: Re: Meeting with DFM and SHG Board - Info required

Hi [REDACTED]

I will have that to you asap

I am in England for meetings until tomorrow evening but back in the office on Thursday morning

Regards

[REDACTED]

[REDACTED]

Scottish Hospitality Group

[REDACTED]

Sent on the move so please excuse any typos

On 24 Sep 2024, at 11:19, [REDACTED] wrote:

Hi [REDACTED],

Hope you are well. I was wondering if you could please provide us with some information ahead of the SHG Board meeting with DFM on 3rd October:

1. Agenda and topics you would like to discuss
2. Attendees and their bios
3. Any industry intelligence that you would like to share with us in advance

We need to provide briefing to DFM's office by the end of this week, therefore your assistance by Thursday would be greatly appreciated. Thank you in advance.

Many thanks,



Hospitality Policy and Strategy Team

Business Strategy Division

Directorate for Business and Better Regulation

DG Economy | Scottish Government

Victoria Quay | Area 2G South | Edinburgh EH6 6QQ

<image001.png>

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Communications with the Scottish Government may be monitored or recorded in order to secure the effective operation of the system and for other lawful purposes. The views or opinions contained within this e-mail may not necessarily reflect those of the Scottish Government.

From: [REDACTED]
To: [REDACTED]
Subject: RE: Briefing contribution - DFM meeting SHG Board
Date: 30 September 2024 17:03:35
Attachments: [image001.png](#)

Hi [REDACTED]

I think [REDACTED] covering email last week to PO alongside the minutes of the SHG meeting covers much of this [REDACTED] as it explains how hospitality premises are valued and where turnover comes into play. Shops are not valued using turnover as the rental evidence available for shops is much stronger and more straightforward.

[REDACTED]

Thanks,

[REDACTED]

From: [REDACTED]
Sent: Monday, September 30, 2024 9:47 AM
To: [REDACTED]
Subject: RE: Briefing contribution - DFM meeting SHG Board

Morning [REDACTED]

Just looking at the lines on the valuation methodology. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Thanks

[REDACTED]

From: [REDACTED]
Sent: Friday, September 27, 2024 9:47 AM

To: [REDACTED]

Cc: [REDACTED]

Subject: RE: Briefing contribution - DFM meeting SHG Board

Hi [REDACTED]

To see our contribution below. Mr McKee has also approved the minute of his meeting with SHG as well:

ISSUE: Valuation Methodology for Hospitality Sector

Scottish Hospitality Group, and other Hospitality bodies, continue to call for “reform” of NDR, claiming they pay rates based on the turnover of their business rather than the size of a business’ premises in other sectors.

Assessors have informed officials that the main rating agents for the sector have accepted the valuation practice note for licensed premises for the 2023 revaluation, and there are no major challenges to this valuation. Rateable values for non-domestic properties, including hospitality businesses, is based on the notional rental value a property could be expected to achieve on the open market if it were vacant and to let.

Lines to take:

- The valuation of all non-domestic property is a matter for the Scottish Assessors who are independent of central and local government.
- I understand that Scottish Assessors have continued to have constructive meetings with the hospitality sector, and remain willing to engage with the sector and its representatives on valuation methodologies where appropriate, and to consider any evidence to support a case for change.

ISSUE: Retail, Hospitality and Leisure Relief.

The Scottish Budget did not replicate the 75% Retail, Hospitality and Leisure Relief which has been made available in England two years in a row (2023-24 and 2024-25).

Lines to take:

- The Scottish Government is committed to working with the hospitality sector on long-term issues that have been raised, through regular engagement with hospitality bodies as well as through the New Deal for Business Non-Domestic Rates sub-group.
- A number of measures in the Budget already benefit properties in the retail, hospitality and leisure sectors including freezing the Basic Property Rate and the most generous small business bonus relief in the UK.
- Recognising the distinct challenges of hospitality business on Islands, we will offer 100% relief in 2024-25 for hospitality businesses located on islands as defined by the Islands (Scotland) Act 2018, capped at £110,000 per business.
- We estimate around half of the properties in the Retail, Hospitality and Leisure sectors will be eligible for 100% Small Business Bonus Scheme relief in 2024-25.
- These are extremely challenging financial times and we have had to consider how best to target support within limited finances.
- Decisions on non-domestic rates for next year will be considered in the context of the Scottish Budget 2025-26.

ISSUE: Specific Poundage for Hospitality Sector

The Scottish Beer and Pub Association and Scottish Licensed Trade Association previously suggested a 35p poundage for licensed premises (note - a 35p poundage is equivalent to roughly a 30% relief). In March the Minister for Community Wealth and Public Finance confirmed that a separate poundage for the sector would not be pursued, and it would pose serious risks in terms of the integrity, transparency and efficient operation of the NDR system, particularly if deemed to be a subsidy.

Lines to take

- We remain committed to continuing to consider any affordable and sustainable avenues to further support the hospitality sector.

Thanks and hope you have a nice weekend!

[REDACTED]

From: [REDACTED]

Sent: Wednesday, September 25, 2024 12:29 PM

To: [REDACTED]

Cc: [REDACTED]

Subject: Briefing contribution - DFM meeting SHG Board

Hi, DFM is meeting SHG Board next week, NDR will be certainly a topic therefore I would be most grateful for your contribution please, and a copy of the note from Mr McKee meeting with SHG would be super helpful too, if available. By the end of this week if possible please, thank you!

Many thanks,

[REDACTED]

Hospitality Policy and Strategy Team
Business Strategy Division
Directorate for Business and Better Regulation

DG Economy | Scottish Government
Victoria Quay | Area 2G South | Edinburgh EH6 6QQ



From: [REDACTED]
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: For clearance: Hospitality - Briefing - DFM meeting Scottish Hospitality Group Board - 3 October 2024
Date: 30 September 2024 08:38:00
Attachments: [image001.png](#)

Thank you, I re-added the stats again and submitting the briefing now.

Many thanks,

[REDACTED]

Hospitality Policy and Strategy Team
Business Strategy Division
Directorate for Business and Better Regulation

DG Economy | Scottish Government
Victoria Quay | Area 2G South | Edinburgh EH6 6QQ



From: [REDACTED]
Sent: Friday, September 27, 2024 5:02 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: For clearance: Hospitality - Briefing - DFM meeting Scottish Hospitality Group Board - 3 October 2024

Thanks [REDACTED] – that looks good. Just made a few small changes to get the page count down a wee bit. Not sure if just my eyes but the infographic looks a bit blurry. Can you check if it is like that at source or happened during the transfer to the document? Otherwise, looks good.

[REDACTED]

[REDACTED]

From: [REDACTED]
Sent: Friday, September 27, 2024 2:03 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: For clearance: Hospitality - Briefing - DFM meeting Scottish Hospitality Group Board - 3 October 2024

H [REDACTED], please see a link to the briefing for meeting DFM/SHG, for your clearance. Let me know if there is anything missing and I can add/seek more contributions on Monday if required.

