



The Impact of Covid-19 Restrictions on The Scottish Self-Catering Sector

December 2020

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for



**Association of
Scotland's Self-Caterers**

Supporting self-catering in Scotland

THE IMPACT OF COVID-19 RESTRICTIONS ON THE SCOTTISH SELF-CATERING SECTOR

Introduction

Founded in 1978, the Association of Scotland's Self-Caterers (ASSC) is the leading source of knowledge on short-term letting and holiday homes in Scotland. The ASSC is the only trade body representing the interests of the traditional self-catering sector. It has more than 1,000 Members, operating in excess of 10,000 self-catering properties throughout Scotland, from city centre apartments, to rural cottages, to lodges and chalets, to castles. The ASSC commits its members to maintaining the principles of "quality, integrity, cleanliness, comfort, courtesy and efficiency" and to offering visitors to Scotland consistently high standards within their self-catering properties. The ASSC's vision is to place our members at the forefront of a professional, vibrant and prosperous Scottish self-catering sector.

EXECUTIVE SUMMARY

- The Association of Scotland's Self-Caterers (ASSC) undertook a survey of nearly 1,000 self-catering operators in Scotland to gauge the financial impact of Scottish Government Covid-19 restrictions since September 2020.
- This survey was conducted in December 2020 and demonstrates huge financial losses for operators throughout Scotland, including in areas that are in Levels 1 & 2 of coronavirus restrictions but are still experiencing difficulties due to a drop in bookings.
- The work was complemented by estimations provided by the respected and independent economic consultancy, Frontline, on the total financial impact on self-catering businesses in Scotland.
- Frontline have estimated a total financial impact of £265m for the self-catering sector alone since September 2020 due to Covid-19 restrictions. This encompasses the impact of travel bans, the rule of six, restrictions on household gatherings and Christmas bubbles guidance.
- The data from Frontline does not include significant economic impact and footfall generated by visitors staying in self-catering accommodation in local businesses, bars, restaurants and visitor attractions. The total economic impact is therefore likely to be considerable.
- The survey work from the ASSC also provides insights into current state of affairs within Scottish self-catering and how Covid-19 has impacted trading.

Overview

- The Association of Scotland's Self-Caterers conducted an online sectoral survey in December 2020 to ascertain the financial impact of Covid-19 restrictions on operators.
- **This survey elicited 999 responses in just 24 hours.**
- The responses included ASSC members (61% of respondents) and non-ASSC members (39%).
- The survey is statistically significant and representative, as the 999 response rate from a total of 17,576 self-catering units registered on the non-domestic rates roll represents 95% confidence +/- 3% according to Frontline.
- Responses came in from across Scotland, but were particularly noticeable in the Highlands, which accounted for one-third of respondents (32%).
- Using the data from the survey, Frontline provided an assessment of the expected business closures from the various Covid-19 restrictions as well as the total financial impact for the sector.

Bookings

- The majority of respondents have seen a huge impact on bookings; the biggest impact was from travel restrictions in Scotland (89%), followed closely by UK travel restrictions (86%).
- Over half cited the one house rule (58%) and international travel restrictions (55%) as affecting bookings.

Rule of Six

- 54% reported that the rule of six had a negative financial impact on their business.
- 41% believed it made no impact, most likely linked to the fact that one third of respondents only accommodate one household.
- 4% believe that their business is no longer viable as a result of the rule of six – **linked to the total population, Frontline estimate that 703 businesses could close.**

Rule of One Household

- Two thirds (66%) viewed the impact of this restriction, while it will make no difference to one-third (34%) of respondents, fully linked to the one third of respondents who only accommodate one household.
- 7% believe their business is no longer viable as a result – **linked to the total population, Frontline estimate that 1,248 businesses could close.**

Christmas Bubble

- The guidance on Christmas bubbles will make no difference to a small proportion of the respondents (12%).
- Over two-thirds (70%) view the impact as negative.
- Almost 1 in 5 (17%) believe their business is no longer viable as a result – **linked to the total population, Frontline estimate that 2,988 businesses could close.**

