



SCOTTISH
TOURISM
ALLIANCE
Your voice in tourism matters



The RT Hon. Alister Jack MP
Secretary of State for Scotland
By email: 21st September 2021

Dear Mr Jack

You may know that the Scottish Tourism Alliance and UKHospitality have convened a meeting with Minister Stewart for 7th October to discuss the current recruitment crisis faced by our hospitality and tourism sectors; I would like to take the opportunity to set out some of the detail to ensure you are aware of both the gravity of the crisis and the need for urgent solutions to address our current and future challenges.

Scotland will host the globally important COP26 event in November with the world's spotlight shining again on our country, people and assets; it seems unthinkable for our country to be in a position where we cannot staff our hospitality and tourism businesses to deliver what in many cases falls well below the line in terms of a basic service.

The recent report on official job numbers from the Office of National Statistics underline the significant impact the ongoing tightness and disruption to the labour market and associated labour shortages are having across the economy. However, the figures also show that hospitality is suffering most when compared to other sectors. According to the ONS, the hospitality's sector vacancy rate is twice that of the economy as a whole.

The report also shows that hospitality created 122,000 new jobs between March and June. The sector has been at the forefront of job creation as the economy begins to recover and rebuild. But with additional pressures and uncertainties, as well as being the last sector to reopen, hospitality has been hamstrung in its attempts to fill vacancies. The economy is also close to operating at full employment, making the need for Government support on this issue absolutely vital.

Businesses are trying to make good use of initiatives like Kickstart, but these need to be functioning effectively as we have tens of thousands of jobs to offer people. The Scottish Government has been hugely supportive of the sector; support which has included financing a recruitment campaign and we look forward to continuing to work with Ministers to help us get more young people into hospitality apprenticeships and training.

Given the shortage of workers, the UK Government must also seriously consider temporary immigration reforms, adding hospitality roles to the Shortage Occupation List and supporting the broader supply chain. The labour problems of the summer for hospitality and the wider economy are not going away and will become even more acute as we move towards Christmas.

The latest figures once again show the unique impact the pandemic has had on the hospitality sector - but also its potential to be at the forefront of the economic recovery with the right support and full trading conditions in the coming months.

We are a resilient, ambitious industry with a vision that Scotland will be a world leader in 21st century tourism, however the intense recruitment crisis which the industry is experiencing not only sets us back many years from delivering this vision, it risks Scotland's, and indeed the UK's reputation as a forward thinking, welcoming, globally important destination for attracting visitors and inward investment.

The sector as a whole is unable to trade viably; it is impossible to deliver the service we are so proud of. While we are open for business, you will appreciate that there's a difference in trading and trading well. At a meeting today with the STA Council, the overarching view is that Scotland's tourism industry remains in survival mode, rather than having moved to recovery.

Our businesses are severely impacted in relation to compromised opening and service delivery, they're also dealing with increased costs; repayments on loans which were taken out during the peak of the crisis, VAT repayments, increased supplier costs, the costs of recruitment, administration, regulation, utilities and the added costs that Brexit has brought home to roost.

Despite the financial challenges which exist across the sector, the majority of employers are paying well in excess of the living wage to attract employees; recruitment challenges are not an issue of remuneration.

Tourism is a force for good; it can stimulate economic wealth across our country and communities and bring the inward investment Scotland so needs and deserves. Our ability to invest in our businesses and tourism product however is so hugely compromised by the

issues around the availability of workforce. This was a key issue prior to Covid; the impact of the pandemic, exacerbated by the UK's exit from the EU and the removal of such a critically important flow of labour has plunged the sector further into crisis with no apparent way forward.

The time to remove barriers to our ability to trade and our competitiveness as a tourism destination on a macro and micro level is now, with the creation of policies which will see our industry thrive in addition to the removal of existing and proposed policies which will see our businesses struggle to survive.

Our asks are clear:

1. The UK Government to reconsider the introduction of a Covid Recovery Visa
2. The UK Government to revisit the Skilled Worker Shortage Occupation list with a view to expanding the criteria to support the urgent recruitment needs of our tourism sector and other sectors such as transport and food and drink
3. Review the costs of workforce visas to the employer to make it more affordable for our sector to recruit from abroad
4. Clarity around the government's plans to support jobs and the economy beyond the end of furlough this month.

We are aware that many similar asks and submissions have been made by other organisations and trade bodies – at the UK Tourism Industry Council the recruitment crisis was the main topic; we are disappointed that to date, no proposal for action has been forthcoming from the UK Government.

My colleagues and I look forward to discussing these matters in more detail on 7th October.

Yours sincerely

Marc Crothall, Chief Executive of the Scottish Tourism Alliance

Leon Thompson, UKHospitality Scotland Executive Director