[REDACTED]

Many thanks,

[REDACTED]

Hospitality Policy and Strategy Team
Business Strategy Division
Directorate for Business and Better Regulation

DG Economy | Scottish Government
Victoria Quay | Area 2G South | Edinburgh EH6 6QQ



From: [REDACTED]
To: [Deputy First Minister and Cabinet Secretary for Economy & Gaelic](#)
Cc: [REDACTED]
Subject: Hospitality - Briefing - DFM meeting Scottish Hospitality Group Board - 3 October 2024
Date: 30 September 2024 09:20:00
Attachments: [image001.png](#)
[Hospitality - Briefing - DFM meeting Scottish Hospitality Group Board - 3 October 2024.doc](#)

PO/Deputy First Minister and Cabinet Secretary for Economy and Gaelic,

Please see attached briefing for the meeting with Scottish Hospitality Group Board on 3 October 2024.

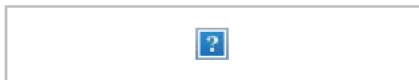
[REDACTED]

Many thanks,

[REDACTED]

Hospitality Policy and Strategy Team
Business Strategy Division
Directorate for Business and Better Regulation

DG Economy | Scottish Government
Victoria Quay | Area 2G South | Edinburgh EH6 6QQ



MINISTERIAL ENGAGEMENT BRIEFING: KATE FORBES, DEPUTY FIRST MINISTER AND CABINET SECRETARY FOR ECONOMY AND GAELIC
Briefing for meeting with Scottish Hospitality Group Board

ANNEX A

AGENDA AND OPENING REMARKS

MEETING AGENDA

Time	Agenda Item	Annex
9:30	DFM arrives	
9:35-9:40	Meeting starts. Welcome and introductions from [REDACTED] and from attendees	
9:40-9:45	Brief intro from DFM on the landscape and her commitments.	Annex A
9:45-10:10	Roundtable discussion on business rates, with live data, and how SHG can help. SHG exercise on NDR	Annex C
10:10-10:25	Budget asks	
10:25-10:30	AOB	
10:30	Meeting finishes, DFM departs	

OPENING REMARKS FROM THE DEPUTY FIRST MINISTER

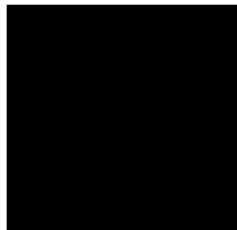
- Good morning, everyone. I am very grateful to [REDACTED] for offering me the opportunity this morning to meet and speak with members of Scottish Hospitality Group's Board, some of whom ([REDACTED]) I met only recently at St Andrews House (4 September) with my colleague Shona Robison.
- I am grateful for [REDACTED] and other sector representatives sharing their insights on current conditions and performance, which are always gratefully received.
- I am aware of the enormous pressures facing hospitality, and other, businesses across the country and, as you are aware, in these challenging financial times some hard choices have been necessary when considering how best to target support within the limited finances available.
- The Scottish Government continues to face an extremely challenging financial landscape and future decisions which will impact public finances will need to be considered carefully.
- Economic growth is of course central to our mission and I want to acknowledge the important role that hospitality has to play in delivering sustainable economic growth.
- Hospitality is an industry with people at its heart, creating jobs, helping to sustain communities and enabling visitors and residents alike to experience the best of Scotland. Our country is well known for its warm and excellent hospitality, which is testament to those within the industry who are continually striving to enhance the offer, to innovate and to invest in the sector.
- I look forward to our discussion in this forum and to work in partnership, alongside the other parts of government you are engaged with, such as through New Deal for Business, to optimise the opportunities to support businesses and the hospitality sector.

MINISTERIAL ENGAGEMENT BRIEFING: KATE FORBES, DEPUTY FIRST MINISTER AND CABINET SECRETARY FOR ECONOMY AND GAELIC
Briefing for meeting with Scottish Hospitality Group Board

ANNEX B

ATTENDEES

BIOGRAPHIES



[Redacted] **Scottish Hospitality Group**

The Scottish Hospitality group was formed in 2020 as a result of the Covid pandemic [Redacted]



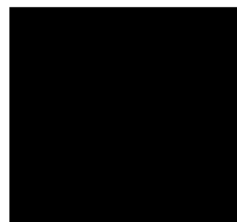
[Redacted] **Buzzworks** a family-owned business operating an award-winning collection of bars and restaurants across the country.



[Redacted] **The DRG** ([Redacted]) of the DRG Group which has over 20 venues across Glasgow, Edinburgh, Aberdeen and Newcastle. It is one of the largest independent restaurant groups in Scotland. [Redacted]



[Redacted] **Eusebi Deli** [Redacted]



[Redacted] **McGinty's Group** of The McGinty's Group which was launched in 2009. McGinty's is based in Aberdeen with 10 venues and employs [Redacted] people [Redacted]



[Redacted] **Signature Pubs**

[Redacted] operating 21 units across Scotland. [Redacted]

MINISTERIAL ENGAGEMENT BRIEFING: KATE FORBES, DEPUTY FIRST MINISTER AND CABINET SECRETARY FOR ECONOMY AND GAELIC
Briefing for meeting with Scottish Hospitality Group Board

ANNEX C

NON DOMESTIC RATES

ISSUE: Valuation Methodology for Hospitality Sector

Scottish Hospitality Group, and other Hospitality bodies, continue to call for “reform” of NDR, claiming they pay rates based on the turnover of their business rather than the size of a business’ premises in other sectors.

Assessors have informed officials that the main rating agents for the sector have accepted the valuation practice note for licensed premises for the 2023 revaluation, and there are no major challenges to this valuation. Rateable values for non-domestic properties, including hospitality businesses, is based on the notional rental value a property could be expected to achieve on the open market if it were vacant and to let.

Lines to take:

- The valuation of all non-domestic property is a matter for the Scottish Assessors who are independent of central and local government.
- I understand that Scottish Assessors have continued to have constructive meetings with the hospitality sector and remain willing to engage with the sector and its representatives on valuation methodologies where appropriate, and to consider any evidence to support a case for change.

ISSUE: Retail, Hospitality and Leisure Relief.

The Scottish Budget did not replicate the 75% Retail, Hospitality and Leisure Relief which has been made available in England two years in a row (2023-24 and 2024-25).

Lines to take:

- The Scottish Government is committed to working with the hospitality sector on long-term issues that have been raised, through regular engagement with hospitality bodies as well as through the New Deal for Business Non-Domestic Rates sub-group.
- A number of measures in the Budget already benefit properties in the retail, hospitality and leisure sectors including freezing the Basic Property Rate and the most generous small business bonus relief in the UK.
- Recognising the distinct challenges of hospitality business on Islands, we will offer 100% relief in 2024-25 for hospitality businesses located on islands as defined by the Islands (Scotland) Act 2018, capped at £110,000 per business.
- We estimate around half of the properties in the Retail, Hospitality and Leisure sectors will be eligible for 100% Small Business Bonus Scheme relief in 2024-25.
- These are extremely challenging financial times and we have had to consider how best to target support within limited finances.
- Decisions on non-domestic rates for next year will be considered in the context of the Scottish Budget 2025-26.

