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Our Reference: 202000102482
Your Reference: Measures to Protect Scotland's £723m Self-Catering Industry

25 November 2020

Dear Fiona,

Thank you for your letter dated 22nd of October. I apologise for the delay in responding. As I am sure you can imagine, we have received a high level of correspondence relating to the pandemic.

I would like to say first of all that I understand and regret the impact that COVID-19 has had on the Scottish economy and in particular on our vital tourism and hospitality sector. I also note that the single-household rule within self-catering accommodation, to prevent spread of the virus between households by mixing in indoor spaces, has imposed particularly challenging trading conditions for owners of large self-catering properties.

We have had to make very tough but necessary restrictions, to protect public health and to put the country on a more stable footing in the longer-term. However I fully understand that many sectors, including your own, continue to be impacted and to struggle in the current context. I would also like to thank you for highlighting the additional work that PASC UK has commissioned into the financial impact of the pandemic on the self-catering sector and for the findings of the ASSC's Scotland-specific survey.

As you'll be aware, the additional support to businesses is dependent on both on the level the business is placed in and what direct restrictions are placed on it. A further point for clarification is that the Strategic Framework Business Fund is available to businesses required to close, or modify



their operations, by law i.e. as set out in the regulations.

Businesses, such as self-catering which are still able to operate but have reduced custom due to restrictions on households meeting indoors and / or travel restrictions due to the tier system, would not qualify for the business support grants. This is because eligibility (depending on rateable value) is targeted at businesses required to close by law or at businesses that remain open but are required by the regulations to modify their operations.

Self-catering businesses, that are in Level 1&2 or Level 3, with reduced visitor numbers due to the travel / gatherings restrictions are not eligible for Business Restrictions Fund support. This is due to limited funds available and because support is limited to those who are required by the regulations to modify their operations. However, self-catering businesses required to close in level 4 are eligible for Temporary Closure Fund support if they meet all the eligibility criteria. (It should be noted that this includes the business being registered for non-domestic rates, or a business which pays rate through the landlord.)

In relation to your suggested measures to protect Scotland's self-catering businesses, firstly that a bespoke funding package be introduced to support the self-catering sector in response to the cancellations due to coronavirus restrictions and future uncertainty, I have asked for all additional requests to be considered within the context of the recommendations within the Tourism Recovery Taskforce report. While the immediate focus must necessarily be on sectors within tourism and hospitality which have been unable to access targeted financial support to date, additional requests will be considered within the context of wider prioritisation.

Secondly, on your suggestion that the Scottish Government encourage lenders to extend mortgage holidays with no forbearance to allow businesses to meet overhead costs I can let you know oversight and regulation of mortgage lenders is a reserved matter. This means lenders are accountable to and regulated by the UK Government and the Financial Conduct Authority. The Financial Conduct authority (FCA) has announced proposals for an extension to the availability of mortgage payment deferrals for domestic properties to support borrowers who are experiencing payment difficulties because of coronavirus.

This proposals are that

- Those who have not yet had a mortgage payment deferral will be eligible for two mortgage payment deferrals of up to 6 months in total.
- Those who currently have an initial mortgage payment deferral will be eligible for another mortgage payment deferral of up to 3 months.
- Those who have resumed mortgage repayments after an initial mortgage payment deferral will be eligible for another mortgage payment deferral of up to 3 months.

Under the FCA's proposals, borrowers would have until 31 January 2021 to request a mortgage payment deferral. The FCA is also proposing that no one will have their home repossessed without their agreement until after 31 January 2021. More information can be found

here: <https://www.fca.org.uk/consumers/mortgages-coronavirus-consumers>.

I am grateful to you for raising these important points with me, and hope this letter provides some helpful clarity regarding the current situation. The current measures and restrictions to control and reduce the rates of the virus will only be in place as long as is absolutely necessary, and in the meantime we are committed to supporting Scottish tourism and hospitality as fully as we possibly can.

Yours sincerely,



KATE FORBES

