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Scottish Tourism and COVID-19

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This briefing looks at the impact of COVID-19 on Scotland's tourism sector. It provides insights and analysis on the scale of COVID-19 challenges faced by the sector, and the public sector policy response over the year to March 2021.



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Summary

With the launch of a new strategy in March, 2020 was **supposed to be a new dawn for Scotland's tourism sector**. However, this all changed with the arrival of COVID-19. Now almost a year later, social distancing and restrictions on movement are still in place, one peak summer season has already been lost and the outlook for summer 2021 is challenging.

Tourism output and the sector's ultimate contribution to GDP is driven by visitor numbers. While the most recent data (up to December 2020) show the Scottish economy as a whole was 7.2% below February 2020 levels of GDP (pre-pandemic), **not all sectors have been impacted equally. Accommodation and food services is by far the worst impacted sector, recording GDP levels over 60% below February 2020 levels in December 2020**. This decline in tourism related output is not surprising given that its ultimate contribution to GDP is driven by visitor numbers. Since March 2020, international tourism has flat-lined and whilst summer saw some domestic tourism activity, it was for the most part significantly down on past trends.

Tourism is a labour-intensive sector, directly contributing around 9% of all Scottish employment. ONS workforce jobs data show in the period March to September 2020, jobs in Scotland's accommodation and food services sector decreased by approximately 18,400 or -8.4%. **Across the four nations of the UK, in percentage terms, Scotland's accommodation and food services sector has been the worst impacted**. The comparable rate in England was a decline of 6.1%, whereas the September figures showed Wales and Northern Ireland were in line with their pre-pandemic level of accommodation and food service activity jobs.

In absolute terms, most jobs in tourism are in cities. Edinburgh and Glasgow combined contribute about a third of all tourism employment in Scotland. **However, the parts of Scotland most exposed to declines in the sector are mostly rural**. Cities have much more sectoral diversity of employment, and even substantial declines in tourism activity are not as notable in terms of overall employment. **This is reflected in furlough take-up rates across Scotland**. Take-up rates across local authorities ranged between 18% (Highland, Perth & Kinross) and 9% (Orkney and Shetland Islands). As well as Highland and Perth & Kinross, South Ayrshire, Glasgow, and Argyll & Bute round off the top five areas with the highest regional take-up rates. All of these areas also ranked highly in terms of share of employment in tourism.

Over the last year, a **number of groups were established looking at the recovery response in tourism and the wider economy**. This has resulted in a range of confusing acronyms - STERG (Scottish Tourism Emergency Response Group), AGER (Advisory Group on Economic Recovery), and STRT (Scottish Tourism Recovery Taskforce) - for the unacquainted.

The **outlook for tourism is extraordinarily uncertain**. While the brief recovery in the summer months of 2020 had fuelled hopes of a quick recovery for the sector, hopes were dashed by the autumn/winter waves of the pandemic. The following issues will likely impact on the outlook for the sector.

- Domestic tourism (visitors from Scotland and the rest of UK) is expected to benefit, as people prefer to stay local and visit destinations within their own country. However,

domestic tourists are often more price-sensitive and tend to have lower spending patterns than international visitors, leaving a gap in Scottish tourism spend levels.

- Structural change in tourism supply - willingness and ability of businesses to create tourism goods and services to take to market - is expected across the business base. **Not all businesses will survive the crisis, and capacity in the sector is likely to be reduced for a period, limiting the recovery.**
- The current levels of government funded intervention in the tourism sector, and wider economy, are unprecedented. However, **there will come a point where this lifeline support will have to be unwound and some tourism businesses will face difficult decisions about viability.**
- New consumer preferences driven by COVID-19 suggest **substitution effects towards rural areas and self-catering properties.** Safety and hygiene have become key factors to select destinations and activities. This will likely make the recovery more prolonged for urban areas and hotels.
- Given the pressing health and safety concerns around face-to-face interactions and hygiene, **digitalisation in tourism services is expected to continue to accelerate,** including a higher use of automation, contact-less payments and services, virtual experiences, and real-time information provision.

The gradual roll-out of COVID-19 vaccines is expected to help restore consumer confidence, contribute to an easing of travel restrictions and slowly normalise travel. Nonetheless, the industry's recovery will be slow, as new COVID-19 variants are causing governments to continue using travel bans to stem the spread.

Forecasts indicate that it will take a number of years for global tourism demand to return to 2019 levels, which means that overcapacity could be the new normal in the medium term. This **prolonged period of low demand means that the way tourism is supported and financed may need to change.** Reduced investment will call for active policies to incentivise and restore investment in the tourism sector to maintain the quality of the tourism offer and promote a sustainable recovery. This will require a commitment of support from all relevant public sector bodies - VisitScotland, Scottish Enterprise, Highlands and Islands Enterprise, South of Scotland Enterprise, Skills Development Scotland, etc. To get the desired outcomes, this **commitment to support tourism should involve reviewing existing support patterns collaboratively, and where appropriate pursue evidence-based shifts in direction, as resources allow.**

This work has already started, as the Scottish Government has commissioned relevant agencies and stakeholders to **develop a five-year recovery and investment plan based on green recovery, fair work, and place based principles.** It is hoped the development of a full and costed recovery plan and investment model will be completed and financial resources for delivery identified in late spring 2021, where the plan would then be delivered via regional project teams.

Every destination across the globe has experienced the impact of COVID-19 and will be seeking their share of the recovery. Thus, it will be important that industry and governments work together to ensure the restart and recovery of Scotland's tourism sector gets off to the best possible start.

Introduction and context

COVID-19 policy is an ever moving situation and information should be read as correct at the time of publication, 8 March 2021.

This briefing report looks at the impact of COVID-19 on Scotland's tourism sector. It provides insights and analysis on the scale of COVID-19 challenges faced by the sector, and the public sector policy response over the year to March 2021.

Over the last year, SPICe has provided numerous briefing papers, in particular to support the work of the [Culture, Tourism, Europe and External Affairs Committee](#), on the impact of COVID-19 on the tourism sector. The purpose of this briefing report is to pull together in one place all of this material to create a single reference point. For this reason, parts of this report provide a chronological overview of issues impacting the tourism sector between March 2020 and March 2021. Some of these issues will have since been remedied but are recorded here in terms of policy learning.

At a Scotland level, the tourism sector directly contributes around 5% of total GDP and approximately one in ten jobs. However, in some regions of Scotland, particularly rural and coastal areas, tourism is the primary driver of economic activity. Many of these tourism intensive regions lack sectoral diversity of employment, meaning significant declines in the fortunes of the sector could have dire consequences, forcing people to migrate outwards seeking opportunities elsewhere. This may create a vicious cycle, making it even more difficult for these communities to bounce back. For these reasons, while many of the current threats to the sector are outside the control of Scottish policymakers, it is crucial policymakers give the sector the best possible foundation to endure and rebuild.

The remainder of this briefing after this opening context chapter focuses on four topics.

- Scale of COVID-19 impact
- Business support
- Reopening
- Recovery

March 2020: a false dawn for Scotland's tourism sector

With the launch of a new strategy, 2020 was supposed to be a new dawn for Scotland's tourism sector. Hopes were high with a shift in strategic focus recognising that tourism is no longer just about tourist numbers (the [focus of the previous strategy](#)¹). Instead the focus was on people, looking at the enrichment and prosperity of both residents and visitors.

The new strategy², [Scotland Outlook 2030](#), was launched in early March 2020. At that stage, it still wasn't clear that COVID-19 would shut down all facets of the industry at a scale never witnessed before. The new strategy has an ambition to move Scotland on a

path to be 'the world leader in 21st century tourism'. The vision is bold with four priorities – passionate people, thriving places, diverse businesses, and memorable experiences.

However, the Strategy now needs to be framed in a new context. With international aviation at a virtual standstill since March 2020, the closure of tourism sites and attractions, the cancellation or postponement of major festivals and events, and restrictions on public gatherings (indoor and outdoor), the impact of COVID-19 on tourism has been overwhelming and immediate.

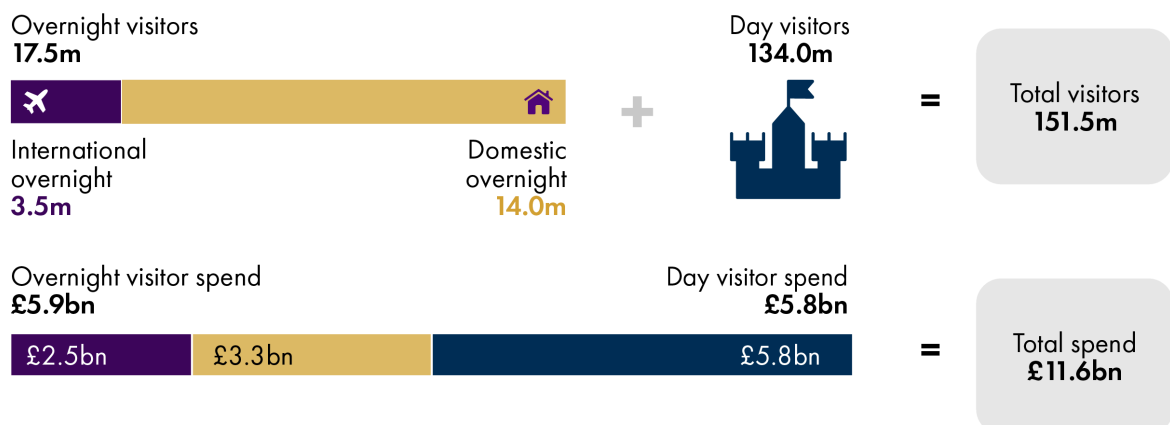
Social distancing and restrictions on movement are now in place a year, one peak summer season was already effectively cancelled and the outlook for summer 2021 is challenging. This means for many in the industry – such as annual events, business events and adventure tourism – given lead in cycles, it could be two years away before they have their next full season. This is devastating for many of Scotland’s towns and villages that rely on revenues from the peak tourism season.

Economic footprint: reaching every nook and cranny of the country

Tourism’s broad geographic spread makes it a vital source of jobs and income, particularly in rural Scotland, reaching into every nook and cranny of the country.

Prior to COVID-19, Scotland attracted around **17.5 million overnight visitors**³ annually, generating £5.9 billion in visitor expenditure. Further to this **134 million day trips** were taken, with spend of £5.8 billion. Tourism cuts across every sector and touches every part of Scotland’s economy. Think of the locally produced food consumed by visitors, the transport they use, the additional retail consumption they drive, and all the services that support the industry – cleaners, accountants, IT workers, legal, domestic engineers – the list goes on.

Figure 1: Visitor trips to Scotland and visitor expenditure, 2019



Figures may not add up due to rounding

The sector is a major economic enabler, contributing to the business base and employment levels, across a wide range of geographies and demographics. Using the [Scottish Government’s definition of tourism](#), there were pre-pandemic **14,970 registered tourism related businesses** (8.4% of all Scottish businesses) supporting around **229,000**

jobs (8.8% of all Scottish employment) in Scotland. The most recent data show tourism contributed **£7.7 billion in turnover** and £4.1 billion in **GVA** to Scotland's economy. The sector **contributes around 5% of Scotland's total GDP**. Each £100 spent by tourists in the economy supports around £65 of GDP in the wider economy. As is often said 'tourism is everyone's business' and the importance of its economic footprint in Scotland cannot be denied.

Scale of COVID-19 impact

This chapter looks at the scale of the COVID-19 impact on Scotland's tourism sector.

- It explores how the sector has fared in terms of some of the initial forecasts of impact.
- It analyses the structure of Scotland's tourism business base relative to the rest of the UK and the regional density of tourism employment, and whether these factors impact how exposed the sector is in Scotland.
- It then examines the most recent data in terms of GDP contribution and the labour market.