MINISTERIAL ENGAGEMENT BRIEFING: KATE FORBES, DEPUTY FIRST MINISTER AND CABINET SECRETARY FOR ECONOMY AND GAELIC
Briefing for meeting with Scottish Hospitality Group Board

ISSUE: Specific Poundage for Hospitality Sector

The Scottish Beer and Pub Association and Scottish Licensed Trade Association previously suggested a 35p poundage for licensed premises (note - a 35p poundage is equivalent to roughly a 30% relief). In March the Minister for Community Wealth and Public Finance confirmed that a separate poundage for the sector would not be pursued, and it would pose serious risks in terms of the integrity, transparency and efficient operation of the NDR system, particularly if deemed to be a subsidy.

Lines to take

- We remain committed to continuing to consider any affordable and sustainable avenues to further support the hospitality sector.

Non-Domestic Rates Team: [REDACTED]

MINISTERIAL ENGAGEMENT BRIEFING: KATE FORBES, DEPUTY FIRST MINISTER AND CABINET SECRETARY FOR ECONOMY AND GAELIC
Briefing for meeting with Scottish Hospitality Group Board

ANNEX D

Summary of the meeting with the Minister for Public Finance 19.09.2024

Attendees:

██████████ Scottish Hospitality Group (SHG)
██████████ Eusebi Deli
The DRG
██████████ McGinty's Group
██████████ Buzzworks
██████████ Shepherd Chartered Surveyors

Key points of discussion

- The Minister welcomed attendees and noted UK Budget would indicate how much funding was available for the Scottish Budget.
- The rates system is unfair and a disincentive to property improvement and expansion. In some places hospitality properties are paying the bulk of the rates in those areas.
- The sector is keen to invest but there are challenges in doing so and some are choosing to go South of the border.
- Perception that there is a lack of fairness and equality, that a business that invests more and generates more business as a result should then face higher rates. Calls for hospitality to be rated in the same way as retail.
- The Minister thanked attendees for their insights and welcomed alternative valuation proposals but stated the risk that there would be winners and losers in a change. He also noted the role of Assessors in the independent valuation process.
- Call for Assessors, Ministers and trade to work together, noting DFM's support this. ██████████ raised previous calls for a 35p poundage for licensed premises.
- Many properties including in retail can claim the Small Business Bonus Scheme (SBBS) and perceived that the hospitality sector is effectively subsidising this relief. Stated that a number of businesses getting 100% SBBS relief would be happy to pay something.
- Valuation methodology for hospitality is largely the same in England and also based on turnover, with minor differences to hospitality's benefit in England including a valuation tone date for the 2023 revaluation of 1 April 2021, whereas in Scotland this was 1 April 2022. Turnover perceived as an outdated barometer. Labour commitment to reform Business Rates.
- The sector is not calling for rates income to reduce, but for a fairer spread of the rates burden across different sectors, including potentially everyone paying something, allowing hospitality to pay less.
- The Scottish Government had committed to work with the hospitality sector to reform rates.
- The Minister reiterated his support for specific proposals on an alternative valuation methodology to be put forward by the sector. He added that it would be helpful to get input from the Fraser of Allander Institute too. Overall, he noted that he was keen to explore this further and to understand what might be possible.

CHALLENGES AND OUTLOOK FOR THE HOSPITALITY SECTOR

- **Businesses across the economy are currently facing challenges as a result of the cost crisis**, driven by high inflation arising due a combination of factors including the Covid pandemic, Russia's invasion of Ukraine and Brexit.
- **High inflation and interest rates are affecting businesses** through three main channels, with the **hospitality sector particularly impacted**:
 - 1) Inflation is **increasing the cost of businesses' supplies**. Whilst cost rises have eased somewhat, the sector remains more impacted by rising costs than the economy average.
 - In August 2024, almost four in ten (23%) of accommodation and food services businesses saw the prices of their inputs increase, higher than the economy average (15%). The pressures have eased somewhat in the last year (40% reporting higher input prices in August 2023) but remain a concern [*Source: Business Insights and Conditions Survey (BICS), ONS*].
 - 2) High inflation and interest rates are **eroding households' disposable income**, dampening demand for discretionary items like hospitality
 - Households are spending a slightly lower proportion on hospitality. In Q1 2024, spending on restaurants and hotels accounted for 9.0% of household consumption expenditure, lower than in the same quarter of the prior year (9.3%) and pre-pandemic (10.1% in Q1 2019) [*Source: Scottish GDP National Accounts, SG*].
 - 3) Higher interest rates mean **businesses are facing higher borrowing costs**. The hospitality sector may be more impacted than average as the sector was more likely to have made use of government covid loans.
- The sector is also continuing to face **recruitment difficulties**. Whilst recruitment difficulties have reduced over the past year, they remain a concern.
 - The Scottish Government monitors vacancies in the hospitality sector using data and intelligence from a number of sources including the Business Insights and Conditions Survey, the Employer Skills Survey and Sectoral Skills Assessments.
 - The latest data from the Business Insights and Conditions Survey, published by the Scottish Government, shows that 28% of businesses in the Accommodation and Food Services sector were experiencing recruitment difficulties in August 2024 and 24% were experiencing worker shortages in September 2024. The latest data is available at:
<https://www.gov.scot/publications/bics-weighted-scotland-estimates-data-to-wave-116/documents/>.

MINISTERIAL ENGAGEMENT BRIEFING: KATE FORBES, DEPUTY FIRST MINISTER AND CABINET SECRETARY FOR ECONOMY AND GAELIC

Briefing for meeting with Scottish Hospitality Group Board

- The latest data from the Employer Skills Survey, published by the Scottish Government, shows that in 2022, 30% of businesses in the Hotels and Restaurants sector had at least one vacancy and 13% had at least one skills-shortage vacancy. The latest data is available at:
<https://www.gov.scot/publications/uk-employer-skills-survey-2022-scotland-report/documents/>.
- Sectoral Skills Assessments, published by Skills Development Scotland, provide data on the number of online job postings in the wider tourism sector, sourced from Lightcast. The latest data indicates that between January-June 2023, there were 5,000 online job postings for chefs and cooks and 2,300 job postings for waiters and waitresses. The latest sectoral skills assessment for the tourism sector can be found at:
<https://www.skillsdevelopmentscotland.co.uk/media/l55d3jqy/sectoral-skills-assessment-tourism.pdf>.
- The Scottish Government is taking measures within our powers, to address labour and skills shortage issues. These include providing a range of employability support to help people enter the workforce alongside funding for the development of modern apprenticeships via Skills Development Scotland to meet the needs of the tourism and hospitality sector.

