

Association of Scotland's Self-Caterers Response to Scottish Government Energy Performance Certificate Reform Consultation

Founded in 1978, the Association of Scotland's Self-Caterers (ASSC) represents over 1,700 members, operating self-catering properties throughout Scotland, from city centre apartments to rural cottages, to lodges and chalets, to castles. **Our vision** is that the ASSC takes the leading role in advancing a vibrant and prosperous self-catering sector recognised as pivotal to the future of Scotland's tourism economy. **Our purpose** is to empower our diverse and professional membership, enabling them to deliver exceptional experiences to guests. **Our focus** is on supporting businesses and communities in the promotion of Scottish self-catering as a sustainable, inclusive and responsible form of accommodation.

The ASSC welcomes the opportunity to respond to the Scottish Government's consultation on Energy Performance Certificate Reform. The issue of Energy Performance Certificates (EPCs) is policy area we have engaged Scottish Ministers and officials on over several years and we intend to continue this dialogue in the best interests of the self-catering industry in Scotland in the hope the regulatory burden can be minimised.

To help inform our submission to this consultation, the ASSC undertook a survey of its membership in October 2023 to gauge the views of small businesses operating in the self-catering and short-term let sector regarding EPCs.¹ This highlighted the following relevant points:

- 62% of respondents have properties which are EPC D or below;
- The overwhelming majority (92%) of self-caterers do not currently charge guests at their property for electricity costs;
- Half (50%) received an EPC as part of their short-term let licensing application, while 38% already had one;
- Nearly two-in-ten (19%) of operators experienced issues when attempting to obtain an EPC. This included a shortage in the availability of EPC consultants and assessors across many areas;
- 96% oppose the proposal to reduce the validity period of EPCs from ten to five years;
- Only half were aware that the Scottish Government's consultation proposed introducing a minimum standard of EPC rating. Just 5% would support this approach; and

¹ Online survey of 878 respondents conducted between 4-8th October 2023. Further details are available upon request.

- 92% were either ‘very’ or ‘somewhat’ concerned about their business if required to reach a higher EPC standard under any new legislation.

The Heat in Buildings Strategy confirmed the Scottish Government’s intention to require Scotland’s homes to meet EPC Band C equivalent, where that was “technically feasible and cost effective” from 2025 onwards, with some backstop dates from 2028 to 2033. If this requirement captures self-catering properties, which are primarily used for tourist accommodation, this would cause considerable difficulties for our sector in what are already challenging times.

Any changes to EPCs for self-catering properties would come in an environment when operators are faced with an increased regulatory burden due to the introduction of short-term let licensing – and the many costs associated with that from application fees, layout plans, to obtaining planning permission or a certificate of lawfulness etc – not to mention planning control areas. Indeed, this comes before the proposed introduction of local visitor levies, where the administrative costs would fall upon small and micro businesses in particular, as well as any changes to the Non-Domestic Rates regime for self-catering. With owners not charging guests for electricity costs, rising energy bills have added to the tight margins of many of our members.

Most self-catering is sold, like hotel rooms and bed and breakfast establishments, as inclusive of electricity and heat. While measures to reduce carbon emissions and promote energy efficiency should be welcomed, the use of EPCs in short-term holiday lets is unlikely to have any real material effect on the behaviour of holidaymakers or owners. For long-term letting, an EPC under these circumstances is important as it could affect the consumers’ decision on what will be their home – but visitors making decisions about short-term letting will not choose a property based on its EPC rating. Moreover, we consider that it is unfair to penalise businesses operating in old heritage properties, which may be constrained by planning regulations from attracting a sufficiently high EPC rating.

Overall, the ASSC believes that self-catering units should be exempt where the guest is not charged for the cost of energy, given that EPCs are in place to offer the consumer choice in terms of cost of energy. Any changes taken forward must be proportionate, minimise the costs for Scotland’s vital tourism industry and be within the principles of the Scottish Government’s New Deal for Business.

FIONA CAMPBELL
CEO, ASSOCIATION OF SCOTLAND’S SELF-CATERERS
OCTOBER 2023