



Chief Executive's Report

October 2018

Introduction

I had a vague aspiration this time last year, after a year of frenetic activity and pro-active engagement on a number of key issues, that 2018 might just be a little calmer...How foolish of me! While it has been a year of undoubted success for the Scottish tourism industry as a whole, we have continued to face significant regulatory threats to the short-term rentals, which have been incredibly time-consuming and challenging. Here is a non-exhaustive run down of the key issues we have faced as a sector in 2018.

The Importance of Evidence-Based Data – Far from Just Houses: The Benefits of the Short-Term Rental Sector to Scotland

We continue to believe that any policy decision is underpinned by data, and as an Association, working with other tourism bodies – including the Scottish Tourism Alliance and UK Hospitality – and we will continue to deliver as much data as possible to inform local authorities and Scottish Government. Given that we live at a time in which wrong or inaccurate information is easier than ever to spread and truth is at a premium, we continue to try to address some of the inaccuracies surrounding our industry and set the record straight.

In order to challenge some of the prevailing narratives, the ASSC commissioned Frontline Consultants to produce an evidence-base to investigate these criticisms head-on and demonstrate the sector's impact on key areas across Scotland in 2018. *Far More Than Just Houses: The Benefits of the Short-Term Rental Sector to Scotland* brings together serious research to demonstrate the real impact of the industry in Scotland.

This comprehensive piece of work also looks into other areas of short-term rental in Scotland, including its impact on housing supply, tax, and society. Frontline's research has shown that:

- **STR is a major component of Scotland's growing tourism offering, making a substantial contribution to the tourist economy.** Any regulations pursued by the Scottish Government should be arrived at through negotiation and dialogue with platforms and traditional operators, learning from best practice elsewhere in Europe
- **STR cannot be blamed for exacerbating the housing crisis as other longstanding issues are of far greater significance** (i.e. the number of empty properties in Scotland, or the failure of governments to build sufficient levels of affordable housing)
- **Traditional STR operators do not have an incentive to avoid tax and all survey respondents confirmed paying some form of tax.** Airbnb data suggests a similar lack of incentive for hosts who have average earnings below the tax thresholds
- **The STR sector is not a driver of anti-social behaviour in Scotland** as the number of recorded complaints are negligible in comparison to the number of self-catering units/properties let
- **The STR Sector has seen a similar level of growth in other European cities and many countries are embracing STR,** implementing systems and legislation to make it simpler for their citizens to operate in this sector.

Information exchange across all parties, policy-makers, businesses and collaborative economy platforms is crucial and this study confirms this is occurring and should continue to ensure the sustainable growth of the tourism economy in Scotland.



Negative Press

- Unfortunately, despite all the evidence to the contrary, the Scottish self-catering and holiday let sector remains a target of an increasing level of negative media coverage. We have pushed back against this tide with opinion pieces and letters published in national newspapers and appearances on BBC Scotland radio shows, alongside our programme of targeted MSP engagement.
- Much of the negative coverage we face continues to be driven by the emotive 'Homes First' campaign conducted by Scottish Green MSP Andy Wightman. Some of his claims include:
 - Short-term lets contravene residents' human rights;
 - The growth of short-term lets in Edinburgh is impacting housing stock;
 - Local communities are being displaced by Airbnb flats; and
 - Residents are subject to anti-social behaviour from holidaymakers.
- Wightman's regulatory solution is to reform planning laws to prevent short-term letting in certain areas.

Scottish Government's Planning (Scotland) Bill

Andy Wightman's 'Homes First' campaign continues at pace, and his recent amendments to the Planning (Scotland) Bill have thrown up a new and significant challenge. Both of his amendments would allow, by use of Scottish Statutory Instruments, the Scottish Government to interpret the meaning of 'holiday home' or 'short-term rental' with no guidance of how to interpret these terms. This could be hugely problematic. Wightman has justified his amendments by the impact of short-term lets on housing stock which has proven to be untrue. Professional short-term rentals represent 0.5% of the housing stock in the City of Edinburgh. Using Airbnb in Edinburgh as a case study: their properties represent 2.5% of the housing stock of which only 59% are entire properties, and 9% are available for over 180 days of the year. This is a negligible amount of the housing stock, and cannot be proven to be having a serious impact on local housing markets. The nature of his amendments, do not reflect the findings from our Far More than Just Houses study, and are not informed by adequate evidence led data.