Overall impact of challenges and outlook

- The hospitality sector appears to be recovering well in terms output and employment, with the latest data showing both sitting above pre-pandemic levels. However, the sector continues to face challenges related to rising costs, squeezed household budgets and staff shortages.
- Whilst cost rises and recruitment difficulties have eased somewhat over the last 12 months, the sector remains more impacted than the economy average. These challenges appear to be impacting on business viability, with insolvencies and business closures in the sector rising over the past two years.
- However, the insolvency rate in the sector remains lower than that in the rest of Great Britain and the business closure rate remains lower than in the UK as a whole and is broadly in-line with the pre-pandemic period. The total number of businesses in the sector is growing modestly, with business births marginally exceeding closures. (See briefing on business closures in the beverage serving activities sector)
- The Scottish Government's *Evaluation of COVID-19 Business Support Measures in Scotland*, published in June 2022, found that the Accommodation and Food Services sector had the highest proportion of firms receiving support from Scottish Government grants out of all sectors and was also one of the sectors that benefited most from the support provided by the Scottish and UK Governments, in terms of the proportion of businesses reporting that the support helped them continue trading.

MINISTERIAL ENGAGEMENT BRIEFING: KATE FORBES, DEPUTY FIRST MINISTER AND CABINET SECRETARY FOR ECONOMY AND GAELIC

Briefing for meeting with Scottish Hospitality Group Board

- **Other factors, outwith the cost crisis, are also playing a role in the recent increase in business closures:**
 - **During the pandemic, insolvencies were historically low**, driven by government business support measures put in place. Any comparisons made with the pandemic period (2020 and 2021) need to be interpreted with this in mind. **Although the insolvency and business death rates in the sector have increased over 2022 and 2023, they are broadly in line with the pre-pandemic period.**
 - **Changes in consumer behaviour and preferences** (e.g. lifestyle/working habits) following the pandemic have **impacted on demand** in parts of the hospitality sector. E.g. an increase in home working has led to a smaller town centre lunch crowd during office hours. Similarly, lifestyle changes such as a growing interest in health and wellbeing, may be reducing demand in parts of the sector, such as pubs.

Future Outlook

- **While some challenges are likely to lesson as the cost crisis abates, other challenges, such as changes in consumer behaviour, are likely here to stay**
 - **Inflation has fallen significantly** over the last 24 months from a high of 11.1% in October 2022 (the highest rate for 40 years) to 2.2% currently (August 2024).
 - However, it remains marginally higher than the 2% target and, while inflation is falling, prices are not falling - they are just rising more slowly.
 - **The worst of the cost increases is likely to have passed.** It is likely that **interest rates will start to fall** which will have a **positive impact on consumers' disposable income** for discretionary items like hospitality.
 - However, **changes in consumer behaviour** (lifestyle/working habits) since the pandemic are **likely to remain** over the longer-term.

MINISTERIAL ENGAGEMENT BRIEFING: KATE FORBES, DEPUTY FIRST MINISTER AND CABINET SECRETARY FOR ECONOMY AND GAELIC

Briefing for meeting with Scottish Hospitality Group Board

Business closures in the accommodation and food services sector

Summary:

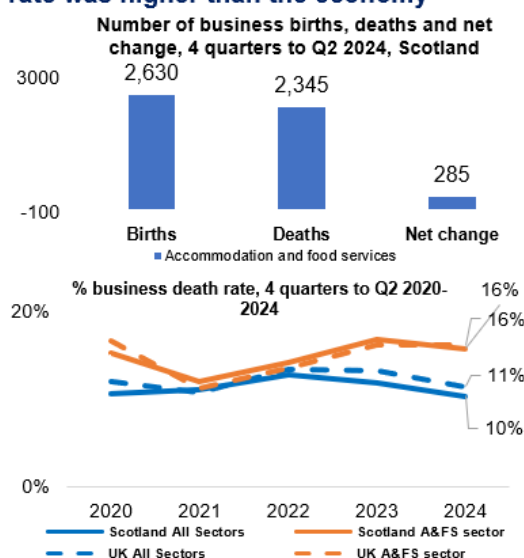
- In the four quarters to Q2 2024, there was an increase in the number of businesses in the accommodation and food services (A&FS) sector in Scotland, with the number of business births outweighing deaths.
- The business death rate in the A&FS sector in the four quarters to Q2 2024 was higher than the Scottish economy average but was in line with the UK sector.
- Whilst there has been an increase in the number of insolvencies in the A&FS sector in Scotland and the rest of Great Britain (rGB) recently, the insolvency rate in Scotland is lower than rGB.
- 15 out of the 32 local authorities in Scotland saw a net increase in the number of A&FS sector businesses in the 4 quarters to Q2 2024 with 11 seeing a net decrease and 6 unchanged.

Context and Purpose

- A number of business representative organisations have recently quoted data on business closures in the pubs and clubs sector up to 2023.
 - Representatives from the Night Time Industries Association (NTIA) have quoted data from CGA, a research and data consultancy, which provides subscribers with quarterly data on openings and closures in the licensed sector across Britain. This is not official data and OCEA analysts do not have access to it.
 - The Scottish Beer and Pub Association (SBPA) & Scottish Licensed Trade Association (SLTA) quoted data on the number of pub closures suggesting pubs are closing faster in Scotland than in the rest of GB and appears to have been sourced from the Non-domestic Rates (NDR) Valuation Roll. Whilst this is an official data source, it is not a suitable source for estimating business closures as it relates to the number of non-domestic properties (regardless of whether operational or not) rather than businesses.
- This briefing provides data from the latest official data sources on business births and deaths and insolvencies¹.

Whilst the number of businesses in the accommodation and food services sector in Scotland increased in the last four quarters, the death rate was higher than the economy average...

- In the four quarters to Q2 2024, there was a net increase (285) in the number of businesses in the A&FS sector, with the number of business births (2,630) exceeding the number of deaths (2,345).
- This is similar to in the whole of the UK where there was also a net increase in A&FS businesses.
- In Scotland, the business death rate (the number of deaths as a proportion of registered businesses²) in the A&FS sector (16%) was higher than the Scottish economy average (10%), similar to the UK as a whole where the death rate was 16% in the A&FS sector and the economy average was 11%.
- The business birth rate in the A&FS sector in Scotland (18%) was higher than that of the Scottish economy average (11%) and slightly higher than in the UK A&FS sector (17%).



¹ Data on business births and deaths is sourced from [ONS Quarterly business demography experimental statistics](#). These are experimental statistics so should be interpreted with caution and should not be published. Data on business insolvencies is sourced from [The Insolvency Service Company Insolvency Statistics](#).

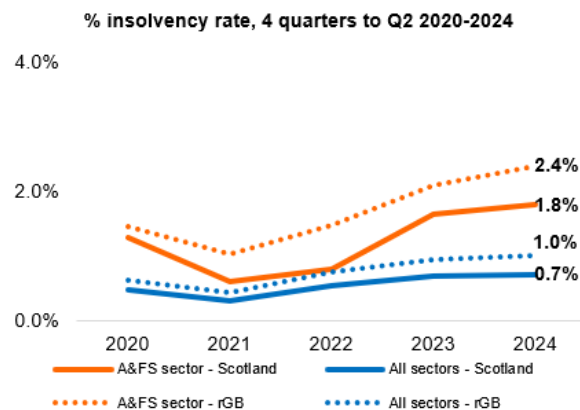
² Number of businesses in Scotland sourced from [Businesses in Scotland: 2023](#)

MINISTERIAL ENGAGEMENT BRIEFING: KATE FORBES, DEPUTY FIRST MINISTER AND CABINET SECRETARY FOR ECONOMY AND GAELIC

Briefing for meeting with Scottish Hospitality Group Board

Whilst there has been an increase in the number of insolvencies in the accommodation and food services sector in Scotland and the rest of Great Britain in recent years, the insolvency rate for Scotland is lower than the rest of Great Britain...