Financial impact on business

- Based on the survey responses from the ASSC, Frontline calculated the following financial impact on self-catering as a whole across Scotland

927 were less than £50k impacts (excluding 15 no impact) – average impact of £10,715
55 were over £50k impact – average £85,800
2 were outliers at 2,600,000 and 1,500,000

Based in a population of 17,576 properties on the NDR roll, we can therefore assume:

16,310 would have the average impact of £10,715= £174,761,650
1,000 would have the higher average Impact of £85,800 = £85,800,000
2 outliers' impact = £4,100,000
264 no impact

The estimated total impact is £264,661,650 – note this is grossed up data ie from 999 to the full population of 17,576

To mitigate the consequences of Covid-19 restrictions

- While 70% of respondent felt that grant support from the Scottish Government was necessary, communication from the Scottish Government was also viewed as essential.
- 60% wanted clear/timely communications from the Scottish Government on changes to restrictions.
- 51% wanted consistent messaging from the Scottish Government.
- 50% wanted clear/timely communications from Scottish Government for guests.

Views on future business

- The majority of self-caterers in Scotland are pessimistic about the future prospects of their business over the next 3 to 6 months.
- 77% are pessimistic (43% very) about the next three months.
- 60% are pessimistic (20% very) about the next six months.

SELF-CATERING IN SCOTLAND: THE CURRENT STATE OF PLAY

Respondents overview:

- Two thirds (67%, 673) will accommodate more than one household
- Four fifths (80%, 797) re-opened on the 3 July with the reopening of the tourist accommodation sector that started with self-contained self-catering units
- The vast majority (93.5%, 932) of self-operators usually remain open all year and are not seasonal.

In a normal year....

Over 91% of respondents would be open in the off-peak months:

- January (91%)
- Feb (93%)
- Nov/Dec (95%)
- Mar (98%)
- Oct and April would almost be fully opened (99.6%)

However, Covid-19 has changed opening considerably – during July to November 2020 (peak to shoulder months), while many remained open, a high proportion stated demand was low.

Before the pandemic, the vast majority (95%) of respondents would normally be open in November, however now only 81% are open of which 71% are seeing limited demand.

- July – 83% open, 27% state lack of demand
- August – 93% open, 18% state lack of demand
- September – 95% open, 32% state lack of demand
- October – 93% open, 43% state lack of demand
- November – 81% open, 71% state lack of demand

What happens now? From December 2020:

The state of the market remains bleak until March 2021. While properties will be increasingly open, over two-thirds are seeing a lack of demand through to February 2021; and while this reduces slightly in March 2021, 60% of owners are still stating a lack of demand. March and April 2021 see expected opening creep closer to normal levels, but the lack of demand is still prevalent across respondents.

- December 2020 – 79% open, 77% state lack of demand
- January 2021 – 81% open, 74% state lack of demand
- February 2021 – 84% open, 72% state lack of demand
- March 2021 – 92% open, 60% state lack of demand
- April 2021 – 96% open, 46% state lack of demand.

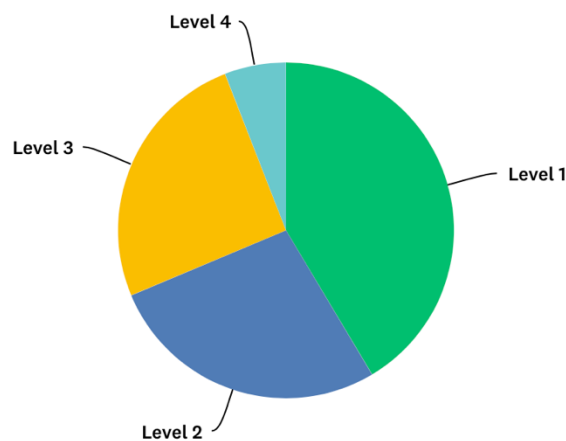
Q1. Where is your business based?

