

Coronavirus (COVID-19) Strategic Framework Update February 2022: Business and Regulatory Impact Assessment (BRIA)

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Introduction

The update to our Strategic Framework takes stock of where we are in the pandemic and sets out both our activity on various fronts to respond to COVID-19 and its associated harms and our approach to managing COVID-19 effectively for as long as necessary.

We expect the epidemic to now move into a calmer phase, made possible by the remarkable progress on vaccination and in new treatments, which have both helped to reduce the severity of the disease. COVID-19 remains a threat, but we are hopeful that this threat will continue to reduce as we head into the spring and summer.

As a result, we expect a much lower level of intervention may be needed. We aim and expect to rely far less in future on regulation and more on good public health behaviours and adaptations to working environments and practices, taking account of the significant efforts made by businesses throughout the pandemic to keep operating while safeguarding staff and customers.

However there is always the possibility for new variants of concern and the Strategic Framework sets out our strategy for responding to that, should it become necessary.

We will continue to carefully monitor the state of the epidemic and will review the public health threat posed by COVID-19 in light of the latest scientific, clinical and public health advice. As we have throughout the epidemic, we will continue to follow the principles set out in our Framework for Decision Making when considering whether protective measures are necessary.

Were it necessary to introduce measures, careful consideration would be given to the balance of the 4 harms and the state of the epidemic at that time to ensure that any regulations are necessary and proportionate.

Notwithstanding the possibility of future variants, our aim should be to manage the virus on a routine basis as far as possible. Adopting sensible behaviours and making basic, appropriate adaptations will help us to do so.

We remain committed to transparency and will publish impact assessments of any measures and keep Parliament and the public informed.

Requirement for BRIA

The completion of a BRIA is recommended as best practice within the Scottish Government.¹ A BRIA helps to assess the impact of new legislation, as well as other changes such as voluntary guidance or policy changes, even where they do not necessarily present additional obvious burdens. In such cases it can either help confirm understanding that the impact will not change or identify and address unintended impacts which have not been identified. The content of a BRIA should be proportionate to the problem involved and the size of the proposal.

In the case of the Strategic Framework Update, the publication is not a standard legislative change/policy decision requiring a standard, template BRIA. Rather it contains a collection of policy decisions and intentions from across the Scottish Government. Consequently, we have invited contributions on the general impact of the pandemic.

Policy Background

A separate evidence paper has been published to provide an overview of the key analysis and evidence underpinning the Strategic Framework Update. The evidence paper contains a detailed section on the impact of COVID-19 on the economy, which is relevant to the BRIA and is summarised here.

Many parts of the economy have been disrupted in various ways and for an extended period of time by the pandemic. Restrictions have closed businesses in some sectors and have also limited the capacity at which businesses can operate through, for example, physical distancing. Businesses less directly affected by restrictions have still been affected by the pandemic as a result of changing consumer demands and ongoing uncertainty. This has had a negative impact on economic output at repeated points throughout the pandemic and periods of restrictions, alongside the broader impacts of the pandemic itself, may have weakened business resilience.

As the initial lockdown lifted, and as business and society reopened, there was a reversal of the output contraction for many parts of the domestic economy. However, not all sectors have recovered at the same rate, with the sectors that have been most impacted by restrictions remaining furthest below their pre-pandemic levels of output. Moreover, even with economic output back or close to pre-pandemic levels, the economy would have grown during the pandemic period, highlighting forgone output growth from the pandemic.

Restrictions such as working from home have had a negative impact on city centre economies in particular, as a result of the loss of associated footfall from office trade in the hospitality and retail sectors.

The headline labour market indicators compare well against historical trends, with unemployment at 4.1% in the period October to December 2021. This in part reflects the success of the furlough scheme in protecting jobs, alongside the

¹ [Business and Regulatory Impact Assessments \(BRIA\) toolkit - gov.scot \(www.gov.scot\)](http://www.gov.scot).

easing of restrictions on economic activity when appropriate and other factors. It underlines the important role of financial and business support in protecting the productive capacity in the economy.

A future scenario within the pandemic could still pose economic challenges, even without restrictions. This is because consumers could change their behaviour, for example in response to any new variant, and voluntarily stay away from some settings, resulting in lower consumption in these sectors of the economy. Self-isolation rules could also lead to work absences with potential adverse consequences for productivity. Although businesses have adapted their business models throughout the pandemic, ongoing uncertainty makes business planning more difficult.

Policy Proposal

In light of the current state of the epidemic and a consideration of future potential scenarios, Ministers judge that the strategic intent guiding our COVID-19 response should be changed to reflect the new calmer phase of the pandemic that we hope to move into:

“To manage COVID-19 effectively, primarily through adaptations and health measures that strengthen our resilience and recovery as we rebuild for a better future”.

Practically, whilst this accepts a level of COVID-19 circulating in society, it ensures that the harm-reduction measures are proportionate and consistent with our broader purpose of creating a more successful, sustainable and inclusive Scotland. It also means that the responsibility for delivering this Framework rests with us all – including government, wider public services, businesses, the third sector, communities and individuals.

As we have all learned over the last two years, management of the pandemic demands a flexible approach and an ability to respond quickly and decisively. Whilst we may be beyond the peak of the latest Omicron variant, we know that there is a continuing COVID-19 risk to manage in the future. There is no absolute certainty in what lies ahead, but by carefully monitoring the situation and having in place effective contingency plans, we can reduce risk and harm in more proportionate and less restrictive ways.

Over the period from initial lockdown in March 2020 through to spring 2021, when the risk of infection was high and before the positive impact of vaccination was fully present and more effective treatments were available, our response was characterised by extensive (though variable) use of legal restrictions and requirements. Individuals and organisations also adapted their behaviours and physical environments to reduce transmission risk.

Since summer 2021, the use of protective measures, both regulations and guidance, has remained important – particularly to deal with the Omicron wave – but has been much more targeted, as the positive impact of the vaccination programme has helped reduce serious health harm.

Looking forward, we expect to be able to rely much more on the beneficial impact of immunity, on the increasing availability of effective treatments, and on routine adaptations to behaviours and environments, to render the use of legal measures at best unnecessary and at worst limited and temporary.

Building an infection-resilient society includes adapting how and where we work, live and access services. We will provide clear and up-to-date guidance on safer buildings and behaviours to ensure we can live and work safely.

But we must also acknowledge the risks we face – of new, more harmful variants appearing or waning immunity. In addition, seasonal factors may shape people’s behaviours and increase transmission, with meeting outside more difficult in the winter months. Each of these - and in particular a combination of them - might cause a period of increased harm from the virus and require us to consider whether, when and to what extent a temporary increase in protective measures was necessary and proportionate. We expect that, often, no additional intervention will be required but we need to be ready to respond if and when it is.

In setting out this BRIA, we have considered three potential policy options with regard to the implementation of the Strategic Framework Update. These are shown below, with associated costs and benefits.

Policy options

Option 1: Allow all regulations to expire in February 2022

Cost

There would be no cost to businesses of this option directly from regulations, but there may be future costs to the extent that the absence of legal public health requirements leads to greater resurgences of the virus (e.g. in response to a more harmful new variant). Should there be a subsequent rise in cases or development of a new variant which increases disease severity, government could be without the necessary framework to respond quickly. Ensuring proportionate measures are in place to combat the virus protects business in the longer term.

If the outlook should change, with no Framework in place, businesses could be left without guidance and support to protect their customers and staff. Furthermore, without reassurance that appropriate and proportionate measures and guidance are in place, consumer confidence could be impacted, and some could exhibit increasingly risk averse behaviours. This could ultimately impact business turnover and staffing, as some could feel unsafe/vulnerable.

Benefits

Businesses have been affected by a variety of restrictions since March 2020, with impacts depending on severity of measures. More recent measures have been comparatively more targeted and less impactful on the overall economy relative to those seen in the early stages of the pandemic (e.g. enforced business closures) but nonetheless evidence and feedback from businesses suggests ongoing

impacts on affected businesses. Under this option, businesses would be able to operate in an unrestricted way. While the pandemic could continue to impact businesses in some ways – for example if travel restrictions are imposed in other countries, affecting businesses reliant on tourists, or due to any ongoing risk averse behaviour from consumers, particularly if circulation of the virus increased in the absence of legal public health measures – this option would remove the direct impact of the COVID restrictions themselves on business.

Option 2: Continue with current Strategic Framework, strategic intent and restrictions

Cost

This option would not be likely to have immediate financial implications beyond those associated with continuation of baseline mitigation measures and vaccine certification, and those legal requirements are likely to be lifted in the near future.

