

THE SCOTTISH TOURISM TASK FORCE RECOMMENDATIONS.

RESPONSE FROM THE SCOTTISH GOVERNMENT – 21st DECEMBER 2020

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1. Current Situation

Tourism makes a key contribution to the Scottish Government's Purpose and National Outcomes, sustaining many of Scotland's local economies; creating jobs, adding vibrancy and enhancing our places, helping to improve our health and wellbeing.

In 2019, Scotland received 13.8 million overnight domestic visitors from Scotland and elsewhere in Great Britain, around 3.5 million international overnight visitors, and 133 million day visitors, spending a combined £11.5 billion. Prior to the crisis, the sector employed 218,000 people – around 1 in 12 jobs across Scotland – and was a major employer in many of our rural areas.

The visitors we received from overseas – over 3.5 million last year – are a vital route through which Scotland reaches and engages with the international community, their experiences forming and influencing perceptions of Scotland as a place to visit, work and do business in.

The pandemic has had a devastating impact on tourism and hospitality. Demand for tourism within Scotland has fallen dramatically – initially due to the lockdown measures necessary to control the spread of the virus, but with recovery influenced by ongoing social distancing measures, restrictions on travel, and health concerns among visitors.

The challenges facing Scotland's tourism sector are not unique. The UN World Tourism Organisation expects reductions in international tourism arrivals globally of around 70% in 2020. VisitBritain's internal forecasts have suggested international visits to Scotland may decline by 78% compared to 2019, to 775,000, with spend declining by 85% to £388 million. Reductions in demand of this scale will pose significant challenges to employment and activity within the tourism sector.

The Scottish Government has worked hard to address the immediate needs of businesses to protect jobs and ease cash flow challenges. Due to the scale of the financial support required, it has been essential that we work closely with the UK Government to ensure that businesses get the support that they need, and engage with banks and other market players to drive as much investment support as possible.

Businesses have received support from a range of grants and support measures aimed at ensuring survival and protecting employment. We have invested well over £2.3 billion in business support across all sectors including business rates relief and dedicated and targeted support for some of the most directly affected sectors, including tourism.

Linked to the new Strategic Framework, from 2 November, grant support will continue to be available for businesses that are required to close by law every four weeks for as long as the restrictions last. Support will also be available to businesses not required to close, but specifically required by law to significantly modify their operations. These grants whilst providing some support, will not be sufficient to cover the fixed overhead costs of larger businesses and short term business support will need to be considered for businesses that continue to fall between the gaps.

This support represents a significant investment in tourism and related sectors. However, we know that many businesses have already lost a substantial part of their trade for this year, on top of the income lost through the lockdown period, and continue to face hardship as a result of restrictions. This has been exacerbated where further urgent restrictions have been needed to respond to local case rises, leading to areas changing Level.

Recognising the specific measures would be needed to address the ongoing issues facing the sector, Cabinet Secretary for Rural Economy and Tourism, Fergus Ewing, and Minister for Business Fair Work and Skills, Jamie Hepburn, set up the Tourism Recovery Taskforce in June.

2. Taskforce purpose and activity

The Tourism Recovery Taskforce comprised senior representatives and leaders from industry, transport and aviation, the Chambers of Commerce, Banking, the unions and academia. The intention was for a short life tourism task force to advise the Scottish Government on tourism recovery plans. The Taskforce met together 4 times and 3 sub-groups met 3 times each, to focus on stimulating demand, business interests and investment.

The work of the group built on the recommendations from the Advisory Group on Economic Recovery report to Scottish Government. The recommendations provided indicate the breadth of interests and the scale of demand for support. Together they demonstrate that a significant level of investment is needed in the sector – one that is beyond the public sector alone – but that could generate significant longer term returns to the economy and local communities if it is provided now at this critical time.

Importantly, the Taskforce recommendations are focused on setting the sector back on track towards delivery of the exciting new tourism strategy launched just before the national lockdown in March, Scotland Outlook 2030 - responsible tourism for a sustainable future, delivering the four outcomes identified previously for people, place, experiences and business.

The Scottish Government commends and is very grateful for the work of the Taskforce in delivering a very thorough and well thought through report and set of recommendations.

3. Scottish Government Response

On 1st December, the Scottish Government considered the report and recommendations of the Scottish Tourism Taskforce.

The Scottish Government notes that there is a need to progress support for recovery at pace, to ensure that the sector is adequately supported and to build its confidence, and is therefore committed to as swift a recovery as is safely possible under current circumstances

Restoring international connectivity remains fundamental to the success of tourism in Scotland, and the Government notes that the aviation sector is already working hard, with support from VisitScotland, to try to win back routes to Scottish airports that had been lost as a result of the pandemic.

It nevertheless remains necessary to ensure that any tourism recovery plans are consistent with the Scottish Government's climate change commitments, and the Scottish Government considers that the proposals in the Taskforce report represent a positive way forward.