Forecasting in a rapidly evolving pandemic: a fool's game?

Attempts to forecast the impact of the pandemic on the tourism economy have repeatedly been overtaken by the rapidly evolving public health situation, and changes to containment measures. Traditional forecasting methods have proved unreliable in the current environment.

Here are the views of the World Tourism Organization (UNWTO) - the United Nations agency responsible for the promotion of responsible, sustainable and universally accessible tourism - over the last year.

- In March 2020, the [World Tourism Organisation \(UNWTO\) estimated](#) ⁴ that at a minimum about a third of the world value of tourism could be lost. At the time, the UNWTO noted that the unparalleled and fast-evolving nature of crisis, made it extremely challenging to estimate the impact of COVID-19 on international tourism.
- In [January 2021, the UNWTO reported](#) ⁵ that global international arrivals fell by 74% over 2020, with restrictions on travel, low consumer confidence and a global struggle to contain the COVID-19 virus, all contributing to the worst year on record in the history of tourism. Global tourism has returned to levels of 30 years ago, with 1 billion fewer arrivals than 2019. This figure of 74% compares with the 4% decline recorded during the 2009 global economic crisis.
- Compared to [previous UNWTO estimates](#), the overall prospects of a rebound in 2021 seem to have worsened. Many are now expecting a rebound to occur only in 2022 .
- [UNWTO's extended scenarios](#) for 2021-2024 indicate that it could take two-and-a-half to four years for international tourism to return to 2019 levels.

The World Travel and Tourism Council (WTTC) offered the following forecasts of COVID-19 impact.

- The [WTTC estimated](#) in April 2020 that 75 million tourism and travel jobs were at risk globally due to the COVID-19 pandemic, with at least 6.4 million at risk across

Europe, and one million of these in the UK.

- [Updated figures](#) from the WTTC in November 2020 estimated that 2.4 million jobs could be lost in the UK Travel & Tourism sector in 2020, if barriers to global travel remained in place. WTTC estimated that already 1.9 million jobs in the UK had been impacted.
- WTTC estimated that the impact of prolonged travel restrictions could wipe out [£124 billion](#) of the sector's contribution to UK GDP, equating to a 62% percent drop compared with 2019.

The Organisation for Economic Co-operation and Development (OECD) also provided estimates.

- The [OECD initially estimated \(April 2020\)](#) ⁶ declines of 45% to 70% in the international tourism economy in 2020, depending on the crisis' duration and the speed with which tourism rebounds.
- Revised [OECD estimates in December 2020](#) ⁷ put the the decline at 80% in 2020.
- No meaningful recovery in international tourism flows is foreseen until well into 2021, and is likely to take some years. OECD believe that the outlook for tourism is extraordinarily uncertain, and recovery will depend on the interlinked consequences of the economic and health crisis on demand and supply side factors.

A [study from the University of Edinburgh](#) ⁸ (September 2020) forecast that more than one in four hospitality businesses in Scotland could go bust if the COVID-19 economic downturn is as severe as the financial crash of 2008. Their model predicted that 28% of firms may default, costing around 58,520 jobs. The also estimated in a more severe situation, such as a second prolonged lockdown, the level of default would rise to 43% – almost half of all hospitality businesses and around 89,870 jobs.

How exposed is Scotland and where is impacted?

This section looks at the structure of Scotland's tourism business base relative to the rest of the UK, and the intensity of tourism across local areas in Scotland.

Using the [international definition of tourism](#), as used by the Office for National Statistics' Tourism Intelligence Unit, Scotland has approximately 25,500 individual tourism workplace sites ([local units](#)) in 2020:

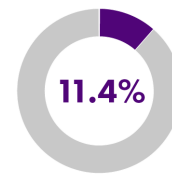
- This is 8.1% of the UK tourism workplaces. Scotland has less micro tourism workplaces but a higher share of small and medium workplaces relative to the other UK nations.
- Scotland has 46 tourism workplaces per 10,000 population, which is in line with the UK average.
- Scottish tourism workplaces are 11.4% of all workplaces in the Scottish economy. This is in line with the Welsh proportionate share ⁶ but above the rates in England and Northern Ireland.

Figure 2: Tourism workplaces across the UK, 2021

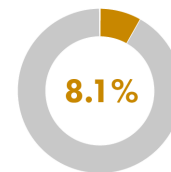
The total number of individual tourism workplace sites in the UK is **314,760**.



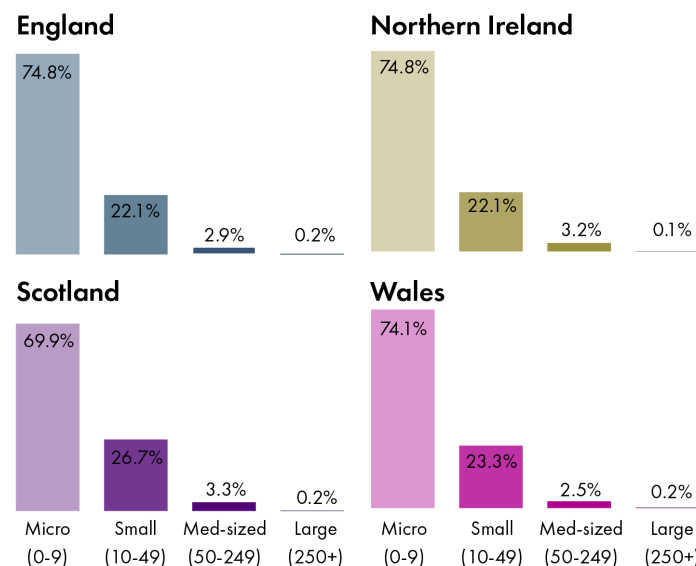
What is the number of Scottish tourism workplaces as % of all Scottish workplaces?



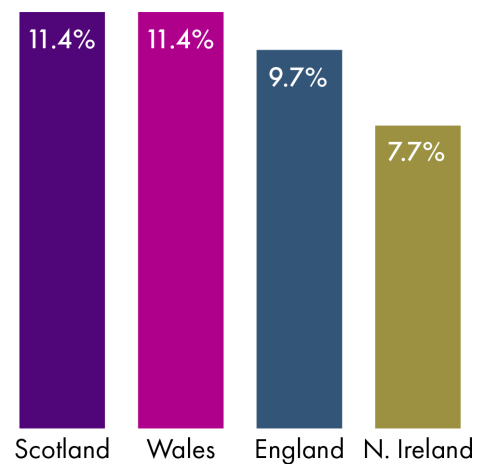
What is the number of Scottish tourism workplaces as % of all UK workplaces?



Tourism workplace sites by size



Percentage of tourism workplaces out of all workplaces in economy

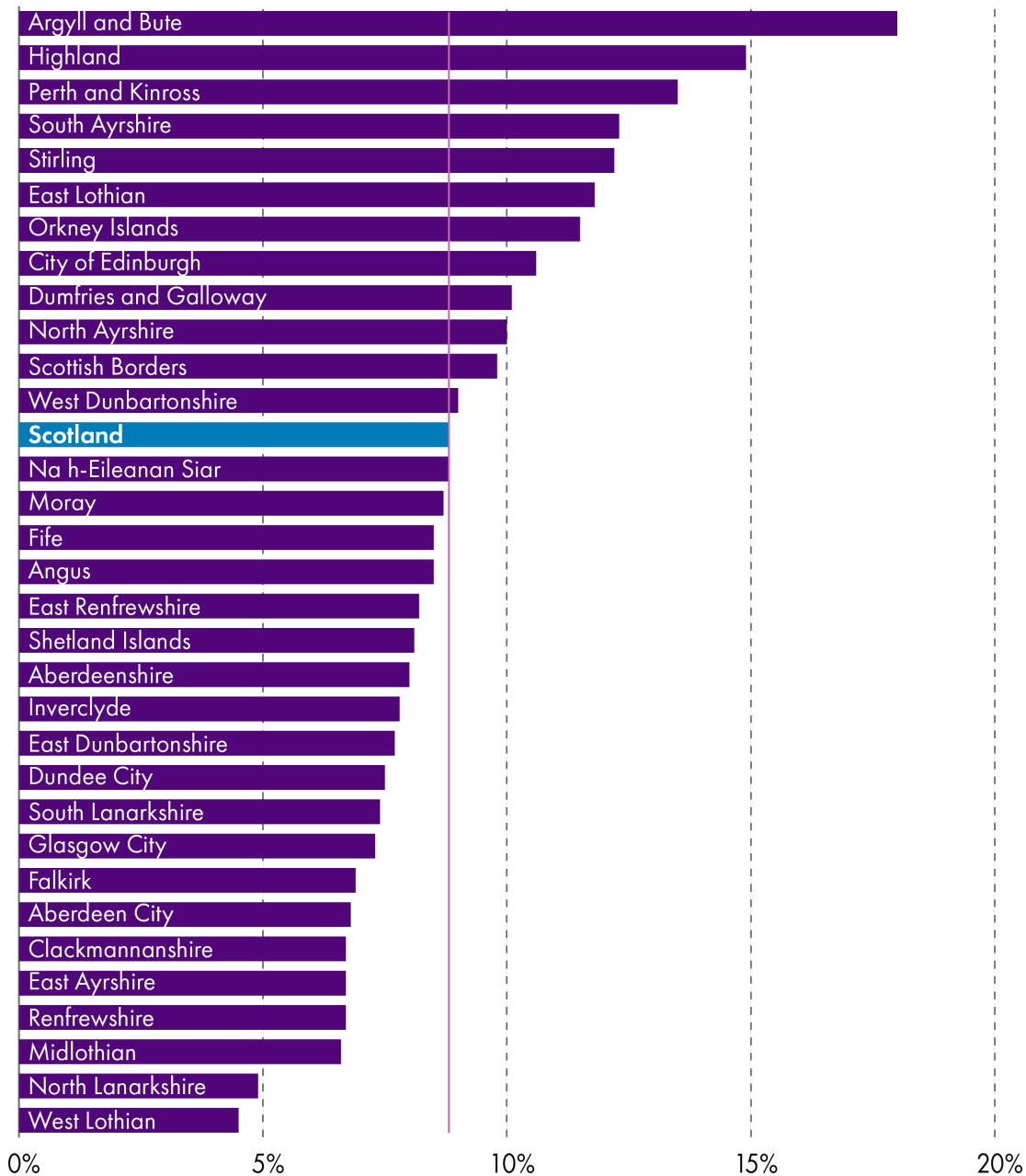


There are parts of Scotland that are much more dependent on tourism employment than others, as illustrated in Figure 3. Using the [Scottish Government's definition of tourism](#), 12 local authority areas (out of 32) have a greater concentration of tourism jobs than the Scottish national average.

- Argyll and Bute and Highland in particular have a high dependence on the sector.
- Other areas of high dependence include South Ayrshire, Stirling, Perth and Kinross, and East Lothian, as illustrated in the chart below.

Many of the areas that rank highly in terms of share of tourism employment are predominantly rural. This urban-rural dimension is discussed in more detail in a later [labour market section](#) of this report. Also more generally, the chart shows the base level of tourism employment is relatively high across Scotland, even in some areas where you might not expect a tourism economy.

Figure 3: Local employment share in tourism, 2019



What is the data telling us?

Tourism output and the sector's ultimate contribution to GDP is driven by visitor numbers. In this section, we explore the most recent data on visitor numbers and sectoral GDP, which demonstrate markedly the scale of impact that COVID-19 has had on the sector.

