



Association of Scotland's Self-Caterers: Written Evidence to Local Government, Housing and Planning Committee

May 2024

Introduction

Make no mistake, Scottish tourism is facing irreversible damage as a direct result of short-term let regulations.

However, the First Minister John Swinney and Deputy First Minister Kate Forbes are now emphasising the importance of economic growth and the need to reduce red tape for business. This is a welcome change of direction but warm words require action if they are to remain true to the spirit and letter of the New Deal for Business in removing the barriers and burdensome regulations hitting small business throughout Scotland. The Association of Scotland's Self-Caterers (ASSC) believes this is glaringly apparent with our members lived experience of short-term let regulations.

The ASSC welcomes the opportunity to provide written evidence to the Local Government, Housing and Planning Committee on the Civic Government (Scotland) Act 1982 (Licensing of Short-Term Lets) Amendment Order 2024. However, it is regrettable that the Amendment Order falls way short of what is required to help existing self-catering owners survive and thrive into the future – and that was despite the industry offering numerous policy recommendations to resolve the remaining outstanding challenges. The Order provides little more than minor tinkering around the edges rather than the positive change necessary for a key component of Scottish tourism that boosts the economy by £1bn per annum.

When the 2022 Order was laid back in 2022, we warned that it was akin to sending the RMS Titanic to sea in full knowledge that it had holes in the hull. The 2024 amendment is akin to rearranging the chairs on the same ship while it sinks: a minor improvement on something which is known to be catastrophic.

In our written evidence, we highlight:

- Details of how the engagement in the lead-up to the laying of the 2024 Amendment Order did not provide adequate consideration of industry concerns;
- Provides our thoughts on the 2024 Amendment Order itself;
- Outlines the evidence of continuing damage being inflicted on the visitor economy through short-term let regulations; and
- How industry and government can work together to finally produce a regulatory framework that works for all affected stakeholders.

Industry Engagement on 2024 Amendment Order

Industry engagement has to be more than a tick-box exercise; it must produce demonstrable action if the Scottish Government's New Deal for Business is to mean anything at all in practice. We have repeatedly warned government of the dire impact of its onerous approach, highlighted streams of data to better inform policy, as well as supplying mutually beneficial regulatory solutions to overcome outstanding challenges, but sadly to no avail.

The ASSC entered in good faith into constructive dialogue with the Minister and officials in the lead-up to the laying of the 2024 Amendment Order. However, it is clear that there was no meaningful engagement and any meetings were to merely to give the impression of ‘engagement’.

2024 Amendment Order

As stated, this Amendment Order falls painfully short of what is needed. **There has to be real, tangible change otherwise more small indigenous Scottish businesses will continue to close, it is as simple as that.**

In respect of the provisions contained in the 2024 Amendment Order, we have the following comments to make:

- **Single licence for multiple accommodation**
The ASSC contends that the wording here is ambiguous and does not go far enough to address the issues being seen in Perth & Kinross, Stirling, and Argyll & Bute Councils, whose policies regarding this we believe to be unlawful and based on the superseded 2021 Order.
- **Licence transfers**
This is a welcome intervention. Clarity is required to establish whether the same licence term remains in place or a new licence term commences when the licence is transferred. It is assumed that unless there are issues raised by the Chief Constable, the new operator can continue to trade.
- **Temporary exemptions**
This is a welcome intervention.
- **Provisional licences for new build STLs**
This is a welcome intervention, however if the operator is not allowed to trade (take bookings and deposits), it fails to address the issue raised by industry and will not satisfy lenders. Furthermore, this provision should be extended to those converting a property and the ASSC fails to understand the rationale behind not including conversions.

The 2024 Order fails to address the following concerns raised by the Industry Advisory Group in February as part of the ‘Implementation Update’¹:

- **Licence policies and planning consideration**
 - Central to the operation of the newly introduced Short-Term Let Licensing legislation is its interaction with the planning regime. Evidence from our members and discussions with local authorities indicate that this interaction has created significant confusion among local authorities and operators.
 - Legislation **must** be amended to clarify the relationship between planning and licensing, and guidance should be amended on the subject. The ASSC has received legal advice from Burness Paull LLP², and shared with the Scottish Government on how the Licensing Order should be amended, and guidance updated, to reduce the burden on licensing and planning authorities, and help the successful implementation of short-term let licensing, while still allowing for lawful operation under existing planning legislation.
- **Licensing:**
 - **Dates**
 - Guidance should be amended to provide guidance and clarity, and local authorities should update their policies and guidance to reflect the updated change in dates.