Scottish Government Response to the Expert Advisory Panel on the Collaborative Economy

The Scottish Government's response to the recommendations made by the Scottish Expert Advisory Panel on the Collaborative Economy were published in the summer of 2018. The ASSC welcomed the response to

the recommendations and we were particularly encouraged by the commitment to take an evidence-based approach to the issue of short-term lets.

The ASSC were also pleased to see the Scottish Government making such extensive mention of our Code of Conduct. We believe that the Code of Conduct will address many of the emerging concerns about the collaborative economy and its perceived lack of regulation:

- In city centres, the Code will clarify the responsibilities of short-term let operators, give guests confidence that a property is safe to stay in, and provide local authorities with a robust tool to help tackle any problems.
- The ASSC has worked hard to ensure that the Government accepts that our members are capable of self-regulation and the new Code is fundamental to this strategy.
- It is hoped that City of Edinburgh Council and the collaborative economy platform operators will now encourage take up of the Code of Conduct.

Scottish Government Short Term Lets Delivery Group

Following on from their response to the Expert Panel, the Scottish Government have established a cross Scottish Government Short Term Lets Delivery Group to look at the existing powers local authorities have and to determine if further measures are required. While this process is ongoing, the ASSC continues to affirm that it would be premature to make radical and sweeping changes to the current regulation and management of short-term lets.

I held a very constructive meeting with the lead of the Delivery Group, Andrew Mott, in October 2018 and the ASSC looks forward to engaging further with the Delivery Group as it takes forward its work assessing the challenges and opportunities of short-term lets to Edinburgh and the rest of Scotland. We expect them to publish their recommendations by September 2019.

CrowdJustice Case: Seeking Clarification on Planning Policy in Edinburgh

The ASSC continues to be alerted to an increasing number of operators being served with enforcement notices to cease trading in their short-term rental properties. There is an alarming trend emerging that has the potential to negatively impact the livelihoods of many of our members in Edinburgh as well as the wider tourism economy of the city.

If a neighbour complains to the local authority about someone running a short-term rental, their property and business may be shut down. City of Edinburgh Council are already fast-tracking closures of short-term accommodation as a result of neighbourhood objections. With over 3,500 professional operators in Edinburgh alone, this has far reaching consequences, not just for short-term renters, but also for the entire wider tourism sector in the city and across Scotland.

The ASSC supported one of our members in challenging a recent planning decision by the DPEA Planning and Environmental Appeals Division, Scotland. Unfortunately, the case had to be discontinued due to financial unsustainability. The costs that Nicola Golden would have to encounter to take her case further were, quite frankly, ridiculous and are indicative of a system that is broken, unfair, and loaded against legitimate short-term renters.

In the same spirit in which we supported Nicola's campaign, and helped to promote her CrowdJustice fundraising efforts, the ASSC stood firmly behind Nicola's decision to stop. This should not be taken as a compromise on the facts of the case by the ASSC; but we still believe the decision taken by City of Edinburgh Council to have been incorrect, unfair, and taken in haste, and without due to consideration. Nicola's short-term rental was, and would have remained, entirely legitimate.

Transient Visitor Levy / Tourism Tax

Alongside specific regulation for short-term rentals, there has been an increasing level of discussion surrounding the introduction of a Transient Visitor Levy, commonly referred to as a tourism tax, at both a local and national level.

As part of our Membership Survey conducted earlier this year, nearly three-quarters of ASSC members were opposed to the introduction of a tourist tax in Scotland. Scotland is already one of the most expensive destinations in Europe, with a high rate of VAT applied in comparison to other countries.

In recent months, I have met with City of Edinburgh Council over their plans for a Transient Visitor Levy.

In addition, I provided oral evidence to the Scottish Parliament's Culture, Tourism, Europe and External Relations Committee inquiry into a Transient Visitor Levy. In our written evidence submission, we highlighted your concerns to MSPs on the Committee.