Local Authority	Number of Respondents
Aberdeen City	5
Aberdeenshire	31
Angus	22
Argyll & Bute	94
Clackmannanshire	1
Dumfries & Galloway	67
Dundee City	3
East Ayrshire	3
East Dunbartonshire	2
East Lothian	9
East Renfrewshire	2
Edinburgh City	65
Eilean Siar	32
Falkirk	2
Fife	55
Glasgow City	8

Local Authority	Number of Respondents
Highland	322
Inverclyde	2
Midlothian	5
Moray	28
North Ayrshire	43
North Lanarkshire	2
Orkney	49
Perth & Kinross	84
Renfrewshire	2
Scottish Borders	52
Shetland	6
South Ayrshire	9
South Lanarkshire	7
Stirling	32
West Dunbartonshire	3
West Lothian	6

Q2. What Level are you currently in?

0%	0	Level 0
41.44%	414	Level 1
27.23%	272	Level 2
25.43%	254	Level 3
5.91%	59	Level 4



Q3. Does your property(ies) accommodate more than one household?

67.37%	673	Yes
32.63%	326	No

Q4. Did you re-open on 3rd July?

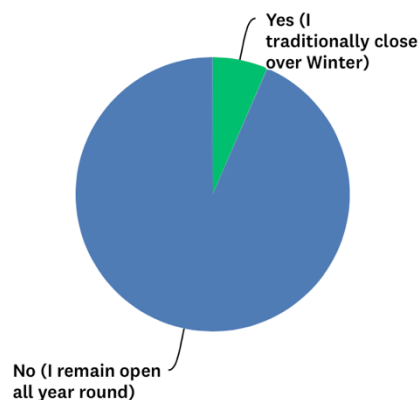
80.02% **797** **Yes**
19.98% **199** **No**

Q5. Did you sign up to the VisitBritain 'Good to Go' Scheme?

67.37% **671** **Yes**
32.63% **325** **No**

Q6. Do you consider your business to be seasonal?

6.52% **65** **Yes**
93.48% **932** **No**



Q7. In a NORMAL year, (pre-Covid) would your business be open or closed over the winter period, due to normal seasonal demand?

	OPEN	CLOSED	OPEN FOR KEY WORKERS	TOTAL
October	99.60% 990	0.30% 3	0.10% 1	994
November	94.88% 946	4.51% 45	0.60% 6	997
December	94.46% 937	4.94% 49	0.60% 6	992
January	91.22% 904	7.87% 78	0.91% 9	991
February	92.54% 918	6.85% 68	0.60% 6	992
March	97.78% 969	1.82% 18	0.40% 4	991
April	99.60% 987	0.30% 3	0.10% 1	991

Q8. In 2020, was your business open or closed due to Covid-19?

There is a significant leap in lack of demand following the introduction of the Rule of One Household in late September.

	OPEN	CLOSED	OPEN BUT SIGNIFICANT LACK OF DEMAND	OPEN FOR KEY WORKERS (AS NORMAL)	OPEN BUT DIVERSIFIED (IE FOR KEY WORKERS)	TOTAL
July	57.72% 572	17.36% 172	22.60% 224	0.81% 8	1.51% 15	991
August	75.50% 752	6.73% 67	16.77% 167	0.20% 2	0.80% 8	996
September	69.65% 693	4.62% 46	24.42% 243	0.20% 2	1.11% 11	995
October	50.75% 505	7.04% 70	40.20% 400	0.30% 3	1.71% 17	995
November	19.92% 198	18.51% 184	57.85% 575	0.91% 9	2.82% 28	994

Q9. Going forward will your business be open or will it be closed due to Covid-19?