COVID-19, and previous restrictions introduced to control the virus, have had a substantial impact on a number of sectors. Businesses across the hospitality, accommodation, leisure and cultural sectors were required to operate under restrictions, or subject to closure, for much or all of the period March 2020 to August 2021. Estimates of direct impacts on GDP are not available from official statistics for a range of activities such as nightclubs, live events venues, theatres, concert halls and cinemas as a standalone part of the economy. Rather, they are contained within broader sections of the economy which have experienced significant impacts. For instance, during the first lockdown output fell significantly over the month of April 2020, compared with the previous month: by 77.3% in the Accommodation and Food Services sector² and by 45.7% in the Arts, Entertainment and Recreation sector.³ When further restrictions were re-imposed on Accommodation and Food Services in 2021, output fell 33.5% over the month of January 2021.⁴ These figures highlight the potential order of magnitude of economic loss that could arise from closure. While Scotland's economy as a whole has returned to pre-pandemic levels of output, these sectors have yet to fully recover: in November 2021, GDP was 8.5% below February 2020 in the Accommodation and Food Services sector, and 17.9% below in the Arts, Culture and Recreation sector, compared with a 0.6% increase for the economy overall.⁵

The relative impacts of the pandemic on sector viability have varied between sectors and business size bands, with sectors more seriously affected by restrictions for longer periods enduring longer periods of lack of viability (e.g. Accommodation & Food Services, Arts, and Entertainment & Recreation). Over the course of the pandemic, businesses in Accommodation & Food and Arts,

² This sector includes activities such as hotels and other accommodation providers, licenced and unlicensed restaurants, takeaway food providers, event catering, public houses and bars, and other food services.

³ This includes activities such as performing arts, operation of arts facilities, museum activities, library activities, gambling and betting activities, operation of historical sites and buildings, operation of sports facilities and activities of amusement parks

⁴ <https://www.gov.scot/publications/monthly-gdp-october-2021/>

⁵ [GDP Monthly Estimate: November 2021 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/gdp-monthly-estimate-november-2021/)

Entertainment & Recreation sectors have consistently been more likely to report decreased turnover than businesses across all sectors – 51.6% and 41.8% respectively, compared to 29.8% of businesses across all sectors in the period 24 January to 6 February 2022⁶.

Businesses in a number of the activities affected by this option have been able to trade with a significantly reduced level of restrictions since August 2021. This will have allowed these businesses to begin to generate revenues, and return to normal trading conditions. However, businesses in these sectors have still continued to experience challenges. In the period 24 January to 6 February 2022, 30.3% of businesses in the Accommodation & Food Services sector, and 21.0% of businesses in the Arts, Entertainment & Recreation sectors reported their turnover had decreased by more than 20% compared to what would normally be expected, compared to 11.8% of businesses across all sectors. Consequently, businesses in these sectors could be vulnerable to reductions in trade arising from voluntary social distancing or further restrictions arising as a result of upsurges of the virus, particularly as key support packages such as the Coronavirus Job Retention Scheme (CJRS) have been withdrawn. These trading conditions, along with the sustained losses incurred by many businesses in the worst affected sectors, will likely have a significant impact on their resilience. It follows that borrowing may have increased, levels of debt may have risen, and other sources of resilience may have been reduced.

Despite restrictions at this time being comparatively less severe than those imposed at earlier stages of the pandemic, these impacts are likely to have further weakened resilience of businesses in affected sectors, particularly given key support packages such as CJRS were not in effect at this time, and following a difficult festive period where business organisations reported hospitality businesses experiencing substantial cancellations, reductions in bookings and trade.⁷

Late night hospitality businesses such as nightclubs, and a number of live event and sporting venues have also been subject to vaccine certification, though there have been differences in the requirements on late night hospitality venues and venues for live events and sports.⁸ Discussion of the potential business impacts and emerging evidence around vaccine certification is contained within the relevant BRIAs and the Evidence Paper from November 2021.⁹ Since November, the Night Time Industries Association (NTIA) has continued to estimate the ongoing impact of vaccine certification on the sector in the region of upwards of 30% on footfall and revenue, including on for those premises that have taken themselves out of scope for the scheme by adjusting operations. Nightclubs were forced to close between 1-24 January and received business support, but the NTIA still reports that ongoing vaccine certification requirements continue to impact trading.

⁶ [BICS weighted Scotland estimates: data to wave 49 - gov.scot \(www.gov.scot\)](https://www.gov.scot/data-to-wave-49)

⁷ <https://www.scotsman.com/health/coronavirus/cancellations-began-to-arrive-within-minutes-hospitality-fury-at-postpone-christmas-parties-advice-3489729>

⁸ <https://www.gov.scot/collections/coronavirus-COVID-19-vaccination/>

⁹ <https://www.legislation.gov.uk/ssi/2021/349/resources>

In these circumstances, it is anticipated that the affected businesses will have experienced reductions in revenues, along with cost pressures from cancelling orders for food and drink, payment of ongoing bills, and cash flow pressures. Concerns about the spread of the virus may also encourage individuals to limit their social contacts more generally, through reducing their number of visits leisure and hospitality venues, or reducing the duration of their visits. This voluntary social distancing may also impact on footfall and revenue in hospitality and leisure settings.¹⁰

Benefits

The benefits of the current approach stem from the associated reduction in COVID harm from using temporary, targeted and proportionate public health measures. The science around physical distancing has not changed over the course of the pandemic. Close contact for prolonged periods, especially in social settings, particularly indoors with poor ventilation and no face masks is inherently high risk if unvaccinated. Overall the transmission risk on people mixing indoors with no distancing is inherently high despite vaccination given the increased transmissibility of Omicron.

The WHO advise at least 1m, but evidence indicates that maintaining 2m distancing is between 10 and 50 times safer than staying 1m apart (again with no vaccination). In the current situation whereby Omicron needs boosters to be effective. Current measures – including vaccine certifications for a narrow range of higher risk settings – seek to reduce close contact among unvaccinated people.

Based on the current scientific evidence and emerging evidence on the increased transmissibility of Omicron, the introduction of additional measures has been deemed necessary and proportionate to protect public health as case numbers increased at the end of 2021.

Option 3: Create new strategic intent and update Strategic Framework

Cost

The cost to businesses of updating and implementing a new Strategic Framework will depend on any restrictions imposed in response to escalating COVID-19 threat levels. There is no direct impact on businesses of establishing a new Framework. However, depending on the level of assessed threat and subsequent measures to address that threat, there could be a range of impacts.

Since March 2020 a variety of measures have been taken to combat the pandemic, from the severe (such as enforced business closure, severe social distancing measures) to the comparatively mild (such as guidance on face coverings). The return of any restrictions previously imposed would have an

¹⁰ <https://www.bankofengland.co.uk/-/media/boe/files/working-paper/2021/did-the-COVID-19-local-lockdowns-reduce-business-activity-evidence-from-uk-smes.pdf?la=en&hash=E8E116D61061BB71B018643E983FD306D8553C80>

impact on businesses, to a greater or lesser degree of magnitude depending on the required measures and their duration.

The Strategic Framework Update would aim to provide as much clarity as possible for planning purposes to people and businesses, while retaining the necessary flexibility to ensure that any responses are appropriately targeted. It outlines possible responses to changing levels of threat.

In a Low Threat scenario, where expected protective measures may not apply in law but may still be advised in guidance as best practice, impacts on business are largely expected to be minimal. Businesses reliant on income from tourists such as those in Accommodation or Hospitality sectors could experience reduced demand should other countries impose travel restrictions. Additionally, risk averse behaviours from consumers could still impact on demand.

In a Medium Threat scenario, there are not likely to be immediate financial implications beyond those associated with potential responses – which might include one or a combination of baseline mitigation measures and vaccine certification in a narrow range of settings, possibly in line with current restrictions at February 2022. While the likely measures deployed under this level of assessed threat would be more targeted and less impactful on the overall economy compared to earlier stages of the pandemic, latest evidence suggest some degree of ongoing impact. In the period 24 January to 6 February 2022 29.8% of businesses reported having decreased turnover compared to what would normally be expected at that time of year. Businesses in Accommodation & Food Services (51.6%) and Arts, Entertainment & Recreation (41.8%) sectors continued to report the greatest impact. These figures reflect a period where requirements regarding face coverings in a number of indoor settings, legal requirement of businesses to take steps to reduce spread of the virus including screens and physical distancing, testing/self-isolation guidance, and vaccine certifications required in a narrow range of settings (including nightclubs and large events) remain in place, alongside high prevalence rates of the virus.