Visitor data

International overnight tourism visits to Scotland have been devastated since March 2020. While there was some domestic (Scotland and rest of UK) visitor activity over parts of summer and autumn 2020, many businesses were operating below capacity, due to social distancing requirements. This collapse of activity is reflected in the fact data collection for visitor statistics was suspended. In July 2020, VisitScotland published 2020 [Q1 summary](#)

visitor statistics⁹ but no visitor data beyond this period are available.

- Data collection for the International Passenger Survey was suspended on 16 March 2020 because of COVID-19. For this reason, national statistics status was suspended for the March results. January and February were unaffected.
 - International overnight visitors decreased by 17% in Q1 2020 compared to Q1 2019 to 367,000. Associated spend was only 3% below Q1 2019 levels at £204 million.
- There is a temporary gap in the reporting of monthly domestic overnight and day visitors, via the Great Britain Tourism Survey (GBTS), due to a transition to a new data supplier and disruption due to COVID-19.

According to the ONS, International Passenger Survey collection resumed in January 2021. For domestic visitor statistics, it is hoped that the GBTS fieldwork can start as soon as domestic travel guidelines ease. VisitBritain anticipate being in a position to commence the delivery of Q2 2021 summary data at some stage during Q3 2021 (barring any unforeseen circumstances).

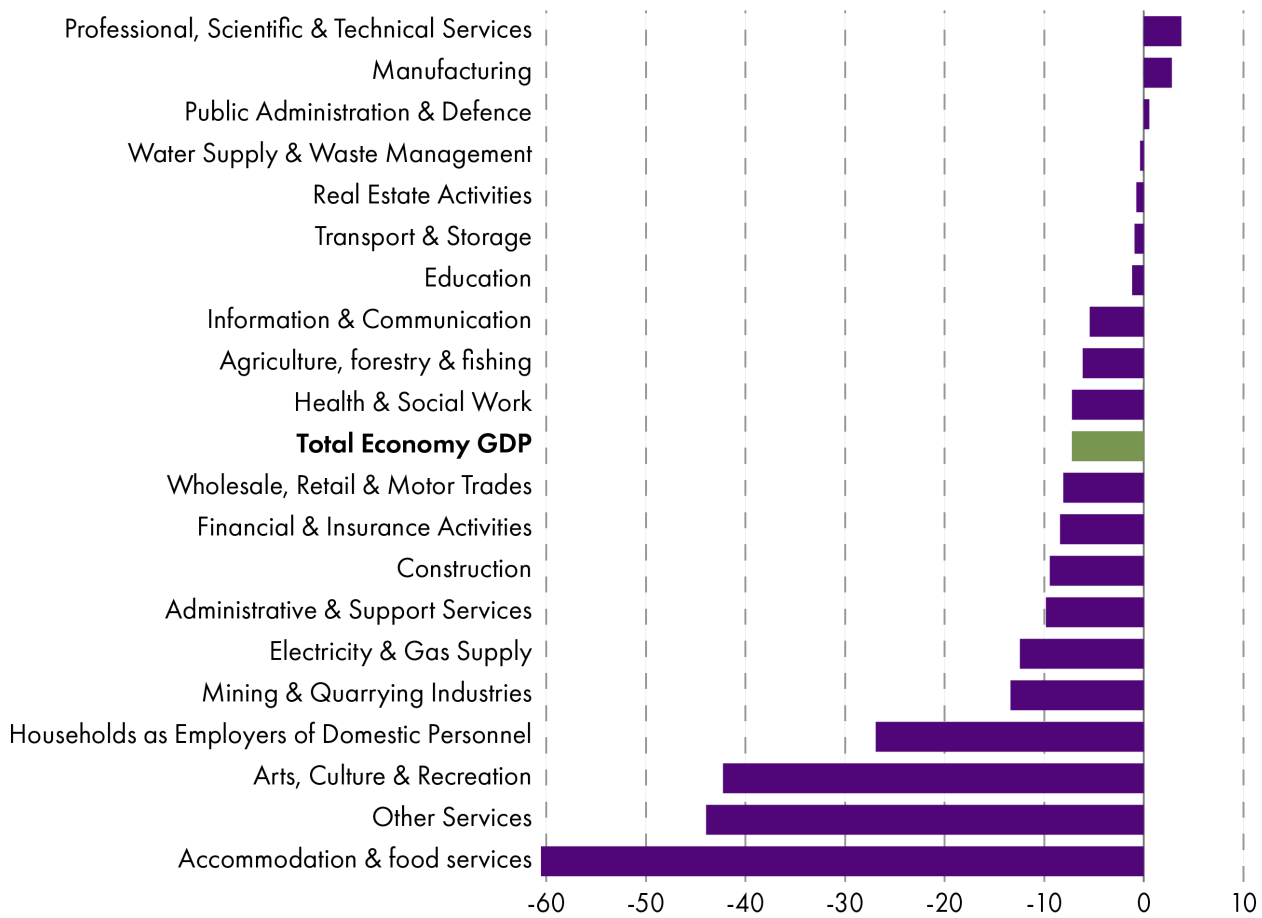
Contribution to economic output - GDP

The most recent data¹⁰ for Scottish GDP up to December 2020 show it is 7.2% below levels in February 2020, prior to the direct impacts of the COVID-19 pandemic. After significant GDP declines in March and April 2020, there followed six consecutive months of growth between May and October 2020. However, estimates for November and December 2020 show declines in GDP as restrictions on economic activity continued and were later extended across Scotland after Christmas.

While the whole economy is 7.2% below February 2020 levels of GDP, not all sectors have been impacted equally, as shown in the chart below. Accommodation & food services is by far the worst impacted sector, recording GDP levels over 60% below February 2020 levels in December 2020. In September 2020, this figure was approximately 30% below, signifying the substantial impact of late 2020 restrictions on the sector.

Output in some other sectors has recovered to above the pre-pandemic level in February 2020, notably manufacturing is now 2.8% above February 2020 levels, although this does vary between different manufacturing industries.

Figure 4: Cumulative percentage change in GDP since February 2020 to December 2020 by industry Scotland



Analysis from the ONS ¹¹ also confirms the divergence of impact across sectors at a UK level. Services such as hospitality recorded almost no output in April and May, but industries such as information and communication, where staff could largely work from home, saw little change compared with February 2020. Consumer-facing services have since bounced back to some extent, but they remain significantly smaller than they were in February 2020. At this stage, it is difficult to separate temporary losses of output, brought about by coronavirus restrictions, from longer-term behavioural changes that could affect industries for years to come.

The decline in tourism related output is not surprising given that its ultimate contribution to GDP is driven by visitor numbers. Since March, international tourism has flat-lined and whilst summer saw some domestic tourism activity, it was for the main part significantly down on past trends.

Tourism labour market

Tourism is a labour-intensive sector, directly contributing around [229,000 jobs](#) (8.8% of all Scottish employment) in Scotland, using the [Scottish Government definition of tourism](#). This is above the OECD average, where it contributes [6.9% of employment on average in OECD countries](#).

The sector is a leading source of employment and job creation, providing a high volume of

jobs for low skilled workers, together with higher skilled jobs. The sector employs many seasonal, part-time and temporary workers. In normal circumstances, the sector can help provide diverse employment opportunities for women, students and older workers, not only in major cities but also in remote, rural and coastal areas, as well as other often economically fragile locations where alternative opportunities may be limited.

COVID-19 is having devastating impacts on tourism employment worldwide. The [World Travel and Tourism Council \(WTTC\)](#), during the height of the pandemic, warned that 174 million global Travel and Tourism jobs were at risk. The scale of job losses is not yet fully apparent, as government support has protected workers from the full impact of the pandemic. However, the evidence ⁷ suggests women, young people, rural communities, indigenous people and informal workers are disproportionately affected – these groups are more likely to be employed in micro or small tourism businesses.

For the workers affected by tourism related job losses across Scotland, this will be a very difficult time. Aside from the immediate hardship of losing their job, there are likely to be far fewer employment opportunities in the economy for them to seek. We know that even relatively short periods of unemployment can have long-term negative effects on individuals, particularly on young people.

What impact has COVID-19 had on tourism jobs?

Scotland's labour market has remained somewhat 'frozen' over the course of the year to March 2021 due to the operation of [furlough support](#) - with only minor movement in top-line labour market indicators. The true scale of the impact of the pandemic on the jobs market will only be revealed with the unwinding of this support.

Much of the up-to-date labour market data published are at a whole economy level and there is a time-lag with detailed sector level jobs data. Thus, quantifying the impact of the crisis on tourism sector jobs to date is challenging. This reinforces an OECD ⁷ finding that the crisis has exposed shortcomings in tourism statistical information systems, including a lack of robust, comparable and timely data to inform policy and business decisions. While timely data are not available on all the sub-sectors that make up the Scottish Government definition of tourism, quarterly data are available on the 'accommodation and food services' aspects of tourism. Although 'accommodation and food services' isn't representative of the whole sector, it does act as a good indicator of trend.

ONS [workforce jobs data](#) show (see Table 1) in the period March to September 2020, jobs in Scotland's accommodation and food services sector decreased by approximately 18,400 (-8.4%).

The below table shows across the four nations of the UK, in percentage terms, Scotland's accommodation and food services sector has been the worst impacted with 8.4% of jobs lost since March 2020. The comparable rate in England was a decline of 6.1%, whereas the September figures show Wales and Northern Ireland were in line with their pre-pandemic level of accommodation and food service activity jobs.

Table 1: Workforce jobs by UK nations – accommodation and food service activities – % change March 2020 to September 2020

	Scotland	England	Northern Ireland	Wales
March 2020	218,947	2,135,419	53,938	123,157
June 2020	203,722	2,027,182	51,921	120,876
September 2020	200,567	2,005,369	53,516	124,146
% change since March 2020	-8.4%	-6.1%	-0.8%	0.8%

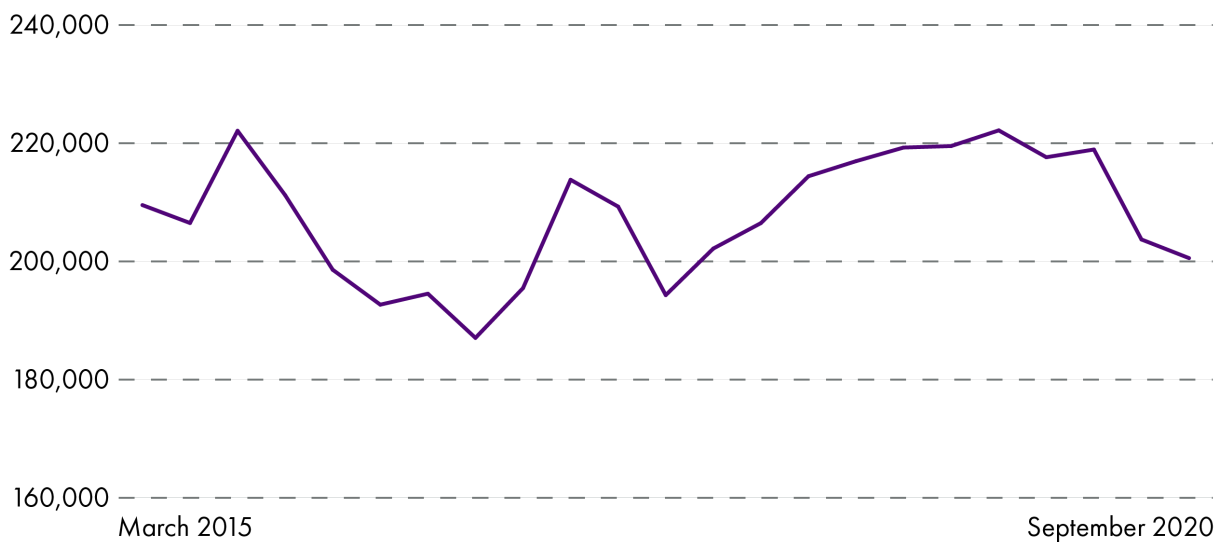
ONS Workforce jobs by industry

Industry leaders in evidence to the Culture, Tourism, Europe and External Affairs Committee ¹² were quoted the figures in Table 1 and asked why Scotland had been impacted more. The Scottish Tourism Alliance stated the following.