- In the four quarters to Q2 2024, the insolvency rate (number of insolvencies as a proportion of registered businesses) in the A&FS sector in Scotland (1.8%) was lower than in rGB (2.4%) but higher than the Scottish economy average (0.7%).
- There were 266 insolvencies in the A&FS sector in Scotland in the four quarters to Q2 2024, 9% higher than the four quarters to Q2 2023. Across the same period, insolvencies in the rGB sector were up 14%.
- In Scotland, the number of insolvencies in the A&FS sector was 46% higher than in calendar year 2019 prior to the pandemic. In the rGB sector, the increase was much higher at 84%.
- The latest quarterly insolvency figures for Q2 2024 show that insolvencies are up 14% across the wider A&FS sector compared to the same period last year (Q2 2023), although Q1 2024 was 3% down on Q1 2023.



Recent increases in business closures and insolvencies are likely due to a range of factors, including the impacts that a period of high inflation and high interest rates are having on the sector...

- During the pandemic, insolvencies were historically low, likely driven by government business support measures put in place. Any comparisons made with the pandemic period (2020 and 2021) need to be interpreted with this in mind.
- A period of high inflation and continued high interest rates are continuing to impact hospitality businesses' profitability by reducing consumer demand and increasing businesses' borrowing and input costs.
- Worker shortages mean that some hospitality businesses have had to pause trading some parts of the business and have been unable to meet demand.
- Changes in consumer behaviour and preferences (e.g. lifestyle/working habits) following the pandemic may have impacted on demand in parts of the hospitality sector. E.g. an increase in home working may have led to a smaller town centre lunch crowd during office hours. Similarly, lifestyle changes such as a growing interest in health and wellbeing, may be reducing demand in parts of the sector, such as pubs.

Definitions:

Business births are new enterprise entries in the Inter-Departmental Business Register (IDBR). Enterprises are added to the IDBR when a new business is identified from administrative sources (usually the Value Added Tax (VAT) or Pay As You Earn (PAYE) systems).

Business deaths are those removed from the IDBR. A business is removed from the IDBR if its turnover and employment are zero for several periods, or if the Office for National Statistics (ONS) is notified that the business has ceased trading through an administrative or survey source.

Company insolvencies are the number of companies which have entered a formal insolvency procedure after being unable to pay their debts. Insolvencies will only form a subset of total business closures as businesses can close for reasons other than insolvency.

The business demography data are experimental statistics so should be interpreted with caution.

Extract of Scottish Hospitality Group's Pre-Budget Submission to Scottish Parliament Finance and Public Administration Committee.

1. What elements should a new draft tax strategy include to achieve a tax system that works for everyone in Scotland, while allowing us to continue to deliver high-quality public services and keep our finances on a sustainable footing?

If a new tax strategy is to achieve a tax system that works for everyone in Scotland, it must have fairness at its core. That means ensuring businesses and sectors operating in the same space are treated equally by the tax system, which is not currently the case.

For instance, the hospitality industry currently pays business rates based on the turnover of their business, while retailers pay business rates based on the square footage of their premises. In practice, this often results in businesses of a similar size and in an immediate proximity paying vastly different rates, with hospitality businesses often paying a far larger percent in rates compared to other sectors, even though the sector in most cases employs more people per square footage, than retail.

This unfairness is further compounded by the fact the existing system takes no account of the profitability of a business when calculating its rates. This means that hospitality businesses are treated unfairly compared to other sectors, a discrepancy the new tax strategy should seek to address.

Addressing this discrepancy could be achieved without affecting spending on public services or affecting the sustainability of government finances, as the Scottish Government has already received funding to implement rates relief for the hospitality industry via the Barnett Formula.

Additionally, by addressing this existing unfairness in the tax system, the new tax strategy could support the hospitality industry to create more jobs, increase investment in training and skills, and expand its operations. Given hospitality is increasingly the mainstay of both urban town centres and rural communities, a tax strategy that supported the sector would also help increase investment in the high street and other underserved areas.

All of this would help contribute to economic growth, improving the Scottish Government's overall tax take, and help to create higher-skill jobs and better living standards for Scotland's people.

2. How should a new draft tax strategy address potential impacts of behavioural change on individuals, businesses, and the overall tax take?

A new draft tax strategy must place an emphasis on delivering positive behavioural change on businesses. That should include using the tax regime to encourage growth, investment and expansion.

MINISTERIAL ENGAGEMENT BRIEFING: KATE FORBES, DEPUTY FIRST MINISTER AND CABINET SECRETARY FOR ECONOMY AND GAELIC

Briefing for meeting with Scottish Hospitality Group Board

In the case of the hospitality industry, the current tax regime restricts the finance available for businesses to expand and invest. Hospitality businesses often pay a far larger percentage rate in Non-Domestic-Rates compared to equivalent businesses in other sectors, often making growth almost impossible.

Equally, the current tax strategy serves to disincentivise investment in upskilling the workforce. In 2023 the Scottish Government cancelled the Flexible Workforce Development Fund, which allowed larger hospitality businesses to offset their rates against their investment in staff training and skills. By removing these restrictions, the new tax strategy would encourage positive behavioural change that would grow the overall tax take.

3. What actions should the Scottish Government take to grow the tax base and increase labour market participation, productivity, and Scotland's economic growth?

The hospitality sector is already a vital part of Scotland's economy, accounting for around 200,000 jobs and £9billion per annum in GVA. Better supporting the hospitality sector - particularly by addressing the unfair Non-Domestic Rates discrepancy that penalises the sector – offers the Scottish Government a direct, swift and straightforward method of increasing labour market participation, boosting productivity and improving economic growth.

The hospitality sector employs people at every stage of their life and at every skill level. For many people, their first job will be in the hospitality sector, while the flexibility and variety of hospitality work also makes it a vital lifeline for people needing to support their further education. This means the hospitality sector plays a vital role in both bringing people into the workforce and helping them to upskill or reskill to improve their productivity or re-enter the labour market.

At the same time, the hospitality sector itself offers a pathway to rewarding, high-wage, high-skill jobs, including for people with little or no formal qualifications. Roles such as a head chef or hotel general manager can typically pay more than £50,000, plus an average of £6000 in Tronc payments, plus bonuses, a year in Scotland, providing a rewarding, valuable long term career. In short, this could lead to an average salary of £60000pa

Equally, Scottish hospitality is the lynchpin of many other key economic drivers, such as tourism, providing the economic backdrop not only for conventional holidays but also major international events, such as the Edinburgh festivals. Access to high-quality hotels, restaurants and entertainment is vital if the Scottish Government is going to grow this sector and take full advantage of Brand Scotland globally. As such, boosting the hospitality sector will have a vital economic impact in other sectors too.