	OPEN	CLOSED	OPEN BUT SIGNIFICANT LACK OF DEMAND	OPEN FOR KEY WORKERS (AS NORMAL)	OPEN BUT DIVERSIFIED (IE FOR KEY WORKERS)	TOTAL
December	15.14% 150	21.19% 210	60.95% 604	0.61% 6	2.12% 21	991
January 2021	18.17% 179	18.98% 187	60.30% 594	0.51% 5	2.03% 20	985
February 2021	23.83% 234	14.26% 140	59.47% 584	0.51% 5	1.93% 19	982
March 2021	34.52% 340	8.02% 79	55.23% 544	0.41% 4	1.83% 18	985
April 2021	50.87% 497	3.58% 35	44.11% 431	0.31% 3	1.13% 11	977

Q10. If you have closed or are closing, or have a significant lack of bookings, why?

58.43%	530	One Household Rule restriction
88.75%	805	Travel Restrictions (within Scotland)
86.22%	782	Travel Restrictions (rUK)
55.13%	500	Travel Restrictions (International)
41.35%	375	Restrictions to hospitality
37.82%	343	Loss of consumer confidence
2.09%	19	We have closed due to shielding

Comments:

- I have made a difficult decision to close until 1st April for the first time in 16 years. There is too much uncertainty and I am tired of accepting bookings and then having to give rebates of deposits and in some cases full refunds*
- My main clients come from outside my local authority. I live on Isle of Skye. It was more costly to keep opening and closing with all the constant changes in the rules and the households. Also, I live in a tiny village and the constant social disapproval by a couple of the neighbours is so stressful, it wasn't worth opening at all since lockdown thru to next season. Especially as the cases of Covid have been pretty low here on the island. It is such a fine balance and easier mentally to wait until next year.*

- *We are currently open but may as well be closed because of all the restrictions that are in place. We had to cancel 25 weeks-worth of bookings for November because of the English lockdown and Scottish Tier system. We have also had to cancel most of our pre-Christmas bookings because of where people live. We have £15,000 worth of bookings over Christmas and New Year which we desperately need to see us through the first three months of next year. The rules are so confusing for everyone and the fact that self-catering is such a safe holiday for anyone seems to have been forgotten about. Our festive bookings are all single households so why can they not have their holidays. If the government want us to follow the rules then they need to compensate us for our lost income.*
- *I cannot continue to have no income resulting in being unable to cover costs. I again have more cancellation than bookings restrictions reduce travel and reasons to come to Edinburgh and a complete lack of financial support or compensation has sadly forced me to consider other options and means of making ends meet.*
- *We have had one booking from the Highland region for our apartment - ever. The majority of our UK guests travel from the Central belt or England. (for the UK). We don't expect to get bookings over the festive period this year. (our self-catering property sleeps 2 max).*
- *My business is surviving on a bounce back loan.... After building my business up for 9 years it is now bring in NO income simply outgoings. Travel restrictions have killed my business, all my cancellations have been because of this also guests unable to leave their area!*
- *Closed due to constant changes of rules and cancellations*

Q11. What impact did the Rule of Six (10th September) have on your Business?

4.00%	40	My business is no longer viable
24.42%	244	Very negative
29.73%	297	Negative
41.24%	412	Made no impact at all
0.50%	5	Positive impact
0.10%	1	Very Positive impact

Comments:

- *I have two large properties sleeping 16 each. I have had to sell one of them due to all bookings cancelled in both properties due to rule of 6. I have had very little income all year but not entitled to self-employment grants in my other business due to my holiday letting business. I'm hoping the sale will go through mi- January. There is no guarantee rules will change for self-catering operators next year so may have to sell the other property too.*

Q12. What impact did the One Household Rule (23rd September) have on your Business?

7.11%	71	My business is no longer viable
32.33%	323	Very negative
33.83%	338	Negative
25.53%	255	Made no impact at all
1.10%	11	Positive impact
0.10%	1	Very Positive impact

Comments:

- *Sleeps 19. No new bookings since March 2020. Only 2 bookings were allowed to stay ((July/Aug) as they were prior bookings that just happened to be smaller numbers of less than 8 adults. On arrival both had brought 10 + kids. Apart from the £10k grant I have had nothing. The bookings pushed forward now need refunding so I owe them £53k. Don't mention BBLoan, I've been waiting three months to hear back. No forward bookings as the house is just too big and no amount of discount is making a family of 2+4 kids want to rattle around in it. Selling. Only way out but now found banks won't lend easily on s/c so caught in limbo.*
- *We are a fully serviced Exclusive Use but as such. have been labelled Self Catering during pandemic. We are completely private to one group of up to 21 guests the property is not available on a room by room basis. As such the current restrictions are impossible as small groups would not rent a large property. Large "self-catered" properties have been severely impacted for this reason*
- *We have had no business all year because our property normally accommodates groups so is seen as too large therefore too expensive to open for one single family.*

Q13. Over the Festive Period (23 - 27 December), you are only allowed to accept bookings if one of the members of the 'Festive Bubble' lives in your local authority area. What will the impact be on your business??

17.02%	170	My business is no longer viable
49.75%	497	Very negative
19.52%	195	Negative
12.11%	121	Made no impact at all
1.00%	10	Positive impact
0.60%	6	Very Positive impact

Comments:

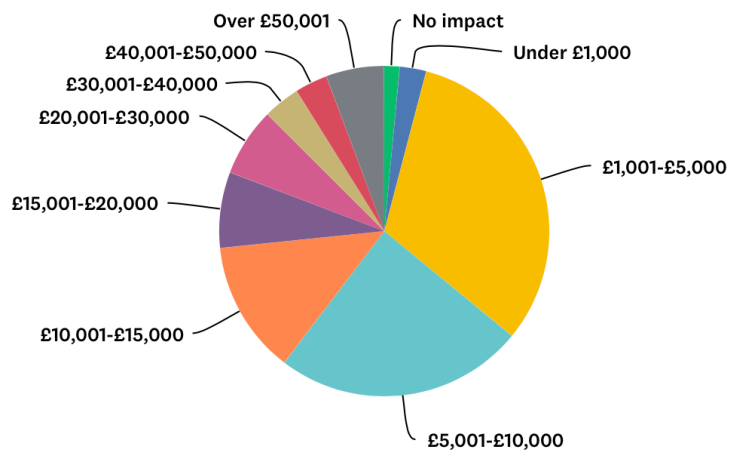
- *We do not have and have never had any guests from within the local area or the Highlands & Islands in general. We are remote and rural attracting only urban city dwellers from a great distance and international visitors. Our market has been decimated and completely removed. Under the current travel restrictions, our family business is no longer viable if our niche market cannot travel to us to access our service. We are not the same as a pub, restaurant or retail who can open up and fill in hours with customers. Our customers book many weeks and months ahead due to travel distances etc and wont book without the confidence they will be able to travel.*
- *We have 6 self-catering units and have lost 5 of our Christmas bookings. The remaining booking is a local family. I don't understand the logic in allowing people to stay in a private household with family but not allowing people to stay in a deep cleaned, fogged self-catering unit! We have lost thousands of pounds and there is no financial help whatsoever. Angry and upset doesn't even come close*
- *None of our bookings over the Festive Period are from within Scotland never mind within our local authority area. Some are for only 2 people, who are from the same household, but even they will have to cancel as they are not from within our local authority.*

- *I cannot see how anybody from Argyll is going to travel to another property in Argyll if they can host their 'festive bubble' in their own house*
- *No one is going to pay to stay in a self-catering cottage in their own area. 90% of our business comes from England or outwith our local authority so no one able to come*
- *It is dreadful that on one hand we are treated as a private house and not allowed to accept bookings. For Christmas whilst other households can travel anywhere in UK our "private houses" cannot accept anyone outside our area. This is scandalous and does not make sense.*
- *This is unnecessary and nonsensical restriction which guests will not understand and will be very difficult to implement. It makes no sense if businesses and guests are following the COVID-19 safety guidelines. This restriction should be withdrawn.*

Q14. What will be the financial impact to your business up until the end of the month?