In a High Impact scenario, measures could range from targeted protective measures to extensive protective measures. Evidence from earlier in the pandemic suggests that extensive protective measures would likely have a significant impact on businesses. COVID-19, and previous restrictions introduced to control the virus, have had a substantial impact on the a number of sectors. Businesses across the hospitality, accommodation, leisure and cultural sectors have been required to operate under restrictions, or been subject to closure, for much of the period since March 2020. Estimates of direct impacts on GDP are not available from official statistics for a range of activities such as nightclubs, live events venues, theatres, concert halls and cinemas as a standalone part of the economy. Rather, they are contained within broader sections of the economy who have experienced significant impacts. For instance, during the first lockdown output fell significantly over the month of April 2020, compared with the previous month: by 77.3% in the Accommodation and Food Services sector¹¹ and by 45.7% in the Arts,

¹¹ This sector includes activities such as hotels and other accommodation providers, licenced and unlicensed restaurants, takeaway food providers, event catering, public houses and bars, and other food services.

Entertainment and Recreation sector.¹² It is therefore anticipated that any severe measures required would likely have a significant impact across a number of sectors – although the circumstances in which they would likely be introduced - e.g. the emergence of a more severe and more transmissible variant - would likely see more risk averse consumer behaviours, even in the absence of restrictions.

While exact measures to be implemented will depend on an assessment of the extent and nature of the threat, and on a rounded assessment of the four harms, it is likely that the businesses most impacted will be in those sectors which have suffered the greatest impact of the pandemic to date.

Benefits

By updating our Strategic Framework regularly to reflect the state of the epidemic, we are aiming to provide as much clarity for the future as possible. Publishing our updated strategic direction continues to ensure that we are transparent in our thinking – helping individuals, businesses and other organisations to plan ahead – and ensures that measures remain necessary and proportionate to reduce impact on businesses and individuals wherever possible.

The new strategic intent moves away from ‘suppressing’ COVID-19 to ‘managing it’. In the future, and as far as possible, we intend to rely much less on legal requirements and more on people and organisations making and sustaining the adaptations to behaviours and physical environments that will improve our resilience to the virus and help keep it in check. This will allow businesses more flexibility in their approach to managing the virus, choosing solutions which keep their staff and customers safe while at the same time, being more suited to their individual circumstances.

In terms of adapting where and how we work, live and access services, it will be essential for us to work together to make buildings and settings safer, for example through better ventilation, and in so doing limit transmission. We appreciate that there will be a cost to adapting buildings. However, by investing in the adaptations, organisations will be able to better protect themselves from the impact of any future spikes in cases or more severe variants. We will continue to encourage employers to engage with employees to consider, for the longer term, hybrid working models where feasible and appropriate. We recognise the broader impacts of hybrid working and will continue to work with partners to learn from best practice.

Our health response, particularly our vaccination programme, has increased our ability to manage this virus without recourse to restrictive measures. Looking forward, we expect to be able to rely much more on the beneficial impact of immunity, on the increasing availability of effective treatments, and on routine adaptations to behaviours and environments, to render the use of legal measures at best unnecessary and at worst limited and temporary in effect.

¹² This includes activities such as performing arts, operation of arts facilities, museum activities, library activities, gambling and betting activities, operation of historical sites and buildings, operation of sports facilities and activities of amusement parks

In assessing the benefit of laying out plans for any future protective measures, we must consider the potential for more harmful variants appearing, as well as waning immunity. Furthermore, seasonal factors may shape people's behaviours and increase transmission. These factors, alone or in combination – might cause a period of increased harm from the virus and require us to consider whether, when and to what extent a temporary increase in protective measures would be necessary and proportionate. We expect that, often, no additional intervention will be required but we need to be ready to respond if and when it is.

Our updated Strategic Framework considers our potential response to such scenarios and will help prepare us for this should it become a reality. It is important that we have considered what measures we may introduce in such scenarios. The Strategic Framework's accompanying [Evidence Paper](#) explains the evidence behind this in detail. Key points are summarised below.

A study estimated the effectiveness of 17 non-pharmaceutical interventions in Europe's second wave and found that business closures, educational institution closures, and gathering bans during the second wave reduced transmission, although the reduction was smaller than in the first wave.¹³

The UK expert group SPI-B found that there was no sign of decline in effectiveness of interventions when they were reintroduced for a second or third time.¹⁴ The effectiveness of introducing individual interventions or packages of NPI measures will depend on the epidemiological context in which measures are introduced, baseline public behaviours in place at the time of the implementation and public adherence to NPIs.¹⁵

In Autumn 2021 when cases were high, but before the start of the Omicron wave, SPI-B, SPI-M and EMG advised that reintroduction of working from home (WFH) guidance may have the largest impact on transmission in England out of the 'Plan B' measures (which also were wearing of face coverings in specific settings and introduction of certification schemes) proposed by UK Government.¹⁶ They also advised that vaccine-only certification may only have a very small direct impact on transmission. Increasing the range of settings, time-limiting certificates based on last vaccination date, and including proof of a negative test, could increase the potential impact on transmission¹⁷. They considered other measures that would have a lasting impact are regular asymptomatic rapid antigen testing at the workplace, improved ventilation in schools and workplaces and improved public awareness of the requirement to take a test if symptomatic¹⁸.

¹³ [Understanding the effectiveness of government interventions against the resurgence of COVID-19 in Europe | Nature Communications](#)

¹⁴ [SPI-B: Behavioural considerations for maintaining or reintroducing behavioural interventions and introducing new measures in autumn 2021, 14 October 2021 - GOV.UK \(www.gov.uk\)](#)

¹⁵ [SPI-B, SPI-M and EMG: Considerations for potential impact of Plan B measures, 13 October 2021 - GOV.UK \(www.gov.uk\)](#)

¹⁶ [SPI-B, SPI-M and EMG: Considerations for potential impact of Plan B measures, 13 October 2021 - GOV.UK \(www.gov.uk\)](#)

¹⁷ [SPI-B, SPI-M and EMG: Considerations for potential impact of Plan B measures, 13 October 2021 - GOV.UK \(www.gov.uk\)](#)

¹⁸ [SPI-B, SPI-M and EMG: Considerations for potential impact of Plan B measures, 13 October 2021 - GOV.UK \(www.gov.uk\)](#)

In the event of a rapid increase in infections, Juniper (Joint Universities Pandemic and Epidemiological Research) consortium advised that in addition to vaccination certification, face coverings in specific settings and working from home were additional measures that should be considered. Some measures would take longer to implement but would have a lasting impact (listed first), while others are more immediate (but less sustainable) and are listed last.

1. Improved ventilation in schools and workplaces
2. Improved public awareness of hospital capacity status including non COVID-19 pressure
3. Boosters and increased vaccine uptake
4. Test, Trace and Isolate (TTI) (Test and Protect in Scotland)
5. Changes to restrictions and potential lockdowns
6. Antivirals and pharmaceuticals.
7. Travel restrictions.”¹⁹

A UKHSA rapid review on the effectiveness of face coverings published in November 2021 suggests that face coverings reduce the spread of COVID-19 in the community.²⁰

Outcomes are worse for older age groups and some clinical vulnerable people when infected with SARS-CoV-2 and measures to minimise transmission are even more important to protect these people.²¹

The above analysis and more has informed our response to COVID-19 so far. Adjusting our strategic intent will allow more flexibility for businesses which will reduce economic harm and harms on their sectors. However, to protect the clinically vulnerable and ensure an effective response to any future outbreaks it is also important that our Update outlines plans to respond with measures if necessary.

Scottish firms impact test

The Strategic Framework Update impacts Scottish firms across the sectors listed below, but should not impact the operations of Scottish firms in these sectors with operations outside Scotland.

Workplaces

Supporting staff to work from home will have an impact on firms. The necessary IT infrastructure for hybrid working will add to costs, as will ongoing support. However, as each business will have different requirements and implement hybrid working in their own way, we cannot quantify exactly what the costs will be. There is also potential for some savings if businesses reduce their estates/ office space.

¹⁹ [Research and analysis overview: JUNIPER: Control options for mitigating a rapid rise in infection, 12 October 2021 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/research-analysis/12-october-2021-juniper-control-options-for-mitigating-a-rapid-rise-in-infection)

²⁰ [The effectiveness of face coverings to reduce transmission of COVID-19 in community settings. A rapid review Nov 2021](https://www.gov.uk/government/research-analysis/the-effectiveness-of-face-coverings-to-reduce-transmission-of-covid-19-in-community-settings-a-rapid-review-nov-2021)

²¹ [COVID-19 advice - High risk groups | WHO Western Pacific](https://www.who.int/emergencies/diseases/novel-coronavirus-2019/advice-for-public/high-risk-groups)

Other adaptations may also have costs for businesses. This may include changes to mechanical ventilation, enhanced cleaning procedures, or provision of face coverings/ hand sanitiser.

While we do not have details on the specific costs of hybrid working or other adaptations, we are aware that many businesses have already made the changes.