¹ <https://www.assc.co.uk/policy/assc-response-to-implementation-update-for-short-term-let-licensing-february-2024>

² Ibid

- **Temporary Licences**
 - Guidance should be amended for local authorities to offer Temporary Licences for all forms of STL.
- **Variations**
 - Guidance should be amended to allow for local authorities to offer variations terms of the Civic Government Act 1982.
- **Maximum Occupancy**
 - Various policies reference conditions attaching to an STL licence in order to address maximum capacity. Indeed, some seek to designate a maximum number of persons that an operator can accommodate. In doing so, they are seeking to regulate matters which are already regulated by other legislation such as fire safety legislation, building control Regulations and Technical Standards. This requirement is irrational, and to the extent that it could expose a licence holder to significant expense, or loss of income, for no good reason, as well as restricting the operation of a short term let property for no good reason, it is oppressive, it goes beyond what is necessary and in terms of Lord Braid's Decision at paragraph 60, it is unlawful. Guidance should be amended to remove designation by local authorities of maximum occupancy.
- **Floor Plans**
 - Guidance should be amended to remove the need for floor and/or site plans. The statutory requirement to state maximum occupancy should be based on number of bed spaces relative to the number of bedrooms / public spaces which can reasonably accommodate additional occasional sleeping space (a sofa bed).
- **Annual Emergency Lighting Certificate**
 - Guidance should be amended to remove the need for annual emergency lighting certificates. This is not a statutory requirement of the 2022 Order and is therefore both unlawful and oppressive.
- **Enforcement**
 - Charging for enforcement contravenes the Provision of Services Regulations and is therefore unlawful (See regulation 18(4) of the Regulations). Guidance should be amended to remove the potential for local authorities to be allowed to charge for enforcement of any kind. Local authorities should address any fees charged in this regard and reimburse applicants on that basis.
- **Insurance**
 - Guidance to local authorities must be amended to be more robust and prescriptive on this matter, and prevent some licensing authorities demanding £5m cover, which was removed in the 2022 Order and guidance.
- **Mandatory Conditions**
 - Mandatory conditions must be maintained for all, or removed for all, to avoid a Judicial Review.
- **Additional Conditions**
 - Guidance should be amended to remove the potential for local authorities to include additional conditions which are beyond the scope of the legislation.
- **Objections**
 - Many local authorities are not administering their short-term let policies through the Licensing team as they have the other licensing schemes under the 1982 Act. Rather, they are delivering STL licensing via housing, landlord registration, environmental services departments, and so on. Guidance should be amended to ensure that STL Licensing is addressed by the licensing team, who will understand the manner in which applications are processed under the 1982 Act. To have pro-forma objection forms on Council websites is entirely inappropriate, a breach of natural justice and, if it continues, forms the basis of a Judicial Review. Guidance should reflect this.

- Guidance should be amended to ensure that the Scottish Government does not encourage, facilitate, nor support breaches in natural justice or encourage local authority action that is out with the prescribed administrative function.
- **Fees**
 - Local authorities should be required to review their fees based on number of actual applications received and associated costs (not including enforcement).
- **Removing Natural Names from the Public Register**
 - Guidance should be clearer to local authorities that there is no requirement to publish natural names on their Public Registers.

From our comprehensive list, only the following three items have been addressed in any way:

- **Period of Temporary Exemptions**
- **Provision of Temporary Exemptions**
- **Transfer of Licence.**

The Committee will appreciate why, on this basis, we consider that the amendment falls far short of ameliorating the scheme in a meaningful way.

By far the biggest obstacle to the successful implementation of STL licensing is onerous dual licensing and planning requirements. The conflation of planning and licensing is the root cause of the vast majority of current industry concerns, not just in Edinburgh but across Scotland.

It is therefore critical that the conflation between planning and licensing is addressed via legislative amendments. The ASSC has repeatedly advised on how this can be achieved³, including providing legal opinion on the matter.