The ASSC will continue to be a key stakeholder in the recently announced Scottish Government consultation on the introduction of a tourism tax.

Scottish Government and MSP Engagement

Over the past few months, the ASSC have met with numerous MSPs from all parties – and you are able to monitor all of the ASSC's "regulated lobbying" activity on the Scottish Parliament's Lobbying Register! Among the many MSPs we have met include:

- The Minister for Local Government, Planning and Housing, Kevin Stewart
- The Minister for Energy, Connectivity and the Islands, Paul Wheelhouse
- Leader of the Scottish Conservatives Ruth Davidson
- The Shadow Cabinet Secretary for Tourism, Rachael Hamilton and the Scottish Conservatives Housing Spokesperson, Graham Simpson
- Scottish Labour's Finance Spokesperson, James Kelly and their Tourism Spokesperson Claire Baker.

Conversations have covered the work of the ASSC, the economic benefit of self-catering to the Scottish economy, our concerns regarding the cost of doing business, the Planning Bill, Tourist Tax, and many more.

In addition, the ASSC held a Parliamentary Reception on 18th September. The purpose was to celebrate 40 years as an Association, and to network with industry, MSPs and members old and new. There was a good turnout from MSPs, including our friend Andy Wightman, and the evening was a huge success.

Ongoing conversation is helping to inform policy decisions, and has certainly increased visibility of the ASSC as an Association. Moreover, the ASSC have submitted numerous pieces of written evidence to Scottish Government consultations and Scottish Parliamentary inquiries on issues ranging from business rates, the draft culture strategy, to Energy Performance Certificates.

We are being seen and heard in the right places and we are talking to the right people.

I said it last year, and I will say it again, despite all that I have said, it's not all doom and gloom. We are getting our key messages out to the people that matter in Scottish politics.

Internal Matters: ASSC

- The ASSC celebrates 40 years as an Association this year. This is a huge achievement. We are the oldest Association representing our sector in Europe, and we are certainly the biggest. We are revered by our counterparts across Europe, which we should be proud of.
- Administratively, we are stable and growing. Our financial statement confirms this.
- We have welcomed Melanie Allen to the staff team, responsible for Comms and Admin. Alongside Eleanor McBain and our fantastic event co-ordinator, Joyce Borthwick, we are a formidable team.
- I am proud to have had the privilege of working with David Smythe over the past four years. He has been at the helm of the ASSC for almost 20 years. He is a giant in the tourism industry, and a gentleman. Recognition of his work cannot be understated.
- I continue to be supported by a strong Board, bringing significant expertise to the table. I am pleased to be welcoming new Directors to the Board and to continue the significant strides we are making to support self-catering in Scotland.
- With the support of our partners for business, our trade suppliers, and increased membership, we are able to achieve more and afford the support that we need to do so.
- We have the continued support of Halogen Communications, who assist our public affairs and PR campaigns. I would be lost without them.
- EmbraceScotland continues to provide commission free bookings for our members, to a conservative estimate of £622k in the last 12 months.

Conclusion

I do not believe that we have ever faced such challenges as a sector; but as an Association, we are fighting fit and fighting strong. With the continued support of our membership, we have the determination and drive to navigate the various challenges we face.

The market continues to show that self-catering is the holiday of choice. Scotland maintains its place as one of the leading destinations in the world. Tourism brings £6bn to the Scottish economy. We are an integral part of that offering.

Self-catering is a vital component of the tourism industry and currently supports approximately 15,000 jobs, attracts £723m in consumer spending, £470m of which is spent by visitors to Scotland.

So, be proud of what you do, be proud of our industry, and be proud of the ASSC, which works tirelessly to support self-catering in Scotland.



Licensing
Data Tenancy
Edinburgh City Council
MSP Engagement Enforcement Notices
Far More than Just Houses Planning (Scotland) Bill
Business Rates Small Business Bonus Scheme Code of Conduct Over-Tourism
Legal Opinion Negative Press Tourism Tax
Energy Performance Certificates Rising Costs Repairing Standard
Barclay Review ASSC Celebrates 40 Years
Regulations