It is too early to fully assess the impact of hybrid working across the economy as the move to hybrid working only started on 31 January 2022, although we have been encouraging or requiring working from home (where possible) for a longer period of time. Nonetheless, through our engagement to date, we understand that businesses have invested in the necessary infrastructure and support to implement hybrid working models, and additional adaptations, since the pandemic began. We understand that the cost of implementing an effective and productive way of hybrid working may be significant, and for some businesses, unfeasible. Through engagement with the business sector we will gather feedback and evidence on the costs and benefits of implementing hybrid working

We will explore the current and emerging evidence base including research and comparators with UK and the devolved administrations to learn lessons to inform our considerations including impact on productivity. To note some early findings from CIPD²² found that 63% of participants in our employer survey said that they planned to introduce or expand the use of hybrid working to some degree, combining time in the workplace with time at home, depending on the needs of the job, the individual and the team, and the team working practices.

The Scottish Government will work with businesses and organisations, through the working group on hybrid working, to learn from examples of hybrid working and fully assess the wider impact of hybrid working over the coming months

In addition to direct costs of hybrid working, a reduction of people working in city centre offices will also have an impact on other sectors (e.g. retail) which is covered in the relevant sections.

The case for flexible and hybrid working

Flexible working policies that balance the needs of businesses and service providers and their staff have been found to raise loyalty, motivation and business productivity as people experience an improved work-life balance. We need to continue encouraging employers to open more vacancies to flexible work at the point of hire, and to support parents and carers into better flexible work.

On 25 January 2022, the First Minister's statement set out recommendations that, from 31 January, employers should consider implementing hybrid working where possible. This represents a change in approach from working from home where possible as the default position earlier in the pandemic. The First Minister made

²² [Flexible working – lessons from the pandemic | CIPD](#)

clear that this should not signal a wholesale return to places of work, recognising that homeworking still remains one of the most effective protections against COVID-19 and for maintaining business resilience. The Scottish Government published updated guidance effective from 31 January 2021 to support business considerations around hybrid working.

Work carried out last year considered principles which should be implemented in a phased return to offices. These principles are still relevant when considering moves to hybrid working including over the longer-term. They are:

- the health and safety of employees, customers and service users remains a priority for businesses
- businesses should work with employees and workforce representatives (where applicable and appropriate this may be the trade unions) to consider flexible and hybrid working arrangements in their own contexts
- a phased and co-ordinated approach should be considered to support the introduction or reintroduction of hybrid and flexible working to support employee wellbeing and economic recovery
- a wide variety of models of working should continue to be promoted where appropriate with businesses considering the unique situation for their staff e.g. hybrid models of office based and home working

The Scottish Government plans to establish a working group with business and third sector organisations, employee representatives and sectoral leads in line with the Principles agreement to understand and explore the impacts of hybrid working on business, the wider economy and on individuals.

Events industry

The events sector in Scotland has been particularly hit hard by the pandemic. The Scottish Government remains committed to supporting the recovery of the sector, including building public confidence to return to the full range of business, sporting, and cultural events. £21.8m of funding has been specifically allocated to Events, to support businesses that were impacted by the COVID-19 restrictions put in place in December 2021.

Much of the sector has been required to enforce COVID-19 status certification checks, and they are also implementing other measures such as facemask enforcement, additional cleaning and strong encouragement to customers to test before attending.

The industry association "2020 UK Events Report" reported direct spend of £70 billion in the events sector in the UK in 2019. VisitScotland has estimated 9% of the UK total can be attributed to Scotland, representing £6 billion of direct spend to the Scottish economy and also accounting for approximately half of the country's total visitor spend.

Based on the Annual Business Survey 2018, the events industry had an estimated turnover of £1,927 m in 2018 (0.8% of Scotland's non-financial business economy turnover in 2018) and an estimated Gross Value Added (GVA) of £978 m in 2018

(1.0% of Scotland's non-financial business economy GVA in 2018). The local authority areas contributing most to total GVA within the events sector in 2018 were Glasgow City (17%), City of Edinburgh (15%) and Fife (9%).

Only around 17% of events businesses have a turnover of £500,000 or more. Approximately 1,265 had a turnover of less than £100,000. Of the 655 businesses operating with a turnover of £500,000 or more, 120 (14%) were present in Edinburgh and 85 (12%) in Glasgow. The figure is 7% for Fife, 7% for Highland and 5% in South Lanarkshire (Inter-Departmental Business Register (IDBR) 2020).

The Business Register and Employment Survey 2019 indicates that, overall, more than 50% of employees in the sector work part-time (54,000 employees, of which 25,000 are full-time).

The 2020 and 2019 IDBR Business Register and Employment Surveys estimated that there were 3,785 events industry businesses in Scotland, including event catering businesses, performing arts, activities of sports clubs and activities of exhibition and fair organisers²³. These businesses operate across 4,625 sites. We currently have no specific data on supply chains for these businesses. It is likely that most of these are based in cities and larger towns although it is not possible to obtain detailed data at this time.

Approximately 6,300 (11.1%) of workers in the events industry were self-employed. This is a slightly lower proportion than for the workforce as a whole (12.4%). The proportion of women working in the events industry is similar to the proportion in the overall workforce – 46.6% and 48.8% respectively. However, for events catering activities, women make up 55.4% of the workforce and for Other Reservation Service and Related Activities they make up 72.9% of the workforce.

Feedback from events sector

We have had several discussions with events stakeholders on what they would like to see in the revised Framework, what is currently causing them uncertainty in their business planning, and what mitigations they are already implementing in their business.

The main points reflected in detailed feedback and discussions were:

- Clear messaging regarding opening up of the economy and confidence that events/culture and similar venues are safe
- Clarity on funding available if further restrictions are introduced
- Clear set of triggers for further restrictions to be imposed

²³ 29. Events Industry defined here using the following SIC2007 codes: 5621 : Event catering activities, 9001 : Performing arts, 9002 : Support activities to performing arts, 9004 : Operation of arts facilities, 9311 : Operation of sports facilities, 9312 : Activities of sport clubs, 68202 : Letting and operating of conference and exhibition centres, 74209 : Other photographic activities (not including portrait and other specialist photography and film processing), 79909 : Other reservation service activities (not including activities of tourist guides), 82301 : Activities of exhibition and fair organizers, 82302 : Activities of conference organizers, 93199 : Other sports activities (not including activities of racehorse owners)

- A four nations approach
- Clear guidance on ventilation and air quality, and proper funding support for adaptations
- Consistency in regulations and guidelines across similar settings, particularly when they are within the same venue (e.g. 1m distancing applying to hospitality/bars etc and 2m relating to circulation and event attendance cannot work)

Culture

The Scottish Government acknowledges that culture has been one of the worst hit sectors by the COVID-19 pandemic. The Scottish Government announced funding of £65m for the culture and events sectors to support them as a result of these new restrictions, including £31.5m for cultural businesses, organisations, venues and independent cinema support and grassroots venues and £19.8m for the events sector. Museums and galleries, and other heritage attraction, which have also been required to ensure physical distancing is in place, and therefore impacting on visitor numbers, have been allocated £1.7m (although the winter months are traditionally a time of year due to a lack of tourists when some museums and other similar attractions offer either reduced opening hours or are closed).²⁴ A further £16m of support for culture and events was announced in February.

1) Cinema

There are 71 fixed sites screening first-run film in Scotland run by 38 organisations (31 multiplex sites and 4 independent chain sites run by 8 operators, 36 independent venues run by 30 operators). Additionally, there are 2 touring cinema operators who screen first-run films. One is Screen Machine which physically tours, the other is INDY Cinema Group which has a number of sites. They are difficult to categorise given their unique set-ups. There are also a number of smaller venues that are screening occasionally, off-date and/or older films, which aren't included here.

There are currently 1,530 employees working in film exhibition in Scotland, based on Office for National Statistics and BFI methodology; however this figure is slightly low as it removes multi-arts venues and misses organisations that aren't registered under the specific tax code for cinemas.

There are 36 independent venues in Scotland, run by 30 operators; these are all registered in Scotland. Other cinemas in Scotland are part of chains. Independent of restrictions, several chains made the decision to close temporarily – this was due to a combination of reduced capacities because of physical distancing and the postponement of several key releases. According to BRES 2020 and IDBR 2021 there are 30 businesses operating across 65 sites in the motion picture projection activities sector in Scotland employing approximately 2,000 people.

²⁴ www.gov.scot/news/targeted-funds-for-culture-and-events/

Motion projection activities sector

Sector	Employment (2020)	Number of Businesses (2021)	Number of Business Sites (2021)
Motion picture projection activities (SIC 5914)	2,000	30	65

Source: Business Register and Employment Survey; IDBR.

