



## **Strategic Framework: Points of Consideration 28<sup>th</sup> October 2020**

In advance of the announcements on 29<sup>th</sup> October with regard to the Strategic Framework, the ASSC seeks clarification on the following points:

### **1. Travel Restrictions**

- i. We understand that non-essential travel outwith areas designated as Level 3 or 4 will be banned which will be embodied in Regulation in due course, although those areas are not in formal lockdown.
- ii. Levels or tiers may be amended weekly: the self-catering sector relies entirely on pre-booking. This model of restriction is simply not viable for businesses that rely on pre-booking: there will be zero business confidence. Again, it will render businesses closed without being formally closed. This affects grant and support viability.
- iii. The self-catering sector relies on pre-booking, which will be impacted by travel restrictions and subsequent loss of confidence.

*We seek explicit rules regarding travel from one level area to another, with detail regarding UK and Scotland's Tiers / Levels, with advance notice.*

*We seek clarification on what details must be supplied by guests in terms of where they come from and what Tier / Level they are from.*

*What happens if someone books while in one Tier / Level, but that changes prior to arrival?*

*If local authority areas are separated out, how can we be sure where people are travelling from and if it is contrary to the guidance? Is it the operator's responsibility to carry out further checks or is it enough to state that, if the guest's main home is in level 3 or 4 twenty four hours prior to the booking that the booking will automatically be cancelled?.*

### **2. Insurance**

- i. As a sector, we need explicit guidance from insurance companies<sup>1</sup> regarding travel restrictions / tier-tier / level-level on both a Scotland and UK level. We understand that it is highly likely that if an operator accept guests from VERY HIGH alert areas that it would invalidate the insurance. This has been confirmed by one insurer.

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<sup>1</sup> <https://www.assc.co.uk/insurance-statement-on-taking-guests-from-very-high-alert-areas/>

This would become unworkable as the level areas are fluid. Scotland intends to review what areas are in these levels weekly. England and Wales are no longer operating on the same system of regulation and closures and all four countries now change their restrictions at completely different times. The Scottish Government has suggested at some point after 2<sup>nd</sup> November it may divide Council areas into separate sections. This may be very clear – e.g. islands – but if not, how are self-catering accommodation providers to know what level area their guests are coming from.

Invalidation of insurance is a serious issue. Insurance companies are using terminology capable of very wide definition about a very narrow issue.

One insurance company suggested operators **“should take all reasonable precautions that they do not knowingly accept customers who are not meant to travel to that location.”** What are those “reasonable precautions”? The Insurance sector is not providing a definition of what is reasonable. How are self-catering operators to know what is “reasonable” in the absence of definition or, at the very least, some structured guidance. By the time an operator’s insurance claim is declined because the steps they took to vet booking was not, in the opinion of their insurance company, “reasonable”, it is too late.

Another suggestion is **“Accepting a booking from someone known to come from a restricted-travel area, who then brings Covid-19 to your premises, might restrict your ability to make a claim against some aspects of your insurance cover.”** There are numerous issues with this “guidance” from an insurance company, namely:

- Operators do not always know where a potential guest lives. Certain booking sites such as Airbnb, HomeAway do not provide home address details to the operator. The booking platforms cannot be expected to change the manner in which their site operates to take bookings and send that information to an operator in time for Monday 2<sup>nd</sup> November. How is an operator to check where someone will be coming from directly before they attend at the operator’s property? It cannot be presumed guests are always travelling from home.
- At what point does the issue arise – when the booking is taken, when the guest arrives at the operator’s property or somewhere in between? Pre booking is the cornerstone of the self-catering operator’s business. Understandably insurance companies do not want to be responsible for the cost of a slew of cancelled breaks booked on a whim by potential guests in the hope their home/departure point will not be in level 3 or 4 at the time of the proposed stay. Operators accept they cannot take a booking from a potential guest if that guest will be travelling to the operator’s property from a level 3 or 4 area. If, however, the guest’s home or departure point is moved into a level 3 or 4 area after the booking is made, insurance companies need to agree a timescale with operators within which operators will check with the guest which geographical location they are arriving from and confirm what level the guest understands that area to be in. Cancellations effected at that point due to the guest being in level 3 or 4, in principal, should not be refused by the insurance company on the basis the guests departure point is a level 3 or 4 area.