Having considered the report and recommendations, the Scottish Government:

- Agreed to continue working with the industry to develop plans and pilot programmes to enable the full re-opening of the sector, in accordance with clinical and scientific advice.
- Agreed that the Enterprise Agencies and VisitScotland should be commissioned to undertake work to develop a fully detailed and costed five year recovery plan, as well as an investor plan for the sector, to clearly set out the benefits of such investment;
- Agreed to publish the Scottish Government's response to the Scottish Tourism Task Force recommendations;
- Noted the ongoing financial support that would be critical to sector survival and recovery over the coming months and years and that a further update on the recovery plan and the financial position would be agreed by the Scottish Government in early 2021.

The full responses to the recommendations of the Scottish Tourism Task Force are set out at **Annex A**.

4. Funding package

On Wednesday 9th December, Cabinet Secretary for Finance, Kate Forbes, announced a new £185 million package of targeted coronavirus (COVID-19) support.

Further detail was announced by the Cabinet Secretary for Rural Economy and Tourism on 18th December.

The package includes:

- £19.2 million to provide one-off grants for hospitality businesses, at a value of £2,000 for those under £51k RV and £3,000 for those over £51k RV
- £50.8 million support with a focus on businesses with RV > £51k that have not received PERF/ Hotel Programme support. Grants of £22k will be awarded to businesses RV >£51k with some additional support to smaller businesses impacted by restrictions.
- £1.5 million to travelling show people ineligible for other support,
- £15 million for the wedding sector and its supply chain, including photographers
- £2.5 million for outdoor tourism
- £7 million for self-catering
- £1 million for B&Bs and guest houses excluded from latest business support NDR scheme
- £2.3m for hostels
- £11.8 million for international inbound, coach tourism and domestic tour operators
- £1.2 million for Sector and Destination Organisations and
- £5 million for visitor attractions

Businesses can expect to apply for all the new grant schemes in the New Year.

We will continue to work on further support as we develop the Scottish Budget for 2021-22.

TOURISM TASK FORCE RECOMMENDATIONS.

RESPONSE TO EACH RECOMMENDATION FOR SCOTTISH GOVERNMENT.

Outcome 1: We will attract, develop and retain a skilled, committed, diverse and valued workforce.

i) To build a sustainable workforce	Scottish Government response
Support investment in improving workplace safety and protecting workers so that businesses can continue to re-open and stay open safely.	Support is being provided through closure and hardship business funding schemes.
Provide support to improve employee retention and improve productivity. Early consideration should be given to a potential skills development package working with Colleges and Universities to develop and sustain emerging talent and develop leadership. This would be most helpful if it was combined with a wage subsidy to meet immediate retention issues as furlough comes to an end.	SDS will be commissioned to develop and deliver a skills development programme with industry, colleges and universities as partners.
Maintain existing apprenticeships and work based learning placements to protect the younger workforce. The Kickstart placement scheme could be used to encourage more young people into the sector on a short term basis helping to mitigate against future potential staff shortages as the sector recovers.	We will work with industry to protect existing work based learning placement and apprenticeships, and encourage take up of the youth guarantee and kickstart placement schemes, to encourage more young people into the sector.
Work with industry to implement fair work over a realistic timescale	A commitment to fair work will be included as a condition of recovery support.

Outcome 2: We will create and develop a sustainable destination together.

ii) Boosts demand for tourism sectors	Scottish Government response
Provide sufficient support to re-open and maintain civic attractions.	Support is being provided through cultural and historic Scotland funding. Further consideration will be given to marketing support through VisitScotland.
Shore up key travel infrastructure eg airports, ports, ferries, that facilitate travel for both domestic and international travellers around Scotland.	Will be delivered by Transport Scotland as part of transport plans, as funding permits.
Request that UK Government cut Air passenger duty (APD), at least temporarily, to boost route competitiveness.	Whilst the taskforce recommendation to request a temporary reduction in APD is incompatible with climate change policy, a functioning competitive aviation sector is critical to sector recovery. Support will be provided through continued work on international marketing to secure the return of prioritised routes.
Support the inbound tour operator community that play a significant role in both brokering and facilitating the accommodation and leisure programmes plus the co-ordination of travel for both domestic and international travellers around Scotland.	Support will be considered as part of business support, both rescue and recovery plans.