2) Theatres and music venues

Based on the data we have available, which is dependent on how businesses are registered, there are 590 registered businesses in the performing arts, support activities for performing arts and operation of arts facilities (IDBR 2021). Around 570 of these are classified as small businesses with 49 employees or less. These 590 businesses employ 4,400 people²⁵. It should be noted that there is also a high proportion of freelancers/self-employed working in the sector that may not be picked up by the Business Register and Employment Survey.

Activities of theatres and music venues sub-sectors

Sector	Employment (2020)	Number of Businesses (2021)	Number of Business Sites (2021)
Performing arts (SIC 9001)	2,500	380	390
Support activities to performing arts (SIC 9002)	400	140	145
Operation of arts facilities (SIC 9004)	1,500	70	85

Source: Business Register and Employment Survey; IDBR.

3) Indoor visitor attractions and museums

Many visitor attractions, particularly those outwith the main urban areas are either closed or have reduced opening hours over the winter months (tourism in Scotland still experiences significant seasonality, with Easter-October being the main operating period for visitor attractions).

It is not currently possible to indicate the full extent to which individual visitor attractions that would be impacted by the regulations, given that only the indoor parts of the business site would be affected. For example, the majority of zoos and

²⁵ Source: Business Register and Employment Survey (2020)

country garden estates will be outside, however there may be some parts of these establishments that are indoors.

Indoor Attractions

Sector	Employment (2020)	Number of Businesses (2021)	Number of Business Sites (2021)
Museums activities	4,000	100	155
Distilleries	8,000	215	320
Operation of historical sites and buildings and similar visitor attractions	2,250	60	135
Botanical and zoological gardens and nature reserve activities	2,000	40	95
Tour operator activities	1,000	195	225
Activities of tourist guides	125	50	55

Source: Business Register and Employment Survey; IDBR.

It is estimated that there are 100 registered businesses operating in the **museums and galleries** sub-sector, at 155 sites. The sector ranges from large national institutions employing hundreds of staff to small volunteer-run museums.

The operation of **historical sites and buildings** sub-sector includes the operation of 60 businesses across 135 sites and employs in the region of 2,250 people. This sector includes major tourist attractions in the central belt such as Edinburgh Castle, Stirling Castle and the Falkirk Wheel to much smaller sites of historical and cultural significance in more rural areas.

There are 215 registered **distillery businesses** operating in Scotland. The majority of those produce whiskey but some have a focus on gin. Distilleries are particularly popular with tourists and there are a number of tour operators who run specialist trips to distilleries (often visiting multiple distilleries within a single day). Many of Scotland's distilleries also have a visitor centre with gift shops and provide tours and demonstrations for visitors. Some distilleries also have bars and cafes. Given the range of activities undertaken at distilleries we do not have specific data on the number of people employed within visitor attractions at distilleries. Distilleries are heavily geographically concentrated in the Highlands and Islands and are important to the rural economy.

The sub-sector relating to **botanical and zoological gardens and nature** reserves also includes gardens, estates and country parks. Estimates suggest that

there are 40 businesses operating within this sector, employing around 2,000 people. This category includes Edinburgh Zoo, the Highland Wildlife Park and Blair Drummond Safari and Adventure Park. Visit Scotland state there are over 400 gardens, woodlands and plant nurseries to visit in Scotland. Many of these will include both indoor and outdoor spaces. Visitor attractions range in scale from the 4 botanical gardens (at Benmore, Dawyck, Logan and Edinburgh) and National Trust gardens to much smaller gardens and country parks. This sub-sector draws heavily on the skills, experience and enthusiasm of volunteers.

It is estimated that there are around 1,125 people working within the **tour operator and tourist guide sub-sector of visitor attractions**. The majority of these people are employed within tour operator related activities. This sub-sector comprises around 245 separate business operating over a large number of sites. This sub-sector is heavily dependent on international tourism. This sector includes a diverse range of activity from walking and cycling tours to bus tours and boat trips.

4) Casino & bingo halls

The information we have for casinos comes from the Betting and Gaming Council who collect such data for the purposes of industry representation and the requirements of gambling licensing. They estimate there are 11 casinos in Scotland, employing 770 people across Glasgow, Edinburgh, Aberdeen and Dundee.

The information we have for bingo halls comes from the Bingo Association who collect such data for the purposes of industry representation and the requirements of gambling licensing. They estimate that there are 45 licensed bingo clubs in Scotland, employing 1,100 people. The clubs are operated by 8 companies in Scotland, of whom 5 operate only in Scotland.

Feedback from culture sector

We engaged directly with the culture sector on what they would like to see in a revised strategic framework, what is causing uncertainty or impacting future planning, adaptations and mitigations already in place and the material impact of these adaptations.

Stakeholders responded that they would like to see the following:

- a differentiation between guidance and legally binding measures,
- a longer term sense of how society will live with COVID-19
- clear messaging regarding opening up of the economy.
- Robust contingency models that are tried and tested to deal with potential restrictions
- Clarity on funding available if further restrictions are introduced
- Clear set of triggers for further restrictions to be imposed
- A four nations approach.

In terms of mitigations already in place most mentioned additional cleaning, face coverings, ventilation and vaccine certification.

Weddings

Scotland has a strong wedding industry. The number of marriages taking place fell during the pandemic. The publication Vital Events Reference Tables 2020²⁶ published by National Records of Scotland (NRS) notes in section 7 that there were 11,831 marriages in 2020. In comparison, the equivalent publication in 2019²⁷ noted that there were 26,007 marriages in 2019. More recent figures published by NRS²⁸ shows that the number of marriages in Scotland have almost returned to pre-pandemic numbers. There were 10,540 marriages in quarter 3 of 2021, only 1% fewer than the quarter 3 average for 2015 - 2019.

The Scottish Government is aware, from discussions with marriage celebrants, registrars and the wedding industry that a number of the weddings taking place now were postponed as a consequence of the pandemic.

The average cost of a wedding in Scotland in 2017 was reported to be £19,791²⁹. Based on the number of marriages in 2019, and assuming the average spend remained the same, this suggests the wedding industry is worth around £500 m a year.

Funerals

The number of deaths in Scotland increased during the pandemic.

The publication Vital Events Reference Tables 2020³⁰ published by National Records of Scotland (NRS) notes that there were 64,093 deaths in Scotland in 2020, compared with 58,108 in 2019³¹ and 58,503 in 2018³².

While there is no data available on the number of funerals that take place in Scotland each year, it can reasonably be assumed that funerals were held in Scotland for a significant proportion of those who died in Scotland.

The 2022 SunLife Cost of Dying Report³³ provides useful insight into the impact of funeral restrictions on both the general public and on funeral sector businesses. The Report suggests that the average cost of a funeral in Scotland in 2021 was £3,873, a drop of 4.7% since 2020³⁴, though such fluctuations in price are likely not entirely attributable to the pandemic.

The Report notes that in 2020 and 2021, funeral services changed due to the pandemic. It reports that 85% of those surveyed who organised a funeral between

²⁶ [Vital Events Reference Table 2020: Report \(nrscotland.gov.uk\)](https://nrs.scot.nhs.uk/vital-events-reference-tables-2020)

²⁷ [Vital Events Reference Table 2019](https://nrs.scot.nhs.uk/vital-events-reference-tables-2019)

²⁸ <https://www.nrscotland.gov.uk/news/2021/quarter-3-deaths-15-above-average>

²⁹ The 2018 Wedding Report, based on a survey of around 3000 couples based in the UK: <https://bridebook.co.uk/article/theukweddingreport2018>

³⁰ [Vital Events Reference Table 2020: Report \(nrscotland.gov.uk\)](https://nrs.scot.nhs.uk/vital-events-reference-tables-2020) pg 6

³¹ [Publication \(nrscotland.gov.uk\)](https://nrs.scot.nhs.uk/vital-events-reference-tables-2019) pg 7

³² [Vital Events Reference Tables 2018 | National Records of Scotland \(nrscotland.gov.uk\)](https://nrs.scot.nhs.uk/vital-events-reference-tables-2018)

³³ [3062_COD_Cost of Dying Report 2022_V7 \(sunlife.co.uk\)](https://sunlife.co.uk/3062_COD_Cost_of_Dying_Report_2022_V7)

³⁴ *Id* pg 11

February 2020 and July 2021 said it was affected by COVID-19 and social distancing measures. 53% said the funeral they organised was affected a lot by the pandemic. When sector members and organisations were asked by officials about the challenges of pandemic on funerals, restrictions on attendance and requirements for physical distancing and the wearing of face coverings were noted as being particularly difficult for both employees and attendees, given the people-centric nature of the work.