- The phrase “some aspects of your insurance cover” suggests a very wide interpretation. If insurance companies mean to refuse claims for loss of bookings due to the fact a guest, at the time of booking, proposed to arrive at the operator’s property from an area within level 3 or 4 area, that is one thing. This wording suggests if there is an accident and a property is flooded or burnt down, and it transpires the guest came from a level 3 or 4 departure point, that will invalidate the claim. There must be causality between the level 3 or 4 issue and the nature of the claim being declined and this suggests there is none.

Direction must be equally be given to and sought from the insurance sector to clarify these very serious issues. Clarification and guidance has been sought and is not forthcoming hence why the Scottish Government needs to seek that clarity from and provide guidance to the insurance sector to avoid the complete demise of the self-catering industry in Scotland.

*We therefore need assistance from the Scottish Government to seek explicit reassurance from insurance companies that they will not invalidate insurance claims in general for self-catering businesses due issues arising solely from restrictions or levels in different areas.*

- ii. Meanwhile, some accommodation providers are covered by flexible insurance cover (which is an additional business cost). That requires cancellation prior to 48 hours before arrival.

*Will the Scottish Government guarantee that changes in alert level will be communicated with sufficient time for operators to accommodate this insurance provision intimate this to guests to carry out the necessary investigations as to guests geographical location immediately prior to their proposed stay?*

### **3. Funding**

The proposed funding model will not be sufficient for, or applicable to, the self-catering sector:

- i. Larger properties have not been told to close, but have been rendered unviable due to the reliance on bookings from more than one household. This will continue into level 0 as that restricts indoor meetings to a maximum of eight persons from three households.
- ii. Self-catering is excluded from the eligibility criteria of businesses that have been impacted by restrictions:  
“Hospitality businesses such as Bed & Breakfasts or Self-Catering Accommodation providers who are not directly required to restrict how they operate under the Brake Restrictions are not unfortunately eligible for the Hardship Fund.” (Argyll & Bute Council)
- iii. Not all businesses are on NDR (13%<sup>2</sup>), thus rendering them ineligible. These legitimate businesses should not be penalised for not being on NDR.

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<sup>2</sup> <https://www.assc.co.uk/wp-content/uploads/2020/06/ASSC-Sectoral-Survey-into-Self-Caterer-Access-to-Covid-19-Business-Support-Week-3.pdf>

- iv. Currently, applications to extend mortgage holidays will cost between £3-5,000 in professional accountancy fees due to the disproportionate requirements to provide evidence (3 year projections, fixed asset registers, etc). This is yet another huge burden in current times. Business owners may merely need an interest or capital holiday, not an extension to lending, in order to ensure certainty of cashflow through uncertain times. This responsible management should be welcomed, not impeded.

*We seek confirmation from the Scottish Government:*

- i. *of a bespoke funding package to support the self-catering sector in response to the large number of cancellations due to coronavirus restrictions, as well as the lack of consequent onward bookings due to the continued uncertainty associated with existing/contemplated restrictions in travel and numbers allowed.*
- ii. *that it will take steps to discuss the issues faced by the self-catering sector in Scotland with lenders and will direct lenders to extend mortgage holidays with no forbearance to ensure that viable businesses can meet basic overhead costs.*

#### **4. Accommodating Workers:**

*We continue to seek clarity on who can stay in self-catering properties in every level area, specifically with regard to workers (not specifically key workers). Are there to be any exemptions for larger premises who accommodate more than 6 persons to allow these premises to accommodate workers without the need for HMO licences in the short term? While it is acknowledged the HMO safety, space and other requirements have at their core safety and wellbeing of those staying in HMO licensed premises, self-catering premises meet extremely high standards and a temporary system or consent could be introduced to allow self-catering operators with larger properties currently unable to trade, to accommodate workers while, through inspection and/or reporting, ensuring the accommodation remains safe and appropriate.*