A number of the blocks on the growth of the hospitality sector – such as VAT, workforce challenges and high energy prices – will require sophisticated working solutions between the Scottish and UK governments, or longer-term changes in the international political economy. This means that, while their resolution would help the hospitality sector to expand and contribute more to economic growth, the material changes may take time to fully take effect.

From: [Redacted]
To: [Redacted] [Deputy First Minister and Cabinet Secretary for Economy & Gaelic](#)
Cc: [Redacted]
Subject: RE: Hospitality - Briefing - DFM meeting Scottish Hospitality Group Board - 3 October 2024
Date: 07 October 2024 14:29:18
Attachments: [DFM SHG Meeting 3 Oct 2024 - Note.docx](#)
[image001.png](#)

Hi PO

Please see attached note for clearance of meeting DFM had with the Scottish Hospitality Group on Thursday, 3 October.

Thanks,

[Redacted]

[Redacted]

[Redacted]

Directorate for Business and Better Regulation
Business Strategy Division (Tourism, Hospitality and Retail)
Area 2G South, Victoria Quay
EDINBURGH
EH6 6QQ

Currently hybrid working pattern.

[Redacted]

From: [Redacted]
Sent: Monday, September 30, 2024 9:20 AM
To: Deputy First Minister and Cabinet Secretary for Economy & Gaelic <DFMCSEG@gov.scot>
Cc: [Redacted]
[Redacted]
[Redacted]
[Redacted]
Subject: Hospitality - Briefing - DFM meeting Scottish Hospitality Group Board - 3 October 2024

PO/Deputy First Minister and Cabinet Secretary for Economy and Gaelic,

Please see attached briefing for the meeting with Scottish Hospitality Group Board on 3 October 2024.

[Redacted]

Many thanks,

Hospitality Policy and Strategy Team
Business Strategy Division
Directorate for Business and Better Regulation

DG Economy | Scottish Government
Victoria Quay | Area 2G South | Edinburgh EH6 6QQ



Deputy First Minister meeting with Scottish Hospitality Group (SHG), Thursday 3 October 2024, 09:30-10:30, Signature Pubs Board Room, 6 Albyn Place, Edinburgh

Present

Kate Forbes MSP, Deputy First Minister and Cabinet Secretary for Economy

[REDACTED] SHG
[REDACTED] Buzzworks Holdings
[REDACTED] the DRG Group
[REDACTED] Signature Pubs
[REDACTED] McGinty's Group
[REDACTED] Tourism and Hospitality Policy Team, Scottish Government
[REDACTED] Private Office, Scottish Government

Introductions

- The meeting was opened by [REDACTED] SHG – current business in second year, seen rates go up with reforms of Small Business Bonus Scheme, expect to go up again with revaluation in 2026
- [REDACTED] McGinty's Group - summary of background and business interests – mainly based in Northeast/Aberdeen – key issue Non Domestic Rates – pay [REDACTED] per year – average RV is approx. [REDACTED]
- [REDACTED] Signature – 21 sites across Scotland, rate bill approx. [REDACTED]
- [REDACTED] Eusebi Deli – business in Glasgow employs [REDACTED] people, rate bill approx. [REDACTED]
- [REDACTED] DRG Group– 33 sites (32 in Scotland), [REDACTED] staff, rate bill approx. [REDACTED] – want to work with SG to help create more equality for hospitality sector
- [REDACTED] Buzzworks - 20 venues throughout central Scotland, [REDACTED] staff, rate bill approx. [REDACTED] Focus on less well known towns – acquire a business and build it up – [REDACTED] staff in each

Key Issues Discussed

- NDR, including methodology for hospitality sector, and other costs considered a deterrent to investment, costs and cumulative impact holding business back and not seeing new market entrants at a healthy volume
- Businesses (Buzzworks) are working hard to bring investment to improve towns in need of support, only to then receive a huge rates bill, disproportionate for hospitality businesses. i.e. in Prestwick venue postcode, rates payable is [REDACTED] with single Buzzworks venue paying [REDACTED] of that. Also, in Troon [REDACTED] properties in postcode area, only [REDACTED] pay rates that include [REDACTED] Buzzworks venues which pay [REDACTED] of postcode rates bill. The disincentive is that more investment results in higher NDR
- Reality is that many businesses on the high street are not paying any rates, whereas a disproportionate burden is placed on the hospitality sector due to methodology
- Many investors concluding that the return on investment is not worth the risk therefore keeping money in the bank

- Hospitality employes more people per square foot. Employment is a big factor for the country and should be considered i.e. in planning applications (quote Flamingo Land case)
- Expecting everything to rise in April – wages etc. not a complaint as want to pay well, but it does put more strain on finances
- SG should aim to bring Ministers, Industry and Assessors into the same room to discuss NDR issues – have been working with Ivan McKee (Minister for Public Finance) on some of the key issues, including looking at moving hospitality away from leisure and retail and would still like to explore lower poundage for hospitality
- SG need to provide clarity on timeframes i.e. when is best to put information forward to best influence, particularly around revaluation in 2026
- Informal feedback from industry contacts in England suggest there may be another year of relief for sector forthcoming at UK budget, and there is commitment to review business rates
- Positive messaging in budget for sector would therefore be welcome, as well as an open endorsement for the sector in Parliament

DFM Comment

- Ministers are very aware about the concerns over NDR methodology and the calls for reform, thus the New Deal for Business approach via the subgroup, where we need to monitor progress as this is an opportunity to make ground on key issues
- Also note the need for agreement across the hospitality sector on how a different approach would look, and be something that assessors in Scotland would accept
- Also need to work to ensure assessors have the information they say is lacking i.e. on rental values
- Two conversations likely to continue in parallel – on short-term support and on long-term reform
- Key timeframes for Budget are between December (announced) and possibly late March (Stage 3), and much will depend on what is in the UK Budget on 30 October
- There are of course choices to be made from the £55B block grant, and a key challenge, and priority, is how to sustain economic growth within the other competing public priorities
- Remain open to learn of any small differences that can be made that would have a positive impact for hospitality

Agreed Action Points

- **Propose DFM and Ivan McKee meet assessors to discuss issue of methodology further** (NDR team to take forward)
- **Consider options to publicly endorse and promote hospitality in both Parliament and wider activity i.e. through skills and career channels and or marketing and media to focus attention on positive aspects of the sector**
- **SHG to meet with officials to flesh out key issues prior to any follow up meetings**

END

From: [REDACTED] on behalf of [Deputy First Minister and Cabinet Secretary for Economy & Gaelic](#)
To: [REDACTED] [Deputy First Minister and Cabinet Secretary for Economy & Gaelic](#)
Cc: [REDACTED]
Subject: RE: Hospitality - Briefing - DFM meeting Scottish Hospitality Group Board - 3 October 2024
Date: 29 October 2024 09:26:14
Attachments: [image001.png](#)

This email is for the official record and confirms a Ministerial Decision. This email must be placed in the official record (eRDM) by your team in line with SG records management policy.

[REDACTED]
DFM is content with the meeting note.