44 respondents reported a financial impact of over £50,001 – with an average loss of £156,434.02, and many reporting this loss to be growing significantly. One respondent reported losses of £2.6million

1.50%	15	No Impact
2.60%	26	Under £1,000
31.83%	318	£1,000-£5,000
24.42%	244	£5,001-£10,000
13.01%	130	£10,001-£15,000
7.14%	74	£15,001-£20,000
6.71%	67	£20,001-£30,000
3.60%	36	£30,001-£40,000
3.20%	32	£40,001-£50,000
5.71%	57	Over £50,001



Q15. What do you need from the Scottish Government to mitigate the consequences of these policies?

69.57%	695	financial Support in the form of a Grant
15.52%	155	financial Support in the form of SEISS (Self-Employed Income Support Scheme)
22.22%	222	FHL income to be recognised as Self-Employed & covered by SEISS
59.66%	596	clear and timely communications from the Scottish Government on notifications of changes to restrictions
48.95%	489	clear and timely communications from the Scottish Government to guests
51.45%	514	consistent messaging from communications from the Scottish Government
16.42%	164	other

Comments:

- *The biggest issue at the moment is being unable to plan ahead for next year.*
- *Remote properties where guests are quite isolated pose much less risk and this has not been properly factored into the risk assessments. Policies and restrictions should take a proper risk based approach and be much more nuanced in their application. Allow business to operate where they can demonstrate the risk is lower etc. A very remote cottage in a rural area is completely different to an house or apartment in a village or town.*
- *Decisions made late, meaning having to react literally on the seat of your pants*
- *Treatment consistent with England SC*
- *5% VAT extension and a robust plan for 2021 so that there will be some bookings - our 2021 bookings are very weak.*
- *Consistent policies across the UK - people are too confused by current piece meal approach*
- *The message from the government is always disingenuous. On paper, our business is open. In reality, it cannot operate because we are only open to people who live in this county. We have NEVER had such a booking in the past. Moreover, as guests cannot dine with wine in local restaurants and all other sources of entertainment such as the theatre are closed, there is little reason to holiday in one's own county. We have been closed without the government acknowledging what it has been done.*
- *Travel ban is killing us*
- *Unfair rules compared to England self-catering which encourages Scots to holiday elsewhere during September and October.*
- *An end to such onerous restrictions. I am unaware of any Covid transmission in my property or indeed elsewhere in Highland region.*
- *The Government needs to stop being inconsistent. e.g. publishes the criteria for each level but then has ongoing deviations (Highlands are Level 1 but cannot visit inside homes). Self-*

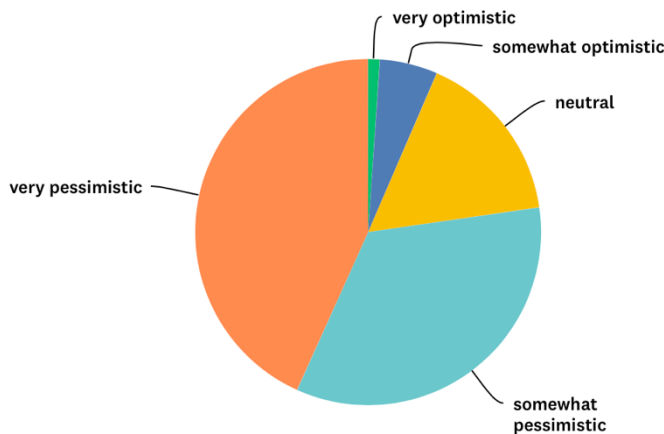
catering is the same as being inside someone's home (for Covid purposes) but then it isn't for Christmas

- We need HMRC to relax the minimum number of days a property is let to qualify as a FHL...otherwise a HUGE number of businesses are going to get caught out once their tax returns go in.
- The real problem is the Government's Policy - I believe it's deeply flawed - we and other industries need to help Government dig themselves out of their hole. Once the Government understands fully how viruses work (believe me they either don't know or are choosing to ignore the real science) then they will understand that mini and full lockdowns only slow the spread of the virus temporarily and that the overall impact of these restrictions in terms of devastation of not just our industry but the wider economy and loss of life through other neglected causes far outweighs any lives saved from coronavirus. It's time to challenge the Government as to why they are persisting with this flawed approach and why they are not learning from and acting on the experience they have gained over the last 9 months and adapting their policy with more targeted and properly supported measures along the lines of those set out in the Great Barrington Declaration.