“ Scotland has adopted a much stricter approach to the lockdown areas, and we feel that our recovery will certainly take longer because of the pathway that we have been taking. Businesses have not been able to sustain any other income or the level of income, or to get the level of support that they need to guarantee survival and the retention of their workforce. As I say, furlough still has a cost for business, so displacement has had to happen.”

Whilst jobs in the 'accommodation and food services' sector decreased by 18,400 between March and September 2020, looking at historical trends since 2015 (see Figure 5) shows the fluctuating nature of employment related to 'accommodation and food services'. Over the last five years, the lowest level of jobs was 187,000, recorded in December 2016, and current numbers are still significantly off this low marker. However, current figures are likely to mask the true scale of the impact of the pandemic on the sector, as those on the Job Retention Scheme (furlough) will be counted as employed in the data.

Figure 5: Workforce jobs Scotland – accommodation and food service activities – March 2015 to September 2020



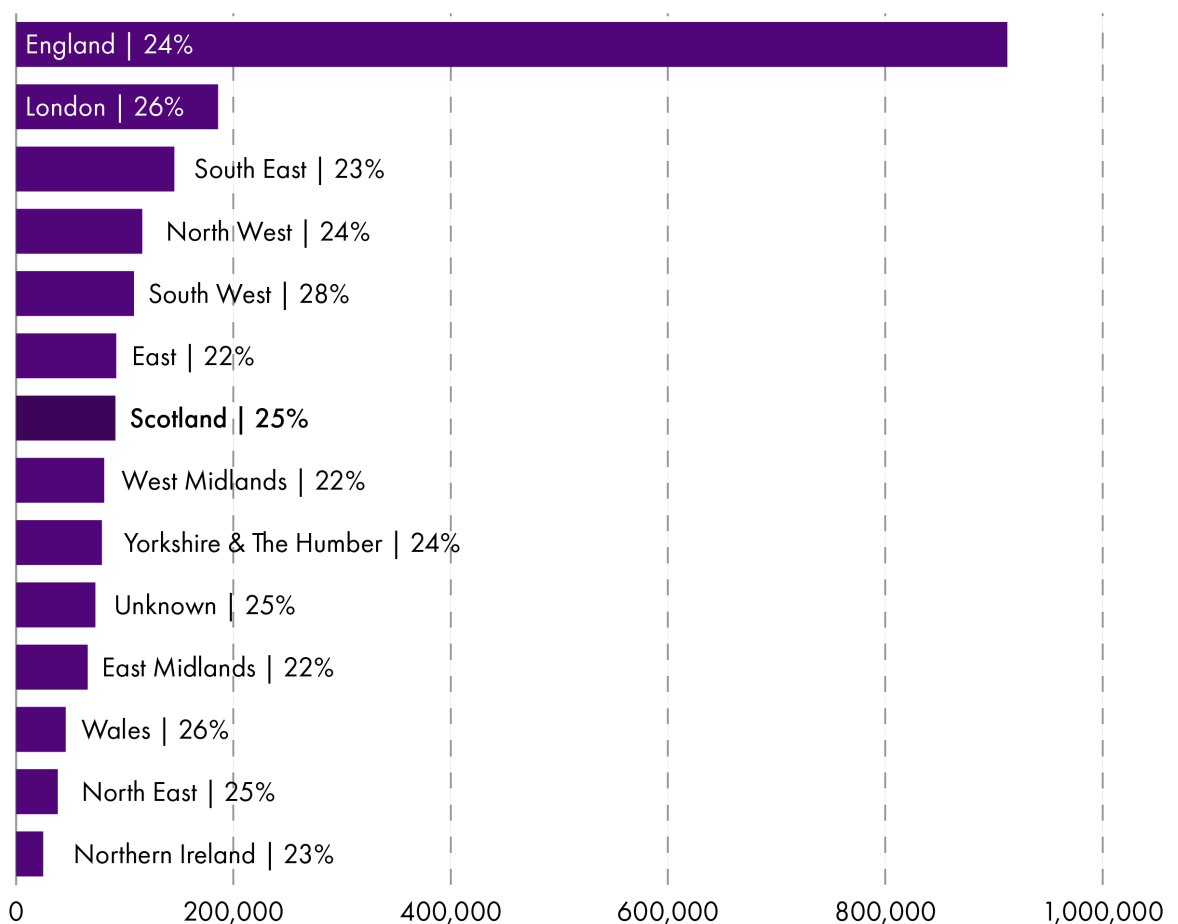
Furlough - a frozen labour market

HMRC estimate ¹³ that there are 362,300 furloughed employments in Scotland, as of 31

January 2021. This represents approximately 15% of employment in Scotland. Take-up rates across local authorities ranged between 18% (Highland, Perth & Kinross) and 9% (Orkney and Shetland Islands). As well as Highland and Perth & Kinross, South Ayrshire, Glasgow, and Argyll & Bute all round off the top five areas with the highest regional take-up rates. Most of these areas also ranked highly in terms of share of employment in tourism, as [discussed previously](#).

In terms of sector impact, 'accommodation and food services' made up one in four of all those on furlough in Scotland at the end of January 2021. The next largest sector was 'wholesale and retail' at 19% of the total. Scotland rate of 'accommodation and food services' employments furloughed as a proportion of all furloughs, was above the UK average but not the highest as shown in Figure 6.

Figure 6: 'Accommodation and food services' employments furloughed by numbers and as a proportion of all furloughs, across UK nations & regions, January 2021



A concern with furlough support is that a significant proportion of the unemployment associated with this economic crisis has simply been delayed rather than avoided. The furlough scheme has provided lifeline support for many, but as it is phased out the full hit to employment will be revealed. At the time of writing, the [Coronavirus Job Retention Scheme](#) (furlough) was recently extended until the end of September 2021.

Reliance on tourism jobs – rural urban divide

In absolute terms, most jobs in tourism are in cities. Edinburgh with approximately 37,000 employed in tourism and Glasgow with 31,000, both combined contribute about a third of all tourism employment in Scotland. However, the parts of Scotland which are most exposed to declines in activity in the sector are mostly rural. Previously, it was highlighted that many of the local areas that rank [highly in terms of share of tourism employment are predominantly rural in characteristic](#).

Cities have much more sectoral diversity of employment, and even substantial declines in tourism activity are not as notable in terms of overall employment in most urban areas.

Analysis by the [Fraser of Allander Insitute](#)¹⁴ found that Oban North, Muthill, Greenloaning and Gleneagles, Loch Awe, Comrie, Gilmerton and St Fillans, and Crail and Boarhills are amongst those communities most exposed to declining employment in the accommodation and food services sector. The reason for this is simply, these areas have a high share of local jobs in the sector (at or around 50%). They estimate that 14-17% of jobs in these areas are vulnerable. Fraser of Allander state that:

“ What this means is that, if we are to ensure local economic resilience across Scotland, we need to remember the reliance that certain parts of Scotland have on employment in a small number of sectors.”

Furthermore, tourism businesses in rural areas tend to be smaller companies. A [blog](#)¹⁵ by the Fraser of Allander Institute in March 2020 highlighted that businesses in rural areas tend to be smaller companies (small guest houses, cafes, tour operators etc), and therefore may be less resilient to a disruption in their activity. The more rural an area, the more dominant smaller operators are. They noted the disproportionate impact upon Scotland’s rural communities – including their ability to bounce-back in the future – suggesting that further targeted geographical measures may be needed in the future. It was highlighted that a sharp loss of jobs in these communities may force people to move away to seek new opportunities elsewhere, making it harder for them to get back on their feet.

Industry sentiment on impact

While some of the results highlighted below are now outdated, they do provide a chronological overview of sentiment from the tourism industry over the last year.

VisitScotland has been [proactively tracking the effects](#) of Coronavirus via industry surveys. Key findings from an initial March 2020 survey at the outset of the pandemic included:

- 99% of businesses responding had experienced cancellations/decline in bookings/fewer visitors.
- 58% of respondents (with employees) stated they have had to reduce staff numbers to 30 March with a likelihood of further losses in the future.
- The majority of respondents claim to have lost up to £50,000, with some claiming losses of substantially more than this. In total, the survey results suggest £164 million in revenue has been lost to date by industry

- Average length for survival of business *without support* is 3 months.

The Scottish Tourism Alliance (STA) [published results of an industry survey](#) (4 May 2020) with the purpose of offering an ‘understanding of the true impact of the COVID-19 crisis on tourism businesses’. The survey (based on 280 responses) found that:

- 78% of tourism businesses said that the job retention scheme doesn’t work for their business
- 48% of businesses won’t be able to retain any staff after end of furlough
- 92% of businesses have inadequate or no relevant insurance
- 88% of businesses said that their volume of business/income has disappeared
- 82% of respondents said they were anxious, stressed or depressed
- 31% of businesses said they only had enough reserves to last three months
- 30% of businesses said they will have to reduce their workforce
- 14% of businesses have now stopped trading.

The [Fraser of Allander Scottish Business Monitor](#) (11 November) found that tourism and hospitality industries remained the two sectors hardest hit, with almost 70% of businesses operating in this area expecting to cut jobs by the end of the year. This research was done before it was confirmed that the Job Retention Scheme would be extended until March 2021.

Results from the [Scottish Tourism Emergency Response Group \(STERG\) industry survey](#) published in December 2020 presented a very sombre picture of the devastating impact the pandemic has had on Scottish tourism. In total, 2,974 responses were received to the survey which ran from 19 November to 6 December 2020.

- Businesses were asked how much revenue they had lost so far this year due to COVID-19. More than half of all business responding (58%) claim to have lost up to £50,000 with more than 6% of respondents claiming to have lost more than £1M.
- Businesses were asked a series of questions around how they were surviving the crisis. Many businesses were in a difficult situation with limited or no cash reserves to last over the winter period.
- In terms of surviving the crisis, the majority believe they will get through the current situation (73%), albeit with some changes (45%). However, 10% of businesses (in addition to the ones who have already ceased trading permanently) believe their business may not survive, with a further 17% unsure of what the future holds.
- Respondents were asked which financial support packages they had accessed so far during the crisis. Both the Furlough scheme (accessed in both time periods) and the Business Support Grant Fund were the most accessed support mechanisms alongside the Coronavirus Bounce Back Loan and Self Employment Income Support Scheme. However, 18% of businesses stated they did not qualify for any financial support.
- Respondents were asked about the importance of three areas of longer-term financial

support to their business, i.e. access to cash (from bank etc), access to funding (UK/ Scottish government)m and investment in their business e.g. from the private sector. The analysis shows 'access to government funding' was felt to be most important to businesses with 48% of respondents stating that it was 'critical' – scoring it 5 out of 5 (with a further 18% scoring it 4/5). Access to cash was also extremely important to more than a quarter of respondents. Investment in their business was felt to be of lesser importance to respondents.

Business support

In response to COVID-19, a range of business support interventions have been implemented by both the Scottish and UK Governments.

In this chapter we set out a timeline of activity in terms of business support and provide more detail on tourism specific business support packages.

Timeline of activity

Below is a timeline of the key dates and business support announcements relevant to the tourism sector.