Many thanks,

[REDACTED]
The Scottish Government | St Andrew's House | Regent Road | Edinburgh | EH1 3DG

E: DFMCSEF@gov.scot

All e-mails and attachments sent by a Ministerial Private Office to any other official on behalf of a Minister relating to a decision, request or comment made by a Minister, or a note of a Ministerial meeting, must be filed appropriately by the recipient. Private Offices do not keep official records of such e-mails or attachments.

Scottish Ministers, Special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

From: [REDACTED]
Sent: Monday, October 7, 2024 2:29 PM
To: [REDACTED] Deputy First Minister and Cabinet Secretary for Economy & Gaelic <DFMCSEG@gov.scot>
Cc: [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Subject: RE: Hospitality - Briefing - DFM meeting Scottish Hospitality Group Board - 3 October 2024

Hi PO

Please see attached note for clearance of meeting DFM had with the Scottish Hospitality Group on Thursday, 3 October.

Thanks,

[Redacted]

[Redacted]

[Redacted]

Directorate for Business and Better Regulation
Business Strategy Division (Tourism, Hospitality and Retail)
Area 2G South, Victoria Quay
EDINBURGH
EH6 6QQ

Currently hybrid working pattern.

[Redacted]

From: [Redacted]
Sent: Monday, September 30, 2024 9:20 AM
To: Deputy First Minister and Cabinet Secretary for Economy & Gaelic <DFMCSEG@gov.scot>
Cc: [Redacted]
[Redacted]
[Redacted]
[Redacted]
Subject: Hospitality - Briefing - DFM meeting Scottish Hospitality Group Board - 3 October 2024

PO/Deputy First Minister and Cabinet Secretary for Economy and Gaelic,

Please see attached briefing for the meeting with Scottish Hospitality Group Board on 3 October 2024.

[Redacted]

Many thanks,

[Redacted]

Hospitality Policy and Strategy Team
Business Strategy Division
Directorate for Business and Better Regulation

DG Economy | Scottish Government
Victoria Quay | Area 2G South | Edinburgh EH6 6QQ



From: [redacted] on behalf of [Deputy First Minister and Cabinet Secretary for Economy & Gaelic](#)
To: [redacted] [Deputy First Minister and Cabinet Secretary for Economy & Gaelic](#)
Cc: [redacted]
Subject: RE: Hospitality - Briefing - DFM meeting Scottish Hospitality Group Board - 3 October 2024
Date: 14 October 2024 12:44:26
Attachments: [image001.png](#)

Hi [redacted]

DFM would be content to join Mr McKee and the Scottish Assessors' Association's (SAA) Executive Team in a virtual meeting at 4pm on 21 November, subject to parliamentary business. Grateful if the invitation could please be extended to DFMPO.

Many thanks,

[redacted]
[redacted]
[redacted]

The Scottish Government | St Andrew's House | Regent Road | Edinburgh | EH1 3DG

E: DFMCSEF@gov.scot

All e-mails and attachments sent by a Ministerial Private Office to any other official on behalf of a Minister relating to a decision, request or comment made by a Minister, or a note of a Ministerial meeting, must be filed appropriately by the recipient. Private Offices do not keep official records of such e-mails or attachments.

Scottish Ministers, Special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

From: [redacted]
Sent: Monday, October 7, 2024 4:46 PM
To: [redacted]
[redacted] Deputy First Minister and Cabinet Secretary for Economy & Gaelic <DFMCSEG@gov.scot>

Cc: [redacted]
[redacted]
[redacted]
[redacted]
[redacted]

Subject: RE: Hospitality - Briefing - DFM meeting Scottish Hospitality Group Board - 3 October 2024

Hi PO,

The note states, under the Agreed Action Points:

"Propose DFM and Ivan McKee meet assessors to discuss issue of methodology further (NDR team to take forward)"

Mr McKee is scheduled to meet the Scottish Assessors' Association's (SAA) Executive Team in a virtual meeting at 4pm on 21 November in a routine catch-up that is already set to include an explanation from Assessors on the way the hospitality sector is valued for rating purposes. This could be put down as the first agenda item - would Ms Forbes be available to, and interested in joining this meeting (she could then choose to remain or leave after the first agenda item is covered)?

Alternatively would it be possible to provide us with some of DFM's available dates so we can reach out to schedule another meeting with the SAA Exec Team on this matter?

Regards,

[Redacted]

[Redacted]

Non-Domestic Rates Policy
Local Government & Analytical Services Division
3-G (N)
Victoria Quay
Leith
EH6 6QQ

[Redacted]

From: [Redacted]
Sent: Monday, October 7, 2024 2:29 PM
To: [Redacted] Deputy First Minister and Cabinet Secretary for Economy & Gaelic <DFMCSEG@gov.scot>

Cc: [Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]

Subject: RE: Hospitality - Briefing - DFM meeting Scottish Hospitality Group Board - 3 October 2024

Hi PO

Please see attached note for clearance of meeting DFM had with the Scottish Hospitality Group on Thursday, 3 October.

Thanks,

[Redacted]

[Redacted]

[REDACTED]
[REDACTED]
Directorate for Business and Better Regulation
Business Strategy Division (Tourism, Hospitality and Retail)
Area 2G South, Victoria Quay
EDINBURGH
EH6 6QQ

Currently hybrid working pattern.

[REDACTED]

From: [REDACTED]
Sent: Monday, September 30, 2024 9:20 AM
To: Deputy First Minister and Cabinet Secretary for Economy & Gaelic <DFMCSEG@gov.scot>
Cc: [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Subject: Hospitality - Briefing - DFM meeting Scottish Hospitality Group Board - 3 October 2024

PO/Deputy First Minister and Cabinet Secretary for Economy and Gaelic,

Please see attached briefing for the meeting with Scottish Hospitality Group Board on 3 October 2024.

[REDACTED]

Many thanks,

[REDACTED]

Hospitality Policy and Strategy Team
Business Strategy Division
Directorate for Business and Better Regulation

DG Economy | Scottish Government
Victoria Quay | Area 2G South | Edinburgh EH6 6QQ



From: [REDACTED]
To: [Deputy First Minister and Cabinet Secretary for Economy & Gaelic](#)
Cc: [REDACTED]
Subject: FW: To note and share from meeting - Question in Parliament
Date: 03 October 2024 16:11:57
Attachments: [image001.jpg](#)

[REDACTED] from Scottish Hospitality Group asked me to pass [REDACTED] comment below back to DFM by way of thanks.

Best,

[REDACTED]

From: [REDACTED]
Sent: Thursday, October 3, 2024 3:50 PM
To: [REDACTED]
Cc: [REDACTED]
[REDACTED]
Subject: Re: To note and share from meeting

Hi [REDACTED]

Well that was certainly a good time to get that in but yes I sort of caught on to that this morning

Great to catch up this morning, and if you would be so kind to forward my thanks to DFM on behalf of SHG for both meeting this morning but also for the razor sharp comment in the chamber

Of course, I will follow up todays meeting with a letter in due course

Regards

[REDACTED]
Scottish Hospitality Group
Tel: [REDACTED]

Sent on the move so please excuse any typos

On 3 Oct 2024, at 15:03, [REDACTED] wrote:

Hi [REDACTED] – good to see you and the team this morning. Will follow up in due course but DFM asked that her response to a general oral question today be shared with SHG (this was the one I referred to in the meeting), where you can see she has taken the opportunity to endorse Scotland's hospitality sector – which hopefully strikes the right key with SHG members.