Q16. How do you feel about your business over the next 3 months?

77.27% of respondents are pessimistic or very pessimistic. This compares to September 2019, when 79% of the membership were either neutral or optimistic about business in the next 24 months, based on the ASSC Barometer.

1.10%	11	are very optimistic
5.41%	54	are somewhat optimistic
16.22%	162	are neutral
34.03%	340	are somewhat pessimistic
43.24%	432	are very pessimistic



Q17. How do you feel about your business over the next 6 months?

63.16% of respondents are pessimistic or very pessimistic.

3%	30	are very optimistic
19.52%	195	are somewhat optimistic

17.32%	173	are neutral
43.24%	402	are somewhat pessimistic
19.92%	199	are very pessimistic

Q18. Do you have any other comments?

383 comments were submitted, and can be shared on request.

Comments:

- *It feels as if the SG think FHL are a cushy side line for a couple where one has another job. I'm single, it's my only income. I've cashed in my pension and used my savings to refund guests and pay my mortgage as each month goes by. I just want to be classed as a normal self-employed person. I can't take another job in case the restrictions change at the last minute and have to be ready for guests as my rental agents expect. It's not fair on an employer to train me, pay for a uniform then I have to leave at short notice. All that money I spent on PPE too, all for nothing as the restrictions make group accommodation unviable.*
- *It is going to take such a long time for consumer confidence to return. I can't see us recovering by next season at all. If we take more of a mortgage holiday we go into forbearance.*
- *The SG have shut us down by the back door without any financial support for our families. It's disgraceful and the government have lost all credibility and support with their actions. Biz will be left with no option but to ignore any more 'guidance' just for families to feed their children and survive a long, cold winter.*
- *The Scottish Government has turned a bad situation into a terrible situation. What difference does it make if customers stay in self-catering accommodation over the festive period or stay in the family home. Giving people the option to have more space via self-catering is surely a safer option than filling houses full to bursting. This ruling is a nonsense.*
- *I think it would be helpful if all 4 nations pulled together more*
- *The Scottish Government need to open their eyes to the fact that sel-caterers need the same financial support that is being offered to other hospitality businesses. Saying that we can remain open but have restrictions on guests traveling from outside of your LA is crazy, people wanting to spend the money to stay in a holiday let are not likely to come from your local area. Small businesses like ours are the backbone to the Scottish tourist and hospitality industry, yet we are not and have not been afforded the respect and support we need quick enough during this pandemic. We need funds now to support our businesses, before we start to fall.*
- *Scottish Government need to be clear and consistent, one minute we are treated not as a household, then as one, then not as one. There seems to be a big fat agenda going on!!*
- *Single household rule has had the most devastating impact whereas in England the rule of six would have been less devastating as it would have allowed two families to merge. Many of our bookings were for a small family group with grandparents added on. So many people have had holiday plans torn apart by the single household rule in Scotland*

- *We realise it is close to impossible to predict COVID-19 developments and that we just have to get through this period. However, the fact that since we are a farm that has diversified into self-catering cottages to boost our income, we are not eligible to financial support is crippling and un-comprehensible.*
- *It feels as though self-catering in Scotland has been hung out to dry when other parts of the UK are able to have guests*
- *ScotGov has made it clear that they have very little regard for the self-catering sector. Initially, they didn't want to pass on Small Business Grant support for us at all, then it was reduced by 25%, and have lately introduced rules such as the 'two household rule' which resulted in us losing all our remaining bookings.....and yet offered no compensation. They appear to make rules to suit the central belt agenda with little consideration given to island and remote communities.*
- *I do think bookings will increase in the next 6 months, however I am also concerned on the licensing plans the government/local authorities have for my area (Skye)*