Other particular areas of note are the reported increase in the number of direct cremations which took place during the pandemic and advances in technology. Direct cremations are cremations which take place without a funeral service and are therefore the most affordable funeral option. The report notes that, due to COVID-19 restrictions in 2021, this type of funeral became a more popular option. Of those surveyed who organised a funeral between February 2020 and July 2021, 24% described the funeral as a direct cremation which is 6% more than the national average during the last four years.³⁵

Where funeral services were held, new technology trends emerged. For example, 90% of funeral directors surveyed say they saw new trends such as the use of web links, apps and video to record and stream funeral services emerge in 2021.³⁶ Some members of the funeral sector also noted that new training for staff focusing on resiliency and wellbeing had been introduced and that they would look to keep such training in place beyond the pandemic.

Feedback was consistently sought from funeral sector stakeholders throughout the pandemic, to attain information on how the pandemic impacted funeral director businesses and burial or cremation authorities. Feedback suggested that funeral director firms and other authorities in this market were holding at least similar numbers, if not more, funerals than in previous years, based on feedback about how busy stakeholders were. This was not surprising, given the increase in deaths in Scotland.

Further, it appeared that restrictions which impacted funerals (e.g. attendance numbers, face covering requirements, etc.) did not impact on the number of funerals being arranged and conducted by funeral directors (although it is acknowledged that these restrictions did impact the manner in which funerals were conducted as well as experienced by bereaved families).

Retail

The retail sector is of enormous social and economic importance to Scotland. It is Scotland's largest private employer, employing over 240,000 people, and contributed £5.8 billion in GVA to the Scottish economy in 2018. There are almost 14,000 retail businesses, across every part of Scotland. They are often the cornerstone of our communities, particularly in rural areas.

³⁶ *Id* pg 38

Women are 60.5% of the retail workforce and young people 26% (compared to 12.3% of workforce as a whole). Additionally, 63.1% of employees within retail work part time compared to 34.0% of the total employee population.

We engaged directly with the retail and close contact on what they would like to see in a revised strategic framework, what adaptations and mitigations already in place they would continue with and the material impact of these adaptations.

Stakeholders responded that they would like to see a consistent plan based on trusting employers and supporting them by providing them with sufficient notice to make adaptations, avoiding chopping and changing and aligning across the four nations.

Existing guidance sets out mandatory requirements, including carrying out regular risk assessments, as well as the range of good practice protection measures retailers should consider to keep staff and customers as safe as possible. The requirement for enhanced mitigation measures has operational implications and additional cost for businesses, including supplying face coverings and hand sanitiser and elevated cleaning. Retailers have already incurred the financial cost of commissioning, buying and installing new signage for physical distancing, floor markings etc. as a result of the December announcements. Additionally, retailers have already invested and continue to invest in the technology and equipment to enable increased numbers of their staff to work at home.

Early feedback on what adaptations retailers will retain, if the current requirements to take measures as are reasonably practicable to minimise the incidence and spread of coronavirus on the premises are lifted, include:

- supplying face coverings to staff,
- retaining hand sanitiser for customers and staff
- keeping signage at the entrance about being considerate to fellow customers and staff
- elevated levels of cleaning of frequent touchpoints in stores
- continuing with a hybrid approach to home working for support/office staff

Scotland's retail industry has been impacted by measures since the start of the pandemic, particularly the ongoing work from home policy, as a result Scottish Retail Consortium (SRC) estimates shops in Scotland have missed out on £5.8 billion of retail sales during the past two years of the COVID-19 pandemic. Businesses in large towns or city centres and which have experienced the greatest drop in footfall could be particularly impacted if there is a return to work from home measures.

Close-Contact Services

BRES and APS data from 2018, 2019 and 2020 suggests there are just over 18,000 close contact businesses in Scotland. Women made up 80.7% of the personal services workforce in 2019 and 36.6% people working in the other service activities sector work part time compared to 26.4% of the population. (Source: Annual Population Survey Jan-Dec 2019)

Stakeholders responded that they would like to see a measured approach, aligned across the four nations that lets businesses plan, including for seasonal issues, and is easy for the public to follow. The close contact service providers feel the Scottish Government approach to masks is reducing customers wellbeing when they receive services therefore discouraging attendance and educing revenue They do think the adaptations that have less impact on 'client experience', such as enhanced cleaning practices, better record keeping and increased mask wearing for practitioners, will be retained.

Sports

We recognise that restrictions which were necessary as a result of the pandemic placed a significant burden on the sport and physical activity sector and on the financial viability of businesses. We have provided substantial financial assistance to the sector during this period as part of the more than £4.4bn in support from the Scottish Government to businesses overall.

Through sportscotland, we will continue to work closely with the sector in future to refine guidance based on the current position, providing clarity on what is expected of the sport sector under each alert level so they can plan effectively. We will work in partnership with the sector to provide more information on actions which may help sporting organisations to adapt to the presence of COVID-19

Food Standards Scotland

Rules relating to the take away and food to go sector have remained relatively unchanged since the lifting of most restrictions under the COVID-19 Protection Levels Framework during the course of 2021. Food Standard Scotland's guidance on COVID-19 for food businesses was first published in April 2020, but now refers businesses to the general guidance as issued by Scottish Government: Coronavirus (COVID-19): safer businesses and workplaces - gov.scot (www.gov.scot).

As with other food businesses, takeaway and food to go premises, such as drive thrus, are required by the guidance to take reasonable measures to minimise the incidence and spread of coronavirus. This includes wearing a face covering, and other mitigations that may be needed such as:

- changing the layout of premises including the location of furniture and workstations to maximise physical distancing
- controlling the use of entrances, passageways, stairs and lifts
- controlling the use of shared facilities such as toilets and kitchens
- installing barriers or screens
- providing personal protective equipment
- providing information on minimisation of transmission risk to those working in or visiting the workplace

As the February 2022 update to the Strategic Framework places no new mitigations or relaxations on this sector, given current levels of risk, no new impacts are expected.

The impact on the hospitality sector more generally has been considered separately.

FSS has however undertaken monitoring of the out of home (OOH) sector of consumer habits and impacts over the course of the pandemic. In September 2021 FSS published a report making comparisons with data for 2019 to allow us to explore how our OOH eating behaviours have changed. To note, this data encompasses all OOH food businesses and not just takeaway and food to go.

This report, which can be found [here](#), found that:

- the value of the total out of home market in Scotland was £3 billion in 2020, a reduction of 36% compared to 2019.
- Takeaways grew to a market value of £1.1 billion, a 31% increase compared to 2019, with an additional 21m trips.
- Scotland saw a huge rise in ordering takeaways from restaurant apps and other third party apps (such as Just Eat) in 2020, compared to 2019.
- 1.2m new consumers (an increase of 54%) used delivery services in Scotland in 2020 compared to 2019.

Hospitality

The hospitality sector is a very important part of Scotland's economy and society. The sector directly employs 136,500 people in Scotland across 8,715 businesses³⁷. The hospitality sector has some particular features summarised below:

- Some local authorities (such as Argyll & Bute, Perth & Kinross and Highland) are disproportionately dependent on the hospitality sector.
- Women are more likely than men to work in the accommodation and food sector industry. Women constitute 53.7% of the accommodation and food sector workforce³⁸.
- A large proportion of the workforce are young people: 33.0% of the accommodation and food services sector workforce is aged 16-24 compared to 11.1% of the workforce as a whole.
- More than half (54%) of employees working within hospitality work part time. This is particularly pronounced in relation to public houses and bars where nearly two thirds of employees work part time³⁹.

³⁷ Inter-Departmental Business Register 2021 and Business Register and Employment Survey 2020

³⁸ Annual Population Survey, Jan - Dec 2020 ONS.

<https://www.ons.gov.uk/searchdata?q=annual%20population%20survey>

³⁹ Business Register Employment Survey 2020.

<https://www.ons.gov.uk/surveys/informationforbusinesses/businesssurveys/businessregisterandemploymentsurvey>

- The industry sector with the highest proportion of non-UK nationals in the workforce is accommodation and food services – 19.0 per cent of its workforce are non-UK nationals.
- Hospitality is an important sector across Scotland, offering an important share of employment in both rural and urban areas. The sector accounts for 5.4% of total employment in Scotland⁴⁰.
- The sector also supports many jobs indirectly through its diverse supply chain.

The sector is therefore an important contributor to Scotland’s economic performance, and to economic opportunities for young people and those entering the labour market.

The measures within the regulations may impact disproportionately on small businesses who may experience cash-flow problems as a result of any further tightening of restrictions.

Table 1 below shows a Scotland-level disaggregation of characteristics of areas of the Accommodation and Food Services sector that may be affected by the measures discussed in this BRIA including estimates of employment, number of businesses and business sites and number of premises.