Best for now,



Hospitality Industry (Meetings)

5. Craig Hoy (South Scotland) (Con)

To ask the Scottish Government when it last met with senior representatives from the Scottish hospitality industry. (S6O-03809)

The Deputy First Minister and Cabinet Secretary for Economy and Gaelic (Kate Forbes)

The straight answer is less than two hours ago, when I met the Scottish Hospitality Group to discuss the challenges and opportunities that the industry faces.

I use this opportunity to commend and endorse the work that Scottish hospitality does as an industry. It is often the linchpin of local economies, and it is a major and vital employer, offering many excellent skilled career paths to people all across Scotland. It is the pride of Scotland, offering high-quality service and excellent food and drink.

Craig Hoy

I am glad that my question was a prompt for the minister to meet the industry. As the recent report on brand Scotland by the Parliament's cross-party group on beer and pubs confirms, 2 per cent of Scotland's pubs closed last year, compared with 0.9 per cent in England. The report makes a number of recommendations on how to stem losses.

In my area, the Goblin Ha in Gifford, which is an iconic heritage pub that forms almost half of the village's main street, now lies shuttered and in darkness, having closed twice under two different tenants in the past 12 months. The local community is rightly concerned about the impact, not just of the loss of a local community gathering place but of vital jobs and tourism revenues.

Rural pubs are paying a heavy price for the Government's failure to provide adequate support, particularly in relation to business rates. Will the minister therefore agree to meet me to discuss the findings of the CPG report and to explore how the Government can provide a lifeline to struggling pubs such as the Goblin Ha in Gifford?

Kate Forbes

Craig Hoy makes a compelling case about the importance of hospitality businesses, in terms of not just their economic impact but their being, often, a centrepiece for local community activity. The stats make that clear. Last year, Scottish hospitality comprised 14,815 businesses, accounting for 9 per cent of all businesses in Scotland and contributing £4.7 billion in gross value added. They are a major employer, employing 216,000 people in 2022, which is 8 per cent of all

employment.

Although Craig Hoy has homed in on the specifics of a local case, I take him back to the macro impact and why it is on us all to support Scottish hospitality to ensure that it has a thriving future and to do everything within our power to save our high streets, as well.

[Redacted]

Directorate for Business and Better Regulation
Business Strategy Division (Tourism, Hospitality and Retail)
Area 2G South, Victoria Quay
EDINBURGH
EH6 6QQ

Currently hybrid working pattern.

[Redacted]

<image001.jpg>

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From: [REDACTED] on behalf of [Deputy First Minister and Cabinet Secretary for Economy & Gaelic](#)
To: [REDACTED]
Cc: [REDACTED] [Deputy First Minister and Cabinet Secretary for Economy & Gaelic](#); [REDACTED]
Subject: FW: DFM Kate Forbes SHG Board Meeting
Date: 21 October 2024 12:54:00
Attachments: [Outlook-Join our c.jpg](#)
[DFMCSE Kate Forbes.pdf](#)

Good afternoon [REDACTED]

Please see attached correspondence from [REDACTED] following DFM's meeting with the Scottish Hospitality Group on 3 October.

Grateful for advice and whether you think this should be added to MiCase.

Many thanks,

[REDACTED]

The Scottish Government | St Andrew's House | Regent Road | Edinburgh | EH1 3DG

E: DFMCSE@gov.scot

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From: [REDACTED]
Sent: Friday, October 18, 2024 5:23 PM
To: Deputy First Minister and Cabinet Secretary for Economy & Gaelic <DFMCSEG@gov.scot>
Subject: DFM Kate Forbes SHG Board Meeting

Dear Deputy First Minister Kate Forbes

Please find attached to this email, correspondence from the Scottish Hospitality Group, after our board meeting with yourself, on 3rd October 2024

As always, we look forward to working with you, to make the much needed changes for the sector, and also to help and assist grow our economy here in Scotland

Regards

[REDACTED]

[REDACTED]



Scottish Hospitality Group



www.scottishhospitalitygroup.com

Tel: 





[REDACTED]
Scottish Hospitality Group

Kate Forbes MSP
Deputy First Minister and Cabinet Secretary for the Economy
Scottish Government
St. Andrew's House
2 Regent Road
EH1 3DG
UK

Dear Kate,

Thank you for once again taking the time to meet with the Scottish Hospitality Group on October 3.

As ever, we welcome your continued support for this vital sector, and your recognition of the role Scotland's hospitality industry can play in delivering the growth, jobs and support for communities our economy needs. We also appreciate your understanding that the current business rates system unfairly penalises the hospitality sector, holding back growth, and look forward to positive action in this area from the Scottish Government in its December 4 budget.

In addition, we welcome your commitment to host a joint campaign between the Scottish Government and the Scottish Hospitality Group, highlighting the positive economic and social contribution the industry makes to Scotland's economy and society.

The Scottish Hospitality Group would be delighted to explore in more detail with your team how such a campaign will work, and our board is already collating options for both in person events and social media content that we could deliver.

Please let me know when would be most convenient for us to meet with your relevant officials to discuss how to activate and support a campaign in practice.

Thank you again for your continued work with the Scottish Hospitality Group and your wider support for Scotland's hospitality industry in general. We look forward to meeting with you again in due course.

Best wishes,

[REDACTED]

[REDACTED] Scottish Hospitality Group

From: [REDACTED]
To: [Deputy First Minister and Cabinet Secretary for Economy & Gaelic](#)
Cc: [REDACTED]
Subject: RE: DFM Kate Forbes SHG Board Meeting
Date: 21 October 2024 14:09:06
Attachments: [image001.jpg](#)

Hi [REDACTED] – thanks for sharing. No need to put this on Micase – we are in regular contact with [REDACTED] and these points were essentially captured as actions in the meeting note so will be taken forward as a matter of course.

Thanks,

[REDACTED]

From: [REDACTED] **On Behalf Of** Deputy First Minister and Cabinet Secretary for Economy & Gaelic
Sent: Monday, October 21, 2024 12:54 PM
To: [REDACTED]
Cc: [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
Subject: FW: DFM Kate Forbes SHG Board Meeting

Good afternoon [REDACTED]

Please see attached correspondence from [REDACTED] following DFM's meeting with the Scottish Hospitality Group on 3 October.

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Many thanks,

[REDACTED]

The Scottish Government | St Andrew's House | Regent Road | Edinburgh | EH1 3DG
E: DFMCSF@gov.scot

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As always, we look forward to working with you, to make the much needed changes for the sector, and also to help and assist grow our economy here in Scotland

Regards



[REDACTED]
[REDACTED]
Scottish Hospitality Group
[REDACTED]

www.scottishhospitalitygroup.com

Tel: [REDACTED]

