

2nd September 2022

Dear Paul,

Thank you very much for your time this week and the opportunity to discuss the crisis facing the self-catering industry across Scotland currently.

It is not an exaggeration to say that self-caterers in every area of Scotland are on a cliff edge as the extreme rising energy costs will make their businesses untenable.

Therefore, we ask that you act now, passing an SSI to delay the introduction of the short term let legislation until 1 October 2026 giving thousands of self-catering and B&B businesses the chance to survive, plus giving Scotland the best chance of continuing to have a tourism sector.

The Cost of Living Crisis

In a member survey by the ASSC in 2021, 47% of people running a self-catering property in Scotland had a normal (non Covid) **turnover** of £10,000 or less per year. Half the hard working people across the country are not running a profitable business, they are simply making a meagre living.

With the energy price cap set to increase to £3,549 in 1st October, self-caterers across Scotland face increases to their running of costs of at least £3,000 rising again in January. Scotland is the coldest part of the UK and this is the price cap for average homes, so will be much higher for larger rural properties.

Normally, you'd try and increase your price to cover your increased running costs, but that is not possible now as demand will weaken as people save their money to cover the essentials. We are entering a period of deflation for tourism, eating out and retail. Due to Covid, self-catering businesses do not have a healthy bank balance to cushion them from the new cost of living crisis. People's living and livelihoods are literally on the line. The situation is as serious as it gets, absolutely dire.

Businesses are on the brink before all the additional costs of licensing and planning. When 50% of businesses have a turnover of £10,000 or less and there is a £3,000 plus increase in running cost, any decrease in turnover or further increase in running costs will mean those businesses cease to be viable because if they trade, they'd be trading at a loss. An extra expense of £500 would be enough to push them over the edge.

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Scottish Tourism Index

Scottish Tourism Index figures from early August 22 (before the increase in the energy price cap was announced) show:-

73% of Scots say they want to holiday this year. That was positive.

When asked what type of accommodation Scots used when holidaying in Scotland, the highest was self-catering with 28% of the market share ahead of large hotels with 19%. Self-catering is the most popular choice of accommodation type for Scots holidaying in Scotland, vital to our tourism sector and in need of protection.

When asked what was impacting their holiday choices

84% said the rising costs of living.
70% said the rising costs of petrol.
61% said coronavirus.

There is a rocky road ahead for tourism in Scotland. Self-catering is affordable and sustainable and the most likely choice for Scots holidaying at home. In many parts of rural Scotland it is the main type of accommodation as hotels are so scarce.

An unlevel playing field for businesses across Scotland.

With councils creating their own set of rules, the situation across the country is as unlevel as our geography. Fees and rules will vary wildly ranging between £200 and £4000 per license. That cannot be fair or reasonable and cannot be what was intended by the Scottish Government with this legislation.

In Edinburgh where I operate for example, licensing and planning would exist together and that should never be the case. If one is required, the other should not as in the HMO licensing scheme which has no planning involvement. It will be a mess. The Council is suggesting adding planning considerations onto licensing. This is Ultra Vires – beyond the powers of the legislation. They suggest that there are two options for tenements, either no self-catering, or only if you have the approval of every neighbour. With student HMO licences in the city, there is a supposition to grant licenses. No approval is required from neighbours. With self-catering it appears that there will be a supposition not to grant the license. Or you'll need approval from every neighbour. This results in a de facto ban. Many Certificate of Lawfulness applications in the city are being rejected because of the gap in their trading when they were legally closed during Covid. None of that is fair or reasonable either. How can 5 students where the letting agent may visit the property once every six months be totally acceptable, but a fully managed self-catering flat letting to responsible holiday makers be so unacceptable that it cannot be allowed to continue? It doesn't make any sense.

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Who are we, the real people involved in self-catering in Scotland?

I can't think of many industries which have been maligned in the way the self-catering industry has been maligned in the past say 5 years. So much has been laid at our door. The housing crisis, hollowing out communities, hosting illegal puppy farms, causing the demise of the Edinburgh Festival etc. The narrative could not have been more negative.

False figures have been used as fact. There were never 12,000 Airbnb's in Edinburgh. In June 2022 there were 1,781 entire homes available for 140 days or more a year.
<https://www.dickins.co.uk/blog/expert-advice/12000-airbnbs-in-edinburgh-fact-or-fiction/>
but these false figures seem to have formed the basis for the requirements for legislation.

In Edinburgh, there have been a few bad operators with party flats, but across the length and breadth of Scotland including Edinburgh, are thousands of normal, hard-working, decent, professionals who care deeply about the place they operate and their communities. Their business is often their pride and joy. They contribute to their community and to Scotland. I'm one of them. But we have felt under attack from the Scottish Government and our local Councils. Rather than being held up as pillars of our communities, we've been vilified and that has been really hard. Those thousands of really good people seem to have been forgotten with legislation created to deal with the few bad operators in Edinburgh but which will impact us all.

We cannot imagine it was the intention of the Scottish Government to create legislation which would result in the closing down of thousands of legitimate businesses, depriving families of their entire livelihoods.

Our recent initiative, Save Self Catering tells the stories of the good people.
<https://www.facebook.com/SaveSelfCatering>

Maya has permanent long term health issues. She has two apartments in Edinburgh which provide the sole income for her and her parents. She chose this business because of her health conditions. She does all aspects of the business including the housekeeping. Her two properties are in tenement buildings and she has been operating for less than ten years, so she will not get a Certificate of Lawfulness. She's never had a complaint from a neighbour but hers and her retired parents' livelihood is now on the line.

Karen and her husband dreamt of returning to Assynt where he was born. They bought three run down chalets five years ago and since then have travelled from their home in Drumnadrochit (where they have full time jobs) every weekend to do the changeovers for guests. They have reinvested every penny they've earned back into improving the chalets. It was their retirement plan.

Alistair brought back two redundant ruins to life on Skye. Hard work, reinvestment and borrowing over the past 22 years has created a successful self-catering business. They planned for the income to fund their retirement. There is no income to replace it now that they are retired and living on Skye. Everything is on the line for this family.

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What to do now – before it is too late

Use an SSI to delay the forthcoming short term let licencing to extend the date of implementation until 1st October 2026.

In the meantime, revisit the concept of a low-cost registration scheme for legitimate businesses. This would:-

Ensure that self catering properties and B&B's have health and safety certification
Provide essential real data about the numbers operating across Scotland. The lack of this data has always been a significant problem. Having the data would transform the conversation.
Enabling local authorities to assess license fees correctly instead of guessing.

What is at stake if the legislation is not delayed

- The livelihoods of thousands of people.
- Scotland's rural economies where nearly every aspect of the economy is dependent on tourism.
- Scotland's tax revenue if people have reduced incomes.
- Scotland's benefits bill if thousands of people have no income anymore.
- The health and mental health of thousands of people who are currently extremely stressed about their future financial stability.
- Scotland's tourism industry. With self-catering being the No 1 choice for Scots, all attractions will be impacted by a reduction in numbers of self-catering properties.
- The Edinburgh Festival – the jewel in the crown of our capital city. This year, the price of accommodation has been given as the reason that there has been a 25% drop in ticket sales. If the city is not able to accommodate the Festival in homes, it's very future is at stake.

The situation could literally not be more serious. But there is a solution which will save livelihoods, jobs and the future of Scottish tourism. Please use an SSI to delay this legislation before it is too late.

All the best,



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