- **18 March 2020** - the Cabinet Secretary for Economy, Fair Work and Culture [announced a £2.2 billion package of support](#) including non-domestic rates relief; grants for hospitality, retail, and leisure; and halting the introduction of the Visitor Levy Bill.
- **20 March 2020** – lockdown imposed across the majority of the UK's economy.
- **30 April 2020** - [Creative, Tourism & Hospitality Enterprises Hardship Fund and Pivotal Enterprise Resilience Fund](#) launched.
- **7 May 2020** - [Tourism Destination and Sector Support Fund](#) launched. A total of 81 membership organisations were successful in applying.
- **2 June 2020** – the Scottish Government announced £3 million [support fund for B&Bs](#) operating from a personal bank account, opened for applications on 15 June.
- **25 June 2020** - 'Good to Go' initiative and [Scottish Tourism Recovery Taskforce \(STRT\)](#) launched.
- **3 July 2020** - Self-contained self-catering holiday accommodation across Scotland were [able to reopen](#).
- **5 July 2020** - The UK Chancellor, [Rishi Sunak announced](#) a raft of support measures to revive the UK economy including a VAT cut to 5%.
- **8 July 2020** - [First Minister confirmed](#) the opening of 39 air bridge routes.
- **15 July 2020** – tourism sector [reopening started](#).
- **26 July 2020** - a funding [package of £10 million](#) established by the Scottish Government to help the events sector.
- **29 July 2020** - [Two funding packages](#), worth £15 million, announced by the Scottish Government – Hotel Recovery Programme and self-catering support.
- **29 July 2020** - [Coronavirus \(COVID-19\) Support Scheme for Self-Catering Businesses](#) guidance published.

- **3 August 2020** - [Eat Out to Help Out Scheme](#) started.
- **7 August 2020** - [Hospitality rules tightened](#).
- **11 August 2020** - £10 million for a range of [measures to recruit and retain apprentices](#), including additional funding for the Scottish Government's Adopt an Apprentice programme.
- **10 September 2020** - changed rules around indoor and outdoor gatherings (i.e. maximum of 6 people from no more than 2 different households, indoors and outdoors with children under 12 being exempt but must still not be from more than 2 different households).
- **24 September 2020** – [VAT reductions](#) in the hospitality and tourism sectors on food, accommodation and attractions of 20% to 5% extended until the end of March 2021.
- **24 September 2020** – UK Government announced the [Job Support Scheme](#) to protect viable jobs in businesses who are facing lower demand over the winter months due to COVID-19, to help keep their employees attached to the workforce. The scheme opened on 1 November 2020 and was supposed to run for 6 months.
- **8 October 2020** - the [National Transition Training Fund](#) launched to help people who have lost their jobs or who are at risk of redundancy as a result of coronavirus, to develop the skills required to move into sectors with the greatest potential for future growth and job opportunities.
- **9 October 2020** – [partial lockdown with extra restrictions in the central belt](#).
- **9 October 2020** – [COVID-19 Restrictions Fund](#) provided one-off grants of up to £3,000, depending on rateable value, to bars, restaurants and other businesses required to close by regulations. Local Authorities also took applications for a discretionary business hardship fund, with payments of up to £1,500. Applicable from 9 October until 1 November.
- **9 October 2020** – [UK Government's Job Support Scheme \(JSS\)](#) was expanded to protect jobs and support businesses required to close as a result of coronavirus restrictions until March 2021.
- **23 October 2020** – [Scotland's Strategic Framework](#) was published. A five-level framework to vary rules at a local authority level for a rapid but proportionate response to COVID-19. Applicable from 2 November.
- **2 November 2020** – [Strategic Framework Business Fund](#) available to businesses required to close by law, or to significantly change operations due to COVID-19 restrictions. Funding for eligible business covers the period of any closures or restrictions with the earliest claim date being 2 November 2020.
- **17 November 2020** - Additional funds administered by local authorities [announced by First Minister](#), £30m Local Authority discretionary fund, £15m Newly Self-Employed, and £15m Community and Social Impact.
- **9 December 2020** - [Finance Secretary announced](#) Scottish businesses would benefit from a £185 million package of targeted COVID-19 support. The announcement included support of £60 million for the tourism sector.

- **17 December 2020** - [Coronavirus Job Retention Scheme](#) (furlough) extended until 30 April 2021. Bounce Back Loan Scheme, Coronavirus Business Interruption Loan Scheme and the Coronavirus Large Business Interruption Loan Scheme [extended until 31 March 2021](#).
- **19 December 2020** - Christmas [restrictions tightened and level four announced for mainland Scotland](#) from 00:01 on 26 December. Those in Shetland, Orkney and the Western Isles moved to level three with strict travel restrictions.
- **21 December 2020** - the [Scottish Government announced](#) a £104.3 million package of support for tourism and hospitality businesses.
- **27 December 2020** - Finance Secretary [announced](#) additional £41 million to top up support for non-essential retail and gyms, which were required to close in level 4. The cap on support available through the Strategic Framework Business Fund lifted from 1 January for businesses that operate from multiple premises.
- **12 January 2021** - [Tourism and Hospitality Talent Development Programme](#) launched.
- **27 January 2021** - £7.3 million for [travel agents, brewers and indoor football centres](#).
- **28 January 2021** - A £25 million fund to [support the wedding sector](#) and its supply chain launched.
- **11 February 2021** - Tourism Secretary Fergus Ewing announced an [additional £25 million of funding for VisitScotland schemes](#) to support businesses through the pandemic.
- **15 February 2021** - All arrivals to Scotland from outside the Common Travel Area must [book and pay for managed isolation in quarantine hotels](#) to help protect against the importation of COVID-19 from this date.
- **16 February 2021** - [Non-domestic rates relief](#) for retail, hospitality, leisure and aviation businesses extended for duration of 2021-22. Second round of [Newly Self-Employed Hardship Fund](#) launched.
- **03 March 2021** - [UK Government Budget](#) included extension to the VAT rate of 5% until the end of September 2021 and then an interim rate of 12.5% for another six months; extension of furlough until the end of September 2021, and recovery loans with 80% guarantee replacing the CBILS loans.

Tourism targeted support

Here we examine in more detail some of the key support measures [mentioned in the timeline](#) that have been targeted at the tourism industry. However, it is important to note that full details of all COVID-19 business support measures are available from findbusinesssupport.gov.scot – this website is part of a joint response by Scotland’s Enterprise and Skills system (agencies, local authorities, Scottish Government and business/industry organisations). Also VisitScotland has a [dedicated page providing a comprehensive overview](#) of tourism targeted support.

In monetary terms, the majority of Scottish Government support has been distributed via [schemes linked to Non-Domestic Rates](#) and Non-Domestic Rates relief. However, the linkage of this support to rates has meant it wasn't appropriate or sufficient for all tourism related businesses. Thus, the Scottish Government introduced a range of other tourism-targeted business support mechanisms over the last year. These have included:

- £30 million [Creative, Tourism & Hospitality Enterprises Hardship Fund](#) (April 2020), managed by the enterprise agencies in partnership with Creative Scotland and VisitScotland for creative, tourism and hospitality companies not in receipt of business rates relief. Companies of up to 50 employees had access to £3,000 hardship grants. Larger grants up to £25,000 were available to those that could demonstrate that level of support was required.
- £120 million [Pivotal Enterprise Resilience Fund](#) (April 2020), managed by the enterprise agencies for vulnerable SME firms who were vital to the local or national economic foundations of Scotland.
- £1.1 million [Bed and Breakfasts Hardship Fund](#) (June 2020), managed by local authorities, provided £3,000 grants for Bed and Breakfasts and Small Serviced Accommodation who were facing hardship, but ineligible for other support as they were operating under a personal bank account
- £14 million [Hotel Recovery Programme](#) (July 2020) to help safeguard up to 3,000 jobs at Scotland's larger hotels until the start of the summer 2021 tourism season. Eligible businesses could apply for individual grants of up to £250,000 in addition to a suite of wrap-around business support and advice.
- £1 million in [grants to self-catering businesses](#) (July 2020) that had not received any other Scottish Government COVID-19 support. Businesses that met the criteria were eligible for a one-off £10,000 grant to support them through the winter season.

On 9 December 2020, [the Finance Secretary announced that](#) Scottish businesses would benefit from a £185 million package of targeted COVID-19 support. This announcement included £60 million for the tourism sector. Then on 21 December 2020, the [Scottish Government announced](#) a £104.3 million package of support for tourism and hospitality businesses, which was an extension of the £60 million package previously announced. This was followed by an [announcement of an additional £25 million](#) on 11 February 2021, bringing the total to approximately £130 million. This funding was part of the short term response to the [Scottish Tourism Recovery Taskforce recommendations](#) and followed lengthy discussions with industry to target support where it was needed the most.

Table 2 provides an overview of how the £130 million was allocated between various funding streams. These funds were distributed over the period January to March 2021. Many of the funds in Table 2 presented a clean sheet – so those who had COVID-19 related funding before could apply again.

Table 2: Detail of £130 million package of support for tourism

Delivered by:	Fund	Amount (millions)
Local authority	One-off grants for hospitality businesses	£19
Local authority	Businesses with a rateable value of more than £51,000 that have not received support from the Pivotal Enterprise Resilience Fund or Hotel Support Programme and some additional support to smaller businesses impacted by restrictions	£51
Enterprise agency	Ski Centre support	£3
Local authority	B&Bs and guest houses excluded from the latest Non Domestic Rates scheme	£1
Local authority	Large Self-Catering and Exclusive Use Grant	£7
Corra Foundation	Travelling show people ineligible for other support	£1.5
VisitScotland	Scotland Tour Operators: International Inbound Tour Operators Fund	£12
VisitScotland	Scotland Tour Operators: Day Tour Operators Fund	£3
VisitScotland	Scotland Coach Operators – COVID-19 Business Support and Continuity Fund	£10
VisitScotland	Marine and Outdoor Tourism Restart Fund (2 strands)	£4
VisitScotland	Visitor Attractions Support Fund	£10
VisitScotland	Tour Guides Fund	£3
VisitScotland	The Sector Destination Operational & Market Readiness Fund	£1.5
VisitScotland	Scottish Country Sports Tourism Restart Fund	£1
VisitScotland	Campervan and Motorhome Rental Operators Fund	£1
VisitScotland	The Hostel – COVID-19 Business Support and Continuity Fund	£2.3
	Total	£130

Numbers may not add due to rounding

There were other targeted support funds launched over the first quarter of 2021 that are relevant to some specific parts of the tourism sectors.

- £120 million [Local Authority Discretionary Fund](#) - each local authority determines how the fund should be distributed based on the particular priorities or issues in their own local economies, this fund therefore differs across local authorities.
- £25 million [Scottish Wedding Industry Fund](#) provides support to businesses whose main income comes from the wedding and civil partnerships industry, which has been significantly impacted as a result of the COVID-19 pandemic.
- £5 million [Support for Travel Agents](#) provides one-off grants of up to £25,000 to eligible businesses.
- There are also [funds in place to support Scotland's events](#) industry.

In January 2021, the [Tourism & Hospitality Talent Development Programme](#) - a Scottish Government funded leadership, management and supervisory training programme - **was launched**. The Programme aims to motivate and develop top talent to lead the industry through recovery and rebuild from the significant impact that the COVID-19 pandemic has had on businesses within the sector.

Scottish tourism businesses have also benefited from certain UK-wide spending and schemes. [UK Government business support](#) has included:

- measures to protect the wages of employees and the self-employed, such as the Coronavirus Job Retention Scheme (furlough) and the Self-Employment Income Support Scheme
- increases to benefits such as Universal Credit and the extension of Statutory Sick Pay
- business loan schemes
- tax deferment and VAT reductions.

