



**SCOTTISH
TOURISM
ALLIANCE**

Your voice in tourism matters

Economy and Fair Work Committee Scrutiny of the New Deal for Business

6 February 2025

Dear Convenor,

Many thanks for inviting me to give oral evidence at your forthcoming evidence session on the New Deal for Business (NDFB) and what progress has been made against its implementation plan.

Given that the session clashes with my hosting the Scottish Tourism Alliance (STA) Spotlight Stage programme at ScotHot 2025 at the Glasgow SEC, please find below the STA's written submission to help inform your evidence gathering on this important area.

As the leading representative body for tourism and hospitality in Scotland, I have been pleased with the level of engagement that both the STA and other members of our Council have had as members of the NDFB groups formed.

As a member of the core NDFB Group, from the outset I've been directly engaged with the work the Scottish Government has been undertaking to improve engagement with the business community and am part of the different sub-groups that were created to support this.

I welcome the strong engagement that we've had with Scottish Cabinet members, Dr. Poonam Malik and civil servants as part of the NDFB and the delivery of the agreed implementation plan has the potential to transform the way the Scottish Government and its civil servants work with business, from the very beginning of the policy-making cycle.

Concerning the deadlines for feedback set by civil servants, there has on occasion not been a full appreciation of the time it takes business trade organisations like the STA to engage in a meaningful way with our members and gather feedback to fully inform some parts of the NDFB's work.

However, these short timescales have likely been driven by the time pressures to deliver on the NDFB and I'm hopeful that more time to consult will be factored into future engagement, as the intent to better engage with the business community is definitely there.

The one area of the NDFB's work that has stalled is action on Non-Domestic Rates, which is one of the most critical and pressing areas that needs reform. This is despite the continued asks of the tourism and hospitality sector and other business organisations to review the business rates system to make it fairer and more proportionate.

The sub-group's work has not kept pace with developments in other parts of the UK and we look to the Scottish Government to make this a key focus of the NDFB going forward, stimulating crucial investment and growth for our economy.

The sector also still faces significant issues concerning the Short Term Let (STL) legislation that was passed and how it's being implemented in certain authority areas, and more recently issues with the visitor levy legislation have begun to come to the surface.

With both STLs and the visitor levy devolved to local authorities by Scottish Government under the Verity House Agreement, it appears that Scottish Government Ministers have washed their hands of each, and it is no longer their responsibility to address the issues and concerns highlighted by business leaders on the NDFB Group. This is despite parts of the legislation being poorly drafted and the potentially very damaging implications for Scotland's economic growth.

In the spirit of the NDFB Group, we would hope that Ministers do not just walk away from both of these challenging policy issues and seek to address and amend the legislation and guidance before more economic harm is done.

That said, despite there being existing challenges and concerns, I believe there are signals that the Scottish Government and their officials are listening to business about the accumulative regulatory impact on business before rushing to introduce new policies.

Listening is good, but applying the recommendations from business in practice into policy is crucial, ensuring we have in place good policy that is applied well.

As referenced above, there remains a need to urgently revisit two of the more recent Scottish Government policy decisions, which were ruled out of discussions as part of the Regulation Improvement Advisory Group's work on reviewing regulation.

Only regulations in place for a minimum two-year period were part of the review, despite the strong evidence base around the shortfalls concerning STLs Licensing and Planning Control Areas. We're also now in a position where the sector continues to have serious concerns about the complexities and impact on competitiveness of using a percentage charging model for introducing a visitor levy in Scotland.

The forthcoming consultation on introducing a Cruise Ship Levy will also be a good test if the NDFB's commitment to improve the Business and Regulatory Impact Assessment and Toolkit has a stronger focus on the impact on our businesses, communities and visitors.

Established in 2023, we are now at an important stage where the NDFB is no longer a 'new' deal and must transition into something else to enshrine a permanent way of working.

Both the First Minister and the Deputy First Minister have made clear to me that their doors are open to the STA and we are grateful for the meaningful and regular engagement we have had to date with them. We look forward to enjoying more of the same but, whilst engagement is welcomed, it is evidence of supportive actions and right policy that follows on from these conversations that our members and the industry want to see.

We hope that the policy issues and concerns that remain will be addressed swiftly and in turn enable positive outcomes and an improved business and regulatory environment for Scotland's tourism and hospitality sector and those in the supply chain to thrive and prosper, delivering benefits to the national and local economies and the people of Scotland.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Marc Crothall', enclosed within a large, hand-drawn oval shape.

Marc Crothall MBE
Chief Executive of the Scottish Tourism Alliance