Table 1: Breakdown of the Scottish hospitality sector by business sector

Sector	Employment (2020)	Number of Businesses (2021)	Number of Business Sites (2021)
Hotels and Similar Accommodation (SIC 551)	41,000	1,655	1,985
Licensed restaurants (SIC 56101)	36,000	2,360	2,760
Unlicensed restaurants and cafes (SIC 56102)	29,000	2,125	2,725
Licensed clubs (SIC 56301)	4,500	490	515
Public houses and bars (SIC 56302)	26,000	2,085	2,600
Total	136,500	8,715	10,585

Source: Business Register and Employment Survey; IDBR.

The hospitality sector has been significantly adversely affected by COVID-19, and the necessary measures implemented to reduce and restrict the prevalence of the virus. For instance:

⁴⁰ Ibid

- The Scottish Government’s Monthly GDP statistics for October 2021 show Accommodation and Food as 6.9% lower than in February 2020 prior to the pandemic, compared with 0.4% lower for the economy overall⁴¹.
- The Scottish Government’s analysis of ONS’s BICS statistics for Scotland includes information on the impact of COVID-19 on the Accommodation and Food Sector⁴². Key points include:
 - In the period 29 November to 12 December 2021, 49% of businesses in the Accommodation & Food Services sector reported experiencing a decrease in turnover compared with what is normally expected for this time of year. The comparable proportions for the economy overall is 25%.
 - 42% of businesses in the Accommodation & Food Services sector reported that they were experiencing a shortage of workers in the period 15 to 28 November 2021, compared with 38% for the economy overall.
 - 15% of businesses in the Accommodation & Food Services sector reported having no or less than 3 months cashflow in the period 29 November to 12 December 2021, compared with 21% for the economy overall.

As well as its important economic contribution, hospitality settings provide important settings for friends and families to socialise, reducing the risk of isolation and loneliness. This will be particularly important as we enter the winter months. There are hospitality businesses across the country, providing important services to their communities.

The Scottish Government recognises that the industry has worked exceptionally hard since the start of the pandemic to adapt their businesses, to advise Government on alternative workable restrictions, and to support their communities.

However, hospitality venues fulfil many of the high-risk criteria for COVID-19 transmission, as transmission of the virus is most strongly associated with close and prolonged contact in indoor environments. The highest risks of transmission are in crowded spaces over extended periods.⁴³ This has formed the basis for consideration of further measures in recent weeks, including around hospitality settings, in response to the recent increases in COVID-19 cases and transmission experienced across Scotland.

Table 2, below, sets out the number of occupied premises by local authority broken down by public houses and clubs, restaurants, hotels and cafes.

⁴¹ [GDP Monthly Estimate: October 2021 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/monthly-gdp-october-2021/)
<https://www.gov.scot/publications/monthly-gdp-october-2021/>

⁴² [BICS weighted Scotland estimates: data to wave 45 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/bics-weighted-scotland-estimates-data-to-wave-45/)
<https://www.gov.scot/publications/bics-weighted-scotland-estimates-data-to-wave-45/>

⁴³ [Transmission of SARS-CoV-2 and Mitigating Measures, SAGE EMG June 2020](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/892043/S0484_Transmission_of_SARS-CoV-2_and_Mitigating_Measures.pdf)
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/892043/S0484_Transmission_of_SARS-CoV-2_and_Mitigating_Measures.pdf

Table 2: Number of Occupied Premises by Local Authority

Local Authority	Public Houses and Clubs	Restaurants	Hotels	Cafes
Aberdeen City	194	145	267	110
Aberdeenshire	201	72	144	90
Angus	151	58	36	45
Argyll and Bute	145	106	163	70
City of Edinburgh	596	599	194	410
Clackmannanshire	55	9	9	15
Dumfries and Galloway	229	25	138	100
Dundee City	197	86	32	65
East Ayrshire	177	37	18	45
East Dunbartonshire	73	37	6	40
East Lothian	118	46	28	45
East Renfrewshire	54	36	4	25
Falkirk	126	41	32	55
Fife	392	125	98	130
Glasgow City	638	524	84	425
Highland	276	174	361	175
Inverclyde	95	31	3	25
Midlothian	81	32	13	30
Moray	113	39	91	45
Na h-Eileanan Siar	19	12	26	20
North Ayrshire	175	63	32	55
North Lanarkshire	256	63	24	105

Orkney Islands	43	11	36	10
Perth and Kinross	184	89	123	85
Renfrewshire	180	103	18	65
Scottish Borders	158	50	77	65
Shetland Islands	35	14	19	15
South Ayrshire	161	55	47	55
South Lanarkshire	245	143	36	120
Stirling	117	70	81	70
West Dunbartonshire	82	35	15	40
West Lothian	132	64	28	65
Scotland	5,698	2,994	2,283	2,725

Source: IDBR 2021, NDR valuation roll (October 2021)

Accommodation

The accommodation sector is a very important part of Scotland's economy and society, forming an important part of the broader tourism industry in both rural and urban areas. It is estimated that the sector in Scotland comprises 2,850 registered enterprises and accounts for 48,000 jobs broken down as follows⁴⁴:

- 1,655 Hotel and similar accommodation businesses in Scotland, supporting around 41,000 jobs.
- 145 Holiday centres and villages, around 1,250 jobs.
- 25 Youth hostels, supporting 300 jobs.
- 675 Other holiday and other short-stay accommodation (not including holiday centres and villages or youth hostels) supporting 2,250 jobs.
- 260 Camping grounds, recreational vehicle parks and trailer parks supporting 2,500 jobs.
- 85 Other accommodation supporting 800 jobs.

Within the sector across Scotland, it is estimated that there are around 2,300 business premises classed as hotels; around 1,500 premises classed as B&Bs; and over 18,000 premises classed as self-catering premises.⁴⁵ However, self-catering accommodation is unlikely to fall within scope of these restrictions.

⁴⁴ Data on Registered Enterprises is sourced from the IDBR for 2021, while employment data is sourced from BRES and covers 2020.

⁴⁵ Extract from the Non-Domestic Rates valuation roll, October 2021

The supply chains will also be negatively affected by restrictions. This includes retailers and wholesalers of food and drink, service providers to accommodation premises (e.g. laundry services, cleaning services) and other related suppliers in the wider supply chain include pet boarding, outside catering. There may also be impacts on businesses and communities that benefit from expenditure by those staying in commercial accommodation (e.g. car hire, hospitality premises, visitor attractions and experience providers, and retailers).

Late night venues with music, alcohol and dancing

It is estimated, based on the Inter-Departmental Business Register 2021 and 2020 Business Register and Employment Survey (BRES), that there are 130 businesses under the heading non-charity licensed clubs. Nightclubs and sexual entertainment⁴⁶ businesses in Scotland fall under this classification. These businesses operate across 150 sites (as some businesses may have more than one site) and are estimated to employ around 1,500 people. Over half (56%) of employees working in the sector work part time. It is not possible to separate out sexual entertainment venues from this, though it is understood less than 20 operate in Scotland as of 2015. The vast majority of nightclub and sexual entertainment businesses are small (employing less than 50 people). We currently have no specific data on supply chains for these businesses. It is likely that most of these are based in cities and larger towns although it is not possible to obtain detailed data at this time.

Late Night Venues – Hybrid Venues

There are potentially premises that might be classed as pubs or restaurants in official statistics that could fall within scope of the Regulations. Stakeholder estimates suggest that there may be around 300 - 400 premises across Scotland that operate as 'hybrid' venues (e.g. as pubs or restaurants during the day, and late night venues with music, alcohol and dancing at night). Stakeholders have also suggested there may potentially be up to 1,500 premises that may operate with some of the late night venues with music, alcohol and dancing characteristics (e.g. late opening, dancefloors, loud music).⁴⁷

Competition Assessment

- *Will the measures directly or indirectly limit the number or range of supplies?*
- *Will the measures limit the ability of suppliers to compete?*

⁴⁶ As per previous work for Nightclub related BRIAs (e.g. p54-71: The Health Protection (Coronavirus) (Restrictions and Requirements) (Local Levels) (Scotland) Regulations 2020 (legislation.gov.uk) <https://www.legislation.gov.uk/ssi/2020/344/resources> Nightclub businesses are defined here as non-charity licensed clubs (within Standard Industrial Classification code 56.301). Nightclubs and sexual entertainment businesses in Scotland fall under this classification. The SIC code definition of nightclubs used here does not align perfectly with the definition of nightclubs used in certification regulations. These statistics therefore represent a best estimate.