<p>Provide a road-map for moving out of quarantine – including to consider enhanced testing regimes – to provide much needed clarity to airports and airlines</p>	<p>Officials are working with airports to look into alternative approaches, in particular ‘test to release’ whereby a traveller would spend a reduced period of time isolating and be released after a certain number of days, subject to a negative test.</p> <p>The UK Government is trialling a test to release approach for travellers arriving from countries not on the exempt list. It will be a voluntary approach with the traveller having to pay for the test. The test will be taken 5 days after arrival and the traveller no longer has to quarantine once they receive a negative result.</p> <p>We will continue to work with the aviation sector across the 4 nations to take account of new technologies and new approaches from international experience.</p>
<p>Support VisitScotland to continue work to boost destination and sector marketing aimed at domestic and international markets to rebuild consumer confidence, open up new markets, encourage the safe return of existing markets, extend the season into the shoulder months, and respond to increased competition from other countries keen to recoup their market share.</p>	<p>SG recognises this need, and is looking at options to finance this work.</p>
<p>Target specific international routes and markets in the short term to build resilience.</p>	<p>Activity is planned by Transport Scotland and VisitScotland,</p>
<p>Extend marketing reach domestically and internationally through closer alignment with the VisitBritain offer</p>	<p>Work is in hand with VisitScotland.</p>

iii) Boosts investment in the tourism sectors for growth and environmental sustainability.	Scottish Government response
Protect the essential online bookings distribution capability that has been developed by international wholesale in-bound and OTA operators;	This will be considered as part of a broader digital capability support programme.
Enhance the digital capabilities of businesses to ensure that as a minimum businesses have access to online booking facilities, and in time the digital capability to respond quickly to customer and business needs.	This will be delivered through the DigitalBoost programme by local authorities. Businessss will be made aware of the digital development loan.
Support a tourism digital data hub which will provide the essential data analytics the industry needs to understand how to respond in an agile way to uncertain market conditions.	Further support will be considered with VisitScotland
Improve connectivity in more rural and remote areas.	This is in hand through Scottish Government digital strategy.
Extend the rural tourism infrastructure fund in order to improve and enhance visitor facilities supported by increase ranger service provision. Further social media work with younger audiences will be beneficial and could be extended to encourage and incentivise more active participation through existing reward schemes.	SG recognises this need, and is looking at options to finance this work.
Provide Scottish tourism grants/loans as a means to support investment in 'greening' businesses in the medium term. This would initially focus on accelerating progress towards reducing emissions and improving energy efficiency, and in the longer term on larger scale innovation to transition to low carbon.	SG recognises this need, and is looking at options to finance this work.

Outcome 3: We will provide the very best, authentic and memorable experiences

iv) <i>Boosts product innovation to help adapt sector to new normal</i>	Scottish Government response
Provide further support for the Rural and Destination Leadership Programmes to equip leaders with the skills to boost product innovation.	This will be considered as part of a broader skills development package.

Outcome 4: We will build business resilience, sustainability and profitability

v) <i>Eases cash flow challenges affecting tourism sector.</i>	Scottish Government response
Provide businesses with the means to access the working capital needed to manage day to expenses, purchase stock, and manage short term debt.	This will be provided through business support grants.
Non domestic rate holiday for at least another year. Consideration to be given to the decision to defer the revaluation rates in 2022 and a fundamental review of NDR.	<p>Further work is being carried out to evaluate the impact from NDR relief this year, and to consider relief that could be provided next year for those sub sectors or regions most severely impacted.</p> <p>NDR officials have discussed the revaluation deferral concerns with the sector including UKH and the deferral was confirmed by Parliament committee on the 18th November.</p> <p>UKH has requested a fundamental review of NDR, to consider a reduction in the level of rates payable by the sector.</p> <p>The sector contributed to the 2017 Barclay Review on how NDR could be reformed in Scotland and UKH was invited to contribute alternative valuation options to be considered.</p>

	<p>However, because this is a complex issue with winners and losers depending on the options proposed, it has been difficult to confirm a clear alternative.</p> <p>We will continue to listen to sector views on NDR and ideas in the future for continuing to improve the rates valuation process.</p>
Free debt management advice to support all businesses.	Service provision to be discussed with Enterprise Agencies and COSLA.
Business and Scottish Government to work together to provide COVID financial support to the tourism sector, whether directly or via the enterprise agencies.	Enterprise Agencies to be commissioned to develop Recovery Support Programme for further consideration.

vi) <i>Improve business viability and prevent closure and mass redundancy.</i>	Scottish Government Response
Share public health data on rising covid risks within the sector.	Public health Scotland publish track and trace data. BRIAs and EQIAs for sector published
Allow sufficient time for planning if temporary shutdown likely to be required.	Road maps for safe re-opening, trialing and piloting will be developed with industry.
Allow sufficient time for wider stakeholder engagement to ensure full understanding of implications of restrictions.	As above.
Continue to lift restrictions on facilities and attractions for visitors when it becomes safe to do so for staff and visitors – measures to be reviewed include re-opening of live venues, the safe lifting of 2 m physical distancing restrictions on visitor attractions, boats, outdoor activities and tours based on an improved understanding of the highly controlled and regulated environments within which these businesses operate, increasing numbers for wedding receptions, lifting of music bans in hospitality, increased numbers in self contained accommodation.	Will work with industry to improve the strategic framework and provide more tailored restrictions as clinical and scientific evidence allows.