Issues and gaps

While the industry has welcomed the support offered to date, the support packages over the last year have not been without criticism, with some examples outlined below.

- Existing packages don't reach everyone in tourism that needs support, and gaps remain, though these concerns also ring true for many other sectors across the economy. While the most recent packages of targeted support at the end of 2020 have gone a long way to fill the gaps, given the finite nature of resources it is not possible for all businesses to receive funding. Industry organisations and sector bodies continue to work closely with both the Scottish and UK Governments to ensure they are fully aware of the support required by businesses.
- A significant issue in the earlier stages of support was that grant schemes didn't extend to businesses with a rateable value of more than £51,000, so many tourism businesses were excluded, particularly hotels. This has since been remedied, to some extent, with specific targeted packages of support and the earmarking in December 2020 of £50 million for businesses with rateable values over £51,000, which were left out of earlier grants schemes.
- Industry has been [critical of the lack of detail](#) at times contained within support announcements. Announcements of some new funding packages have been made in quite high level terms with little detail on the breakdown of funds, how the support will be distributed, criteria for application and dates when funds will become available. [Industry believed](#) that they had 'been left in limbo for an unacceptable period of time with no clear or helpful indication of when support will land'.

Reopening and related concerns - a stop and start cycle

This chapter looks at the changing nature of restrictions and how the moving in and out of phases has raised a number of issues for the tourism sector.

The unprecedented shock to the tourism economy has been exacerbated by the unpredictability and fast changing nature of COVID-19. Since the initial reopening of Scottish tourism in summer 2020, the sector has faced a number of stop-start cycles and these could potentially continue for some time.

In summary, in terms of the initial reopening of the sector in 2020 following the first lockdown, an [announcement](#) from the Rural Economy and Tourism Cabinet Secretary (10 June) Fergus Ewing indicated some businesses (including bars and restaurants) should start to prepare for a provisional return to trading – with appropriate safety guidelines – on 15 July 2020. This was dependent on virus levels remaining low and a review on 9 July. The First Minister then confirmed that Scotland could move into Phase 3 of easing lockdown restrictions from 15 July, where indoor restaurants, cafes and pubs could reopen providing safety guidelines were followed "rigorously". The tourism sector, including hotels, also reopened on that date, along with museums, attractions, libraries and cinemas with tickets sold in advance where possible.

The Scottish Government launched [Tourism & Hospitality Guidance](#) on 18 June 2020. The guidance included procedures for staff and customer safety and an operations checklist. This overarching guidance also linked to specific sector guidelines that were made available on the [VisitScotland Get Tourism Ready page](#). There were 10,000 views of the Guidance in the first five days.

The 'We're Good To Go' industry standard was launched by VisitScotland in June 2020. The scheme and supporting mark meant businesses across all sectors of the tourism industry could demonstrate that they were adhering to government and public health guidance, and had carried out a COVID-19 risk assessment to check they had the required processes and protocols in place.

Since this initial reopening on the 15 July 2020, the tourism industry and wider society has had to adapt to a stop-start cycle of changing restrictions to manage public health concerns:

- restrictions [imposed in Aberdeen](#) in August 2020
- in [early October partial lockdown](#) was introduced across Scotland with extra restrictions in the central belt
- [Scotland's Strategic Framework](#) a five-level framework to vary rules at a local authority level for 'a rapid but proportionate response to COVID-19' was applicable from 2 November
- Christmas restrictions tightened and [level four announced for mainland Scotland](#) from 26 December.

Getting going and the changing nature of restrictions

Since the initial reopening of the sector in July 2020, there have been a number of issues linked to the changing nature of restrictions and the moving in and out of phases. These have included:

- concerns about business viability due to social distancing regulations and guidance
- clarity on opening dates in a timely manner to allow coordination with others
- community concerns around inflows of visitors and irresponsible tourism
- challenges around significant variations in regional demand
- levels of engagement between industry and the Scottish Government.

Some of these issues are now explored in more detail.

Social distancing and business viability

There have been concerns from industry (e.g. [Scottish Tourism Alliance](#), [Scottish Beer and Pub Association](#), [UK Hospitality \(Scotland\)](#)) on the issue of social distancing measures restricting the optimum level of income that many businesses require to remain viable. Even when parts of the economy have been open over the last year, business activity has been constrained, in some cases severely.

In written evidence to the COVID-19 Committee ¹⁶, UK Hospitality (Scotland) highlighted that the impact of restrictions on the sector were borne out in reduced footfall and turnover in bars and restaurants and massively reduced occupancies and room rates in hotels, especially, but not exclusively, in cities. Although many rural businesses have avoided the worst of these impacts, they have experienced cancellations and changes in consumer behaviour brought about by the pandemic generally and by successive government policy interventions.

Industry groups highlighted that operating below capacity and under restrictions, such as travel limits, limited trading hours or without alcohol, was not viable for some businesses to break-even and cover costs.

Coordination with other sectors

Coordination between the tourism sector, and other sectors, such as transport, and infrastructure providers has been logistically challenging at times.

Coordination between the tourism sector and transport operators was particularly an issue of concern for some regions of Scotland. For examples, in June 2020 there were fears that [Arran would lose out on tourism traffic](#) due to social distancing measures reducing Cal Mac passenger numbers on services to the island. At the time Cal Mac stated that the physical distancing rules of two metres meant they could only carry around 17% of usual passenger numbers, with the car deck restricted to 91% on large ferries. Turnaround times would also be longer due to physically distanced queues and cleaning regimes on board.

Access to toilets was another issue of concern during the summer 2020 reopening. At the time, [COSLA in discussion with STERG](#), stated that local authorities were alert to these needs, however the ability to respond was challenged by the availability of resource, as many staff had been redeployed into other areas.

Community concerns

An influx of potentially infectious tourists has been a concern for some communities at periods when the economy was unlocked. There were anxieties about pressure on local resources but also an acknowledgement that local businesses wouldn't survive without visitors coming back.

There were reports of anti-social behaviour in National Parks and across scenic parts of Scotland. For example, it was reported that Durness on Scotland's north coast was [being "swamped" by visitors who had little or no regard for the local community or environment](#). The village is on the popular North Coast 500 tourist route. In response to local complaints, a [Scottish Government spokesperson said](#) that many businesses rely on tourism but visitors all have a part to play in enjoying the country responsibly.

VisitScotland [highlighted hearing reports](#) of incidents of environmental damage linked to camp-fires putting wildlife at risk and damaging the local environment. In response [VisitScotland stated](#) -

“ The fact that VisitScotland and others are having to divert marketing resources to run campaigns to remind people to take their litter home and protect their own environment is quite frankly depressing. Why would anyone think it is acceptable to leave litter, a tent or anything else in a beauty spot? This throwaway attitude is reminiscent of times before we realised the damage we were doing to our environment.”

A [submission from PLACE](#) (a grassroots network of residents impacted by short-term lets) highlighted tensions between short-term lets and residents needs, and concerns about over-tourism.

It is thought that communities and visitors have generally found the right balance. VisitScotland developed a plan to address community concerns involving the regional VisitScotland teams and Keep Scotland Beautiful.

Local variations in demand

During the periods in 2020 that accommodation providers were open, there were contrasting occupancy rates between rural and urban areas. On the whole occupancy rates across Scotland's cities were disappointing in comparison to more rural and coastal areas. [VisitScotland's CEO](#) in August 2020 stated:

“ Rural self-catering properties seem to be recovering faster than hotels – particularly those in cities – and the loss of major events, from sport to the Edinburgh Festivals are impacting businesses across Scotland. The challenge now is to get people holidaying in the autumn and winter to try and extend the holiday season.”

Evidence from UK Hospitality (Scotland) to the [Culture, Tourism, Europe and External Affairs Committee](#), in December 2020 ¹⁷, highlighted a rather bleak outlook for cities over 2021.

“ It is fair to say that the cities—not just hotels, but bars and restaurants—have been absolutely devastated by what has happened. There has been a total absence of international tourism and travel, and the fortunes of tourism are very much tied up with the fortunes of the aviation industry. I will glance at some figures just now, because I have not committed them to memory—they are the industry forecasts for Glasgow and Edinburgh next year. For the first quarter of next year, occupancies in Glasgow will probably be between a quarter and a third of what we would normally expect them to be. The position is similar for Edinburgh. The important industry metric of RevPAR—revenue per available room—is showing figures for the first quarter of next year that are barely enough to cover the cost of production, if you like: the cost of having a room lying empty. Looking forward to the second quarter and subsequent quarters of the year, the picture is still pretty bleak.”

Engagement and collaboration

In evidence to the Parliament's Culture, Tourism, Europe and External Affairs Committee ¹⁷, in December 2020, it was suggested there had been challenges around collaboration and engagement between industry and both the Scottish and UK Governments. The Scottish Hospitality Group believed Government has been slow to engage with the trade bodies, which has had an effect on their ability to get out information to the trade.

“ Government interaction with the SHG and wider trade bodies has been slow from the start. We called from the start for proper engagement, consultation and meetings and for a seat at every table where hospitality is discussed. We have not been given that access. When we write to the Government our letters are given case numbers and we often get a reply, depending on which department we write to. However, as I said earlier, we submitted a freedom of information request in early November and are still waiting for an answer to that halfway through December. We are seeking clarification on that.”

UK Hospitality (Scotland) shared with the Committee a similar although slightly more positive view.

“ My experience has been that ministers and cabinet secretaries have been accessible. They have listened, and we have engaged and communicated. As things became busier, we lost track. I endorse what Stephen Montgomery said. Changes, new regulations and restrictions have often been communicated at short notice, which has given businesses little time to prepare. There is a distinction between engagement and meaningful consultation. I am not implying any criticism of the officials whom we have dealt with, who have been professional, patient and engaged. They have taken time with us, sometimes over weekends, to engage with us.”

[The Scottish Tourism Emergency Response Group \(STERG\) meeting notes \(26 November\)](#) highlighted that lobbying activity directed at Department for Digital, Culture, Media & Sport (DCMS), the UK Government Department with responsibility for tourism, may not be having the necessary effect.

“ It was acknowledged that lobbying activity directed at DCMS may not be having the necessary effect. Longer term money is required to support the recovery plan and therefore we also need to look at possible public / private approaches. It was noted that there is a growing sense of frustration from industry with the UK Government. UKH press releases which have followed the UK Government’s recent announcements about the tier structures for example, have stated that they are savaging the sector.”

Across the hospitality industry at a UK level, there have been calls from hospitality leaders for a UK Government Minister for Hospitality after being 'hung out to dry' during the crisis.

Recovery

In this chapter, we explore the steps taken towards recovery for Scotland's tourism sector and the outlook for the sector. This includes:

- Scottish Tourism Emergency Response Group (STERG)
- Advisory Group on Economic Recovery (AGER)
- Scottish Tourism Recovery Taskforce (STRT)
- Budget 2021-22
- An extraordinarily uncertain outlook

In December 2020, a [statement](#) from the UNWTO titled 'as 2020 ends, tourism looks forward with determination' captures the sentiment of the industry looking forward globally.

“ It is time now to rethink quarantine rules for tourists. To embrace innovation and new solutions for testing travellers before or after their journeys. Alongside this, restrictions on travel must be eased or lifted in a responsible and coordinated manner as soon as it is safe and feasible. The important steps undertaken to ensure better coordination and refusing to stand still, are the precursors to prepare for the new year. 2021 could be a critical year for the restart of tourism, but only if we continue along this path. The foundations are there for this to be a turning point. It is a moment for directing our sector towards greater sustainability and inclusivity and realizing its massive potential to deliver lasting development and change for all. We cannot waste this chance.”