⁴⁷ Night Time Industries Association (2021), COVID-19 Status Certification: NTIA Scotland Briefing Paper

- *Will the measures limit suppliers' incentive to compete vigorously?*
- *Will the measures limit the choices and information available to consumers?*

Certification continuing for the foreseeable future could negatively impact Scottish events firms compared to direct competitors in England. With additional costs incurred through certification, larger events could well struggle to break even and might therefore lose out in comparison to smaller venues who can continue to host events under 500 attendees.

Different COVID-19 restrictions in England and Scotland puts Scotland at a disadvantage when bidding to host new conferences and events when competing against England. Some concerts and events planned on an international circuit are being hosted in England due to uncertainty around Scotland's restrictions. This will have an impact on the future calendar and pipeline of events, particularly because of the long planning times associated with large events.

Stakeholders have noted that Scotland is still seen as restricted compared to England, which has an impact on businesses on the Scotland/England Border.

The wedding industry, for example, has a significant focus in the south west of Scotland, given the Gretna Green tradition.

In 2019, of the 26,007 marriages in Scotland 6,027 (23.2%) were between parties where neither of them was resident in Scotland. 4,944 (19%) of these marriages were between parties who were resident in the rest of the UK⁴⁸.

In 2019, of the 26,007 marriages in Scotland 3,401 (13.1%) were in Gretna Green⁴⁹.

Another example is in the performing arts. Stakeholders have commented that due to continued restrictions in Scotland there is less producer confidence in bringing theatre productions to Scotland. We have heard that one producer has decided to remove Scotland from the tour programme for their show. In addition, audiences may decide to attend performances or films in England where there are less restrictions than in Scotland.

Measures which restrict small local and independent retailers from trading will limit choices in rural areas where access to larger mixed retail is via long car journey. Having independent, local stores facilitates access for people who may find on-line purchasing difficult (older and disabled people are less likely to be online than the wider population).

Hybrid Working

Hybrid working was increasingly becoming the norm across some sectors prior to the pandemic such as information and communication/finance and professional

⁴⁸ See [Marriages and Civil Partnership - Time Series Data | National Records of Scotland \(nrscotland.gov.uk\)](https://www.nrscotland.gov.uk) Table MT.04

⁴⁹ See [Marriages and Civil Partnership - Time Series Data | National Records of Scotland \(nrscotland.gov.uk\)](https://www.nrscotland.gov.uk) Table MT.05

services, where workers would work both in the office and from other locations such as home. However, with home working being the default position if possible for some time some businesses have adapted to become less reliant on having individuals in the office as part of their operations. This may lead to workers choosing to work in sectors/businesses that offer them the flexibility of hybrid working.

An extension of hybrid working/ less reliance on office based staff may have other impacts on Scottish firms competitiveness, both positively and negatively. Hybrid working may allow business to reduce their physical estate where there is less requirement for all staff to be present in the office at the same time. Scottish firms may lose or gain where hybrid working causes customers to realise that they do not need suppliers/ service providers in the same country if there is less office based working. Scottish firms could lose domestically, or gain international customers. It is too early to understand what the impact will be but we will explore emerging views and experiences with the business sector through our working group .

Other ongoing workplace adaptations may also pose costs for businesses, for example ventilation changes. Any such cost on businesses could affect their competitiveness.

Consumer Assessment

- *Does the policy affect the quality, availability or price of any goods and services in a market?*
- *Does the policy involve the storage or increased use of consumer data?*
- *Does the policy increase opportunities for unscrupulous suppliers to target consumers?*
- *Does the policy impact the information available to consumers on either goods or services, or their rights in relation to these?*
- *Does the policy affect routes for consumers to seek advice or raise complaints on consumer issues?*

Any future restrictions on the operations of consumer-facing businesses might affect consumer demand for goods and services in different ways.

In relation to weddings, policy decisions taken may impact on a variety of decisions taken by couples, including whether the wedding should take place in Scotland or elsewhere.

Measures applied to the retail sector should take into account access to essential food and other goods, particularly to our most vulnerable and rural communities who do not have the same access.

Test run on Business Forms

No statutory forms will be created.

Hybrid Working

Hybrid working primarily applies to sectors supplying services rather than goods, as physical attendance on the premises is usually required for the processing of goods.

In relation to hybrid working, consumers being the workers looking for employment, consumers may discount sectors or businesses who do not offer hybrid working. Businesses offering hybrid working options may then be able to attract a wider pool and calibre of staff.

More generally, we have seen that with increased availability of technology, many sectors are able to support increased levels of home working without significant impact on their services.

Businesses will need to ensure that their infrastructure is sufficient to ensure that any data used or accessed by staff remotely remains secure, in line with all relevant regulations and requirements.

Digital Impact Test

- *Does the measure take account of changing digital technologies and markets?*
- *Will the measure be applicable in a digital/online context?*
- *Is there a possibility the measures could be circumvented by digital / online transactions?*
- *Alternatively will the measure only be applicable in a digital context and therefore may have an adverse impact on traditional or offline businesses?*
- *If the measure can be applied in an offline and online environment will this in itself have any adverse impact on incumbent operators?*

In Scotland, marriages and civil partnerships have to take place with both parties and two witnesses present, along with the registrar or religious or belief celebrant.

Hybrid working relies heavily on digital technologies to enable businesses to communicate. Traditional and offline businesses may not be able to offer hybrid working due to their model and what they do i.e. customer facing service industries.

Legal Aid Impact Test

There are no legal aid implications in relation to the provisions on weddings.

Enforcement, Sanctions & Monitoring

Requirements in relation to face coverings are enforced by the police.

There is no requirement around hybrid working. Hybrid working is recognised as a key tool to ensure the sustainable recovery of the economy therefore we are encouraging employers to consider this model however we recognise businesses are best placed to understand how their operations work most effectively and also

to understand their employees' needs and requests for flexible working, based on consultation with staff and unions. We trust businesses to make balanced and risk assessed decisions

Implementation & Delivery Plan

The Strategic Framework sets a strategic direction; specific strategies and detailed plans will be implemented and delivered by the responsible policy teams.

Summary & Recommendation

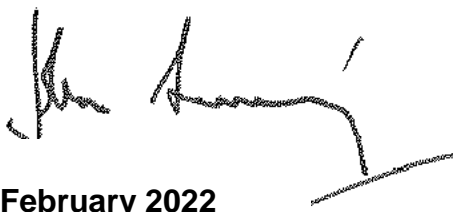
Option	Benefits	Costs
<p><u>Option 1: Allow all regulations to expire in February 2022</u></p>	<p>Businesses able to operate free of restrictions.</p>	<p>No cost to businesses from restrictions, though if the outlook should change, businesses and consumers could be left without reassurance and appropriate guidance in place, and could exhibit increasingly risk averse behaviours.</p>
<p><u>Option 2: Continue with current Strategic Framework, strategic intent and restrictions</u></p>	<p>The transmission risk on people mixing indoors with no distancing is inherently high despite vaccination given the increased transmissibility of Omicron.</p> <p>Current measures – including vaccine certifications for a narrow range of higher risk settings – seek to reduce close contact among unvaccinated people.</p>	<p>This option is not likely to have any immediate financial implications beyond those associated with continuation of baseline mitigation measures and vaccine certification.</p> <p>These measures, while comparatively mild compared to those in place at earlier stages of the pandemic, impact those sectors which have to date been most negatively affected, such as Accommodation & Food and Arts, Entertainment & Recreation.</p>
<p><u>Option 3: Create new strategic intent and update Strategic Framework</u> [Recommended Option]</p>	<p>By updating our strategic framework regularly to reflect the state of the epidemic, we are aiming to provide as much future clarity as possible. While it is impossible to predict the future with this virus, publishing our updated strategic direction continues to ensure that we are transparent in our thinking, and that measures remain necessary and</p>	<p>There is no implicit impact on businesses of establishing a new Framework. However, depending on the level of Assessed Threat and subsequent measures to address that threat, there could be a range of impacts.</p> <p>Since March 2020 a variety of measures have been taken to combat the pandemic, from the</p>

	<p>proportionate to minimise impact on businesses and individuals wherever possible.</p> <p>This option maximises flexibility in decision making, and maximises clarity for those affected by any change in measures or recommendations.</p>	<p>severe (such as enforced business closure, severe social distancing measures) to the comparatively mild (such as guidance on face coverings). The return of any restrictions previously imposed would have an impact on businesses, to a greater or lesser degree of magnitude depending on the required measures.</p>
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Declaration & Publication

Sign-off for BRIA

I have read the Business and Regulatory Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the measures set out in the February 2022 Strategic Framework Update. I am satisfied that business impact has been assessed with the support of businesses in Scotland.

Signed: 

Date: 24 February 2022

Minister's Name: John Swinney MSP

Minister's Title: Deputy First Minister and Cabinet Secretary for COVID-19 Recovery



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Any enquiries regarding this publication should be sent to us at

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