



# SCOTTISH TOURISM ALLIANCE REQUESTS URGENT MEETING WITH FIRST MINISTER AND CABINET SECRETARIES TO DISCUSS CRIPPLING BUSINESS RATES INCREASES

## DEAR FIRST MINISTER

I am very aware that you have already received several letters from tourism and hospitality business owners directly and also recently from our colleagues at the Scottish Licensed Trade Association (SLTA) on the same issue that I feel compelled to write to you about today.

As CEO of the Scottish Tourism Alliance (STA), the organisation that has under its umbrella of membership c70% of the businesses in the tourism and hospitality sector through direct or associated membership, we are the acknowledged industry leadership group that represents the voice of industry by our member group, your government, the media and many others whose primary role is to represent the views of industry.

It is for this reason I now write to you to seek your personal intervention on this matter.

Many of our members and others in the industry who are not under our membership have and continue to express deep concern to us about the significant increase in business rates being notified to them by the assessors post recent revaluations due from April this year. We have been told by some if the rate hikes notified were to remain even for the short term pending appeal it could result in their being forced into business closure; many have said that the rate increases they are facing will definitely restrict future recruitment and may require them having to let staff go, others have said to me it will most certainly prevent their affordability to make much needed investment into their asset to help them remain sustainable and to grow and trade profitably.

# AS YOU HAVE ALREADY BEEN MADE AWARE BY OTHERS, IN SOME CASES THIS INCREASE IS OVER 200%

(SEE OTHER EXAMPLES IN APPENDIX 1).

I have already expressed serious concerns to Finance Secretary, Derek Mackay MSP about the Scottish Government's proposed increases to business rates in a letter sent to his office prior to the Draft Budget in December, to which we have still not had an acknowledgement or reply, and also in recent conversations with Fiona Hyslop MSP, Cabinet Secretary for Culture, Tourism and External Affairs, Bruce Crawford MSP, Lord Thurso, Chair of VisitScotland and others in Holyrood.

Our colleagues from the British Hospitality Association (BHA) have also expressed their concerns in meetings with both Mr Mckay and Ms Hyslop.

The STA welcomed the Government's announcement to review the business rates system in December 2015 and in particular that the Government's commitment to "ensure that the system is as fair and effective as possible".

The STA was encouraged to see in a recent survey of Ministers views that tourism continues to be acknowledged as one of the country's "most important industries".

Whilst on the one-hand the sector has been supported by and encouraged by Government to grow, we are now seeing the same Government allowing the Scottish Assessors Association to set unsustainable Rateable Values for tourism businesses based on a method which is not transparent and appears flawed and unfair.

The net result will almost certainly see many businesses struggle with impossible trading conditions, leading to unsustainable staffing levels and a reduction in investment and productivity.

Within the past 18 months Scotland has experienced unprecedented political and economic change, the real impact of which is still to be felt. As the UK government continues to negotiate our way out of the European Union, there is a clear opportunity for the Scottish Government to do its utmost to stabilise economic conditions to allow our businesses to build and strengthen for what may be our biggest challenge to the economy yet – Brexit.

The current proposed increases in business rates for many in the tourism and hospitality sector will only serve to weaken many businesses, eroding already fragile trading surpluses.

On top of the disproportionate rates increases for some hospitality and licensed trade businesses, there are a range of other new costs and increasing costs to businesses such as the Apprenticeship Levy, the rises in the National Living Wage in addition to pension and auto-enrolment costs. The cost of food and drink is also rising as a direct result of the fall in the pound.

Whilst we appreciate that businesses are able to appeal against rate rises, this is a lengthy process during which time businesses are required to continue paying the higher rates, something which many businesses will simply be unable to sustain. Appealing will not be an option for many business owners.

In conclusion, on behalf of the Scottish Tourism Alliance I seek your assurance that you will urgently review this situation and intervene now by instructing a review of the exceptionally high and disproportionate valuations being imposed on many, that come into effect as of 1st April. At the very least we would expect a freeze on plans for the introduction of the new rates on 1st April until we are presented with the outcome of the Barclay Review.

My colleagues and I would welcome a meeting with you to discuss further at the first available opportunity.

Yours sincerely

Marc Crothall  
Chief Executive  
Scottish Tourism Alliance



# Appendix One

Figures taken from [www.SAA.gov.uk](http://www.SAA.gov.uk)

Company	Current RV	Proposed RV	% increase
Fort Charlotte Guest House, Lerwick, Shetland	£2,000	£5,200	160%
The Ferry Inn, Stromness, Orkney	£32,500	£42,500	31%
Helgi's, Kirkwall, Orkney	£15,570	£39,000	150%
Pierhead Restaurant, Voe, Shetland	£5,750	£15,000	161%
Rocpool Restaurant, Inverness	£40,000	£65,000	63%
Am Politician, Eriskey, Western Isles	£5,000	£8,000	60%
Old Smiddy Inn, Wick	£9,000	£15,000	67%
Thorlee Guest House, Inverness	£3,300	£8,500	158%
The Ceilidh Place, Ullapool	£55,000	£83,000	51%
Cairngorm Hotel, Aviemore	£165,000	£250,000	52%
Horseshoe Inn, Peebles	£27,750	£36,200	30%
Aberdeen Serviced Apartments	£15,500	£45,000	190%
Crowne Plaza, Aberdeen	£530,000	£650,000	23%
Aberdeen Northern Hotel	£125,000	£187,000	50%
Duke's Corner	£20,000	£68,000	240%
Old Bank Bar	£28,500	£80,700	183%
Brae's	£26,300	£69,000	162%
Double Tree by Hilton at Kingsway West	£225,000	£336,000	49%
Apex Dundee	£480,000	£668,000	39%
Malmaison, Dundee	£285,500	£375,500	32%
Loch Melfort Hotel, Oban	£38,000	£82,000	15%
The Isle of Eriska Hotel, Oban	£157,000	£170,000	11%
The Torridon Hotel and Inn, Wester Ross	£85,000	£138,000	62%
The Ranaid Hotel, Oban	£12,700	£17,000	34%
The Manor House Hotel, Oban	£46,000	£62,500	36%
The Crinan Hotel, Lochgilphead	£61,400	£77,500	26%
Stonefield Castle Hotel	£50,600	£91,600	81%
Craigard Hotel, Campbeltown	£11,200	£20,200	80%
Cairnbaan Hotel, Lochgilphead	£44,00	£50,000	14%

The sample is to illustrate the scale of the increase of business rates being imposed on a range of hospitality and licensed trade businesses across the country. We acknowledge that not all properties have increased business rates, however many of those that have are seeing an unsustainable level of increase.