Over the last year, a number of groups were established looking at the tourism and wider economy recovery response. This has resulted in a range of confusing acronyms - STERG, AGER, STRT - for the unacquainted. We now explore the role of these groups in Scotland's pathway to tourism recovery, how the sector fared in Budget 2021-22, and the future outlook for the sector.

Scottish Tourism Emergency Response Group (STERG)

The [Scottish Tourism Emergency Response Group \(STERG\)](#) was re-established in March 2020 to help support industry (it was originally established in response to Foot and Mouth disease). The STERG is chaired by VisitScotland and includes representatives of the industry, the Scottish Government Tourism Team, Scottish Tourism Alliance (STA), Scottish Enterprise (SE), Highlands and Islands Enterprise (HIE), South of Scotland Enterprise (SoSE), COSLA, Skills Development Scotland (SDS), transport sector and tourism organisations.

STERG prepared a [national action plan](#) with an initial version published in May 2020. Updated versions have since been published. The original Plan was structured around four phases – Respond, Reset, Restart, Recover – in line with the [Scottish Government's economic recovery plans](#) and there were detailed actions linked to time phases associated

with these "4 Rs". However, the revised Plan since autumn 2020 has 10 sections:

1. National response
2. Rebuilding our diverse businesses (*actions related to various business support packages*)
3. Protecting & supporting our passionate people (*skills and training related initiatives, many linked to SDS*)
4. Restoring our thriving places (*actions linked to visitor management in establishing a Visitor Management Strategy Group to develop a coordinated response to key issues and opportunities*)
5. Reimagining our memorable experiences (*actions linked to events and themed year activities*)
6. Industry intelligence (*data gathering from industry and trade bodies to capture real time impacts and identify support required*)
7. Industry communications (*STERG and partners keeping industry updated*)
8. Stakeholder communication (*particular emphasis on interaction between STA and SG*)
9. Research and global travel market intelligence (*VisitScotland focussed*)
10. Marketing recovery (*VisitScotland focussed*)

The revised 10-part STERG National Action Plan has greater alignment with the national tourism strategy Scotland Outlook 2030.

STERG meets regularly and notes and actions from the Group's meetings are [published online](#).

Advisory Group on Economic Recovery (AGER) – tourism perspective

The Advisory Group on Economic Recovery (AGER) was established in April 2020 by the Scottish Government. The remit of the Group was to provide expert advice on Scotland's economic recovery once the immediate emergency, created by coronavirus, has subsided. The Advisory Group's Report '[Towards a Robust Wellbeing Economy for Scotland](#)¹⁸', was published on 22 June 2020.

On 5 August 2020, the Scottish Government published its response to the Advisory Group on Economic Recovery Report called [Towards a Robust, Resilient Wellbeing Economy for Scotland: Report of the Advisory Group on Economic Recovery](#)¹⁹. The Scottish Government accepted all 25 recommendations from the Report. There were two specific recommendations on tourism, these were:

1. Scottish Enterprise and VisitScotland, with the support and active engagement of the Scottish Government, must develop a strong and bold prospectus for Scotland on

available investment opportunities, recognising the substantial, twin shocks of the pandemic and leaving the European Union. This will require a focus on opportunity areas and deployment of its international presence to maximum effect.

2. The tourism and hospitality industries should work in partnership with the Scottish Government to develop a sustainable future strategy; the Scottish Government should consider a targeted reduction in business rates to support the sectors' recovery; and it should press the UK Government to consider a reduction in VAT for the sectors.

The Government's response (August 2020) highlighted the following actions they have already taken to support tourism:

- Established the [South of Scotland Enterprise Agency \(SOSE\)](#), launched in April 2020, to work with the people and communities across the South of Scotland to establish the region as a centre of opportunity, innovation, and growth. SOSE has committed just over £2.7 million over five years to support a tourism, marketing and destination development programme.
- Set out Scotland's Tourism Strategy: Scotland – Outlook 2030, launched in March 2020, which was reviewed with revised outcomes to reflect the significant impact that the pandemic has had on the sector in Scotland.
- Established the Scottish Tourism Recovery Taskforce, with investment being a key theme of its approach.
- Delivered an overall package of £2.3 billion of business support to Small and Medium Enterprises.
- Offered the most competitive NDR relief package in the UK for a number of years and the lowest poundage for 95% of properties.
- Set up a £14 million Hotel Recovery Programme to help secure up to 3,000 jobs at Scotland's larger hotels until the start of the summer 2021 tourism season.
- Through VisitScotland, delivered £1 million in grants to self-catering businesses to support them through the winter season.

The Government's response highlighted the following actions they are doing now:

- Work to position Scotland better internationally with additional support to [Scotland is Now](#) to strengthen Scotland's brand value in international markets, to support both inward investment and exports.
- Enact Scotland's Tourism Strategy: Scotland – Outlook 2030 which was developed in full collaboration with the visitor economy agencies and industry. It has an overarching aim of becoming the leader in 21st Century tourism, with a focus on wellbeing, climate and wider sustainability.

Scottish Tourism Recovery Taskforce (STRT)

The [Scottish Tourism Recovery Taskforce \(STRT\)](#) was created by the Scottish Government in [June 2020](#). It was made up of more than 30 businesses with experience

from across the industry and co-chaired by Tourism Secretary Fergus Ewing and Business Minister Jamie Hepburn. It met for the first time on 25 June 2020 and held their final meeting on 23 September 2020. Three work-streams developed a set of recommendations focused on three priority areas:

1. Stimulating Demand
2. Business and Workforce Recovery
3. Investment.

The work-stream recommendations were consolidated into a [Taskforce report](#)²⁰ and submitted to the Cabinet Secretary for Rural Economy and Tourism on 1 October 2020. The report was presented to the Scottish Cabinet on 1 December 2020. The group's recommendations included:

- working closely with the sector on necessary planning, advice and adequate compensation packages, if evidence-based restrictions are required
- facilitating international travel by progressing alternative options for robust COVID-19 testing regimes
- developing a package of short term measures, including marketing support and sectoral advice via VisitScotland to boost demand and increase visitor confidence
- extending the Business Rates Holiday for specific affected sectors and regions by another year
- creation of a skills development package to retain talent and enhance staff leadership skills.

The UK Government was asked in the Taskforce Report to consider a series of financial measures including further tailored support for the sector beyond what is offered by the current Job Support Scheme, reconsider the removal of duty-free shopping, extend the VAT reduction for hospitality and the supply chain, reduce the cost of loans via a government backed soft equity loan scheme and a review of taxation.

Having considered the [Scottish Tourism Recovery Taskforce report and recommendations](#), the Scottish Government stated on [21 December](#) 2020 that they:

- 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 to publish their response to the Scottish Tourism Recovery 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 in early 2021.

The Taskforce is not responsible for delivery of the agreed recovery plans – these will be actioned through the STERG and its member organisations.

The Scottish Government's full [response to the Taskforce report and recommendations](#) ²¹ was published on 20 January 2021. The Scottish Government has commissioned work in response to the Scottish Tourism Taskforce recommendations to develop a five-year recovery and investment plan to set the tourism sector back on track to deliver the tourism strategy, Scotland Outlook 2030.

Five-year recovery and investment plan

The five-year recovery and investment plan work is being undertaken as a collaboration between the Scottish Government, the enterprise agencies, VisitScotland, Skills Development Scotland, Scottish Development International (SDI), COSLA and the tourism industry. Scottish Government will lead co-ordination of plan development working closely with STERG members. Correspondence ²² from the Scottish Government states that they expect agencies and key stakeholders to work with them to develop a robust set of proposals for recovery over a five year period based on green recovery, fair work, and place based principles. The Scottish Government have set the following [expectations for the plan](#):

- Identify priorities to incentivise green low carbon travel and stays which support local community needs.
- Identify priorities for business support and employee skills development to stimulate and accelerate recovery over a five year period in an inclusive and collaborative way.
- Develop thinking regarding a possible future global advantage fund – which could build place based centres of excellence focused on world class service and training focused around a unique sectoral offers such as golf tourism, adventure tourism or food and drink, for example.
- Consider innovative funding mechanisms and public private partnerships to deliver the five year recovery plan. Public sector funding will be extremely constrained over coming months and years and will need to focus on delivery of public goods and services. The working group will need to identify and develop new mechanisms for support which could include plans to convert debt to equity, new asset backed vehicles, securing longer term investors and owners for key assets, and securing support from banks and loan facilities.
- Develop the evidence base to underpin the advice to Ministers on priorities for future support, learning lessons from previous support packages.
- Engage with stakeholders on options and secure their support and ownership for priorities.

The [Scottish Government expect](#) that the development of a full and costed recovery plan and investment model will be complete and financial resources for delivery identified in the late spring 2021, and the plan would then be delivered via regional project teams, likely to comprise a mix of the enterprise agencies, VisitScotland, Skills Development Scotland, SDI and businesses.

Budget 2021-22

Budget 2021-22²³ will allocate £55 million to the Scottish Government's tourism portfolio area.

- £51.3 million of this allocation (93% of total) is for VisitScotland, including VisitScotland's delivery of the £6.2 million [Rural Tourism Infrastructure Fund](#).
- £3.7 million of the allocation is for tourism special projects, which the Scottish Government has said will 'begin recovery work for the tourism and hospitality sector'.

Table 3 provides full detail on the projected £55 million allocation in terms of fiscal resource, capital, non-cash, and details provided by the Scottish Government on what the budget buys and reasons for any change in budget. In total, the tourism budget for 2021-22 has increased by 9% (£4.5 million) in cash terms on the previous year. Much of this increase is driven by doubling the Rural Tourism Infrastructure Fund to £6.2 million and an additional £0.9 million for tourism special projects. The Budget [document states](#):

" In 2021-22, we will provide £55.1 million for Tourism. Recognising the acute impact seen by our rural communities, we will double the Rural Tourism Infrastructure Fund, to £6.2 million, helping tourist attractions and their communities make improvements to cope with increased visitors, such as parking areas, visitor facilities and recycling points. This will support the resumption of domestic tourism when the time is right."

Other relevant allocations and announcements in the Budget around COVID-19 business support included:

- a reduction in the Non-Domestic Rate poundage rate to 49p and an extension of the Non-Domestic Rates relief
- Local Authority Discretionary Fund will be doubled to £60 million in this financial year to allow councils to respond to local needs (and on 10 February it was announced that the Local Authority Discretionary Fund will be doubled to £120 million to allow councils to respond further to local economic pressures)
- businesses eligible for the Strategic Framework Business Fund will receive full Level 4 payments on 22 February, regardless of any future changes to local restrictions
- a new £55 million programme to support town centres and community-led regeneration projects.

While the Scottish Government recognised the devastating impact of the pandemic on the tourism sector within the Budget, apart from increasing the Rural Tourism Infrastructure Fund, there were no other direct tourism allocations to reflect the impact of COVID-19. However, the Scottish Government highlighted that they have commissioned work in response to the [Scottish Tourism Taskforce recommendations](#) to develop a [five-year recovery and investment plan](#) to set the sector back on track to deliver the 2030 tourism strategy. They stated that '*this has already been supported in 2020-21 by a package of £104.3 million*'.

Table 3: 2021-22 Tourism Scottish budget allocation detail

£ million	Fiscal Resource	Non-cash	Capital	Total budget	% change since 2020-21	What it buys	Explanation of significant changes from previous year
VisitScotland (Resource)	41.412	-	-	41.412	0.8%	To deliver high profile tourism marketing campaigns overseas and in the UK and a portfolio of national events that continue to grow sustainable tourism across Scotland.	Uplift to support increased operational costs
VisitScotland (Capital)	-	-	8.500	8.500	61.9%	For refurbishments to VisitScotland's estate, investment in VisitScotland's digital strategy and ICT resources and providing for the Rural Tourism Infrastructure Fund.	Increased funding for the Rural Tourism Infrastructure Fund to strengthen the strategic network of facilities which will meet visitor and community needs as the industry moves into the COVID recovery phase.
VisitScotland (Non-Cash)	-	1.400	-	1.400	0.0%	For depreciation of VisitScotland's assets, including its estate.	Reflects updated non-cash depreciation charge.
Tourism special projects	3.762	-	-	3.762	31.4%	This supports a range of tourism related activities and events plus general tourism policy development.	Increased budget to begin recovery work for the tourism and hospitality sector. Capital reduction reflects the completion of our funding commitments to the Coig project in Ayrshire, south of Scotland tourism capital investment and the Waverley Paddle Steamer.
Total - Tourism	45.174	1.400	8.500	55.074	8.8%		

 Extracted from [Scottish Government level 4 budget spreadsheet](#)

The overall 12-year trend (see Table 4) in funding allocations to the tourism budget peaked in 2014-15 (linked to hosting the 2014 Commonwealth Games in Glasgow, 2014 Ryder Cup in Gleneagles, and the Year of Homecoming) but has since experienced a general downward trend. The 2020-21 allocation was the first reversal of the downward trend since 2014-15 and the 2021-22 allocation has continued this upward trend. Since 2010-11, in cash-terms the tourism budget has increased by 25%. However, in real terms when the effects of inflation are accounted for the increase is negligible at just 3%

Table 4: Historical tourism budget trend – cash terms - £ (millions)

	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22
Cash	43.9	41	49.1	51.6	56.9	50.6	49.1	43.9	45.1	45.2	50.6	55

An extraordinarily uncertain outlook

According to the OECD ⁷, the outlook for tourism is extraordinarily uncertain, and recovery will depend on the interlinked consequences of the economic and health crisis on demand and supply side factors. These include:

“... the evolution of the pandemic, availability of a vaccine (or alternative control measures), and the lifting of travel restrictions, as well as the survival and readiness of businesses throughout the tourism ecosystem to meeting demand, impacts on consumer confidence and travel behaviour, and developments in the wider economy. The global scale and extended duration of the crisis, continued uncertainty, and the interlinked economic and health nature of this crisis makes it unlike any previous shock to the tourism system.”

Internationally most experts do not see a return to pre-pandemic levels of tourism happening until sometime between 2023 and 2024.

- [According to the UNWTO](#) ⁵ panel of experts, 43% point to 2023, while 41% expect a return to 2019 levels will only happen in 2024 or later. UNWTO's extended scenarios for 2021-2024 indicate that it could take two-and-a-half to four years for international tourism to return to 2019 levels.
- McKinsey ²⁴ forecasts indicate that it will take four to seven years for tourism demand to return to 2019 levels, which means that overcapacity will be the new normal in the medium term.

While the brief recovery in the summer months of 2020 had fuelled hopes of a quick recovery for the tourism sector, hopes were dashed by the autumn/winter waves of the pandemic. In Scotland, [evidence from industry leaders to the Scottish Parliament](#) in January 2021 ¹² suggested 2023 as a return point to pre-pandemic levels.

“...it will be 2023 until we can get back to the rate of footfall or the revenue take that we were seeing in 2019.”

A number of key themes and trends have been identified ⁷ that will have implications for the outlook of the sector.

- **Domestic tourism** is expected to benefit, as people prefer to stay local and visit destinations within their own country.
- **Safety and hygiene** will be a key factor in choosing destinations and tourism activities, likely impacting preferences for accommodation and transport.
- **Demand** (traveller behaviour will be influenced by the evolution of the crisis - less disposable income, declined travel confidence) **and supply side** (structural changes to business base) changes will impact visitor flows and pricing points.
- **Sustainability** will likely become more prominent in tourism choices, due to greater awareness of climate change and adverse impacts of tourism.
- **Digitalisation** in tourism services is expected to continue to accelerate.
- **Access to skills issues** could be exasperated in the tourism sector.

- Tourism **policy will need to be more reactive** with policies to incentivise and restore investment in the tourism sector.

What do these themes and trends mean for Scotland?

Implications for Scottish tourism

Structural change in the business base and the point of unwinding support

Structural change in tourism supply is expected across the business base. Not all businesses will survive the crisis and capacity in the sector is likely to be reduced for a period, limiting the recovery. UK Hospitality (Scotland) highlighted in evidence ¹⁷ that the nature of discretionary support means that not all businesses get support, resulting in winners and losers. The longer the crisis continues, the more businesses and jobs will be lost, the greater the implications for traveller behaviour, and the tougher it will be to rebuild the tourism economy

The current levels of government funded intervention in the tourism sector, and wider economy, are unprecedented. The rationale for the interventions is valid - to save jobs and ensure businesses will be there to start again whenever the economy reopens. However, there will come a point where this lifeline support will have to be unwound and some tourism businesses will face difficult decisions about viability. Factors impacting business viability will include: timeline for full return of international connectivity and aviation, changes in consumer behaviour and preferences, scale of return in corporate meetings and business events market. Tourism businesses are resilient and many will be able to innovate and adapt but unfortunately not all of Scotland's registered 15,000 tourism businesses will survive.

Domestic tourism and green choices

Domestic tourism (visitors from Scotland and the rest of UK) is expected to benefit, as people prefer to stay local and visit destinations within their own country. Multiple factors drive this: fewer restrictions for travel within own country, more substitution options for non air-based travel (such as cars and trains), anxiety, and growing 'green' preferences. However, domestic tourists are often more price-sensitive and tend to have lower spending patterns. In 2019, overnight domestic tourists spent £3.3 billion in Scotland and international overnight visitors spent £2.5 billion. Even with increased domestic demand this is unlikely to fill the £2.5 billion gap in international spend.

New consumer preferences driven by COVID-19 suggest substitution effects towards rural areas and self-catering properties. Safety and hygiene have become key factors to select destinations and activities. People are likely to prefer private means of travel when travelling and avoiding big gatherings. Thus, the recovery period for urban areas and hotels is expected to be more prolonged. There was evidence of this trend in the initial reopening period in summer 2020, as [discussed previously](#).

Growing preferences for 'green' and sustainable choices could see increased demand for natural areas and more local destinations - shorter travel distances may result in a lower environmental impact of tourism. The [UNWTO foresees](#) growing demand for open-air and nature-based tourism activities, with domestic tourism and 'slow travel' experiences gaining increasing interest. This need to balance sustainability with tourism policy was

highlighted when concerns were raised around the [STRT recommendations](#) linked to Air Passenger Duty. It was highlighted, via [STERG](#), that whatever is done regarding the aviation, international connectivity and international marketing must be in line with climate change targets and environmental expectations.

Digitalisation and innovation

Given the pressing health and safety concerns around face-to-face interactions and hygiene, digitalisation in tourism services is expected to continue to accelerate, including a higher use of automation, contact-less payments and services, virtual experiences, and real-time information provision. In view of the complexity of these issues involving sensitive data, significant investment, and the cooperation of several sectors and countless individual players, if this is going to succeed, it is essential that public and private sector partners engage meaningfully.

A step in this direction is the proposed 'Tourism Data Hub for Scotland' as a named deliverable within the [STRT recommendations](#). The [STERG National Action Plan](#) states that a 'Team Scotland' partnership are developing the business case for this initiative, working closely with Scottish Government and building on experience from academic, research and industry partners. The data hub will provide:

“...the essential data analytics the industry needs to understand how to respond in an agile way to uncertain market conditions, drive innovation and R&D through use of data, provide actionable insight to support investment decisions and enable effective monitoring of Scotland’s tourism objectives.”

Innovation in tourism will be essential, as tourism businesses and destinations will need to adapt their offerings to modified travel behaviours. This crisis has accelerated the transition to digitalisation, placing greater emphasis on health and hygiene, and increasing the demand for contactless experiences and payment options. VisitScotland is working in partnership with Business Gateway to promote and deliver digital support services to industry.

It will be important that all tourism businesses, particularly those at the micro and small end of the scale, have access to this support. It will also be imperative that businesses don't face barriers, such as lack of access to satisfactory broadband. The roll-out of the Scottish Government's [R100 superfast broadband programme](#) will be a key enabler here.

Policy delivery and role of government

The reopening and recovery of the tourism sector will require a strong partnership between governments and the tourism industry. McKinsey ²⁴ [recommends](#) streamlining public-private interfaces through a tourism nerve centre. The sector's success will be dependent on all its key stakeholders, from governments and businesses, to employees and destinations, including local communities and even travellers, proactively coming together. Scotland already has a version of this with [STERG](#). It will be important that as the sector moves towards recovery that the structures of STERG are reviewed regularly and any unwinding or replacement of STERG is fully appraised.

Forecasts ²⁴ indicate that it will take years for tourism demand to return to 2019 levels,

which means that overcapacity could be the new normal in the medium term. This prolonged period of low demand means that the way tourism is supported and financed may need to change. Reduced investment will call for active policies to incentivise and restore investment in the tourism sector to maintain the quality of the tourism offer and promote a sustainable recovery. This will require a commitment of support from all relevant public sector bodies - VisitScotland, Scottish Enterprise, Highlands and Islands Enterprise, South of Scotland Enterprise, Skills Development Scotland, COSLA, etc. This commitment to support tourism should involve reviewing existing support patterns collaboratively, and where appropriate pursue evidence-based shifts in direction, as resources allow.

WTTC highlight that cooperation will be critical to ensure the effective restart of the tourism sector. Governments should both coordinate amongst themselves and collaborate with the private sector to harmonise the timing of the lifting of travel restrictions as well as standardise contact tracing and testing requirements. The communication of such policies should be consistent. Moreover, with travellers now fearing the possibility of being stuck abroad, governments will need to provide reassurance through mutually-agreed protocols.

Immediate outlook

The full scale of the fallout from COVID-19 for the tourism sector still lies ahead. However, we know there will be some harsh realities, as it's likely some businesses will not reopen. The nature of support and leadership from the Government and relevant public bodies will be a key determinant in the recovery of the sector, along with a resilient and proactive attitude from businesses.

As we go into spring 2021, we know the tourism sector will be a very different this year to what it was in 2019. The gradual roll-out of COVID-19 vaccines is expected to help restore consumer confidence, contribute to ease travel restrictions and slowly normalise travel. Nonetheless, the industry's recovery will be slow, as new COVID-19 variants are causing governments to continue using travel bans to stem the spread.

No matter what shape Scotland's tourism recovery takes, we know the initial emphasis will be on domestic recovery first, as international markets returning will be at the end of the recovery chain. Every destination across the globe has experienced the impact of COVID-19 and will be seeking their share of the recovery. Thus, it will be important that industry and governments work together to ensure the restart and recovery of Scotland's tourism sector gets off to the best possible start.

At the time of publishing this briefing (March 2021), imminent issues for the sector included:

- More detail and clarity around the pathway to reopening. Concerns Scotland could be at a disadvantage if different timeline to other parts of the UK.
- Double whammy for businesses of a potential shortage of skilled workers from Europe due to Brexit and the impact that an earlier opening in England would have on the Scottish tourism industry trying to access workers when they restart.
- Ongoing business support - avoiding 'cliff edges', those falling through the cracks, and even with support the reality for larger businesses which form the core offering of the sector is stark.

- Roadmap around international travel and considerations around mandatory hotel quarantine, vaccination passports, and 'test and go'.

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