However, it is notable that the vast majority of these issues can be addressed by clearer Guidance, which is regrettably not forthcoming. As a result, Licensing Authorities will continue to interpret the legislation in different ways and this will negatively impact operators in different parts of Scotland.

The ASSC contends that at least 4 Licensing Authority policies remain unlawful and are open to legal challenge.

The Continuing Negative Impact of STL Regulations

Pushing up the cost of holidaying in Scotland, squeezing the supply of accommodation for our world-leading Festivals and other major events, burdening resource-stretched local councils, and hammering small and micro businesses surely cannot have been the policy intention of short-term let licensing but that's what is playing out on the ground.

Moreover, at a time when operators are being clobbered by the costs and red tape associated with the STL legislation, with many legitimate businesses closing as a result, there's now evidence of a burgeoning black market in Edinburgh. This undermines the entire purpose of licensing and is yet another example of an own goal by policymakers.

In recent times during regulatory discussions, the ASSC has provided ample evidence showing the negative impact on small business, as well as supplying fair, balanced and legally sound policy alternatives which would ameliorate the regulations, but unfortunately these have not been given the due level of consideration required.

³ <https://www.assc.co.uk/policy/assc-response-to-implementation-update-for-short-term-let-licensing-february-2024>

Below is some additional evidence in relation to the negative impact that STL regulations happening right now across Scotland:

- i. **Impact on Edinburgh Festivals**
- ii. **Survey Results: The Impact of Scottish Government Regulations on Business**
- iii. **Barometer Survey Results – Spring 2024: The Health of the Sector**
- iv. **Reduction in Supply of Small Accommodation Providers**
- v. **New Data from Airbnb**

(i) **Impact on Edinburgh Festivals**

Concerns are mounting that Edinburgh will not be able to accommodate performers and visitors to its world leading Festivals this summer as the impact of restrictive short-term let regulation begins to bite⁴. Household names like comedian Jason Manford and TV personality Gail Porter have recently taken to social media to express their frustration at the spiralling cost of accommodation during the Festivals in August.

Notwithstanding Fringe performers, many will now be wondering why it has got harder and more expensive to find a suitable place to stay during their time in the capital. **The key issue is supply: the drop in the number of beds due to onerous licensing and planning short-term let restrictions has exacerbated issues, pushing up costs.**

The latest figures from City of Edinburgh Council, as of 20th May 2024 shows **just 135 secondary lets** – which are largely professional self-catering businesses – have been granted a full licence. This is a sector which has provided upwards of £90m per annum to the local economy and formed an integral part of the accommodation mix for decades. This represents all but a de facto ban.

Around 1,800 self-catering units have applied for a non-refundable one-year licence, where some can be charged over £5,000, and many simply are not advertising for August as they have no clarity as to whether their application will be approved. While operators have been left in the lurch, the Council has raked in nearly **£3m** from licensing fees according to a FOI from the ASSC. Questions remain as to whether this is being done with cost recovery in mind.

Edinburgh Council once claimed that there were 12,000 short-term lets in the city. The Council also declared a ‘housing emergency’ but with secondary lets representing just a tiny percentage of total housing stock (0.7%), it is clear that more holistic solutions are required to solving housing challenges than the narrow focus on STLs. The ASSC has repeatedly called for the government to build more housing and tackle empty homes rather than shutting down indigenous self-catering businesses which will only decimate local livelihoods for no meaningful benefit.

Temporary Exemptions, which are not Exemptions

The Scottish Government may contend that Temporary Exemptions will protect the Festival and other national events. However, this is clearly not the case, and is a somewhat naïve assumption.

At the meeting of City of Edinburgh Council’s Regulatory Committee on 13th May 2024, Paul Lawrence, Executive Director of Place and Andrew Mitchell, Head of Regulatory Services, asked Committee members to note concerns about the availability and price of short-term self-catering accommodation in the city this summer, particularly in light of representations from stakeholders including the ASSC and the Fringe Association⁵.

⁴ <https://www.assc.co.uk/industry-news/predictable-accommodation-fiasco-hits-edinburgh-as-leading-trade-body-calls-for-urgent-change-to-stl-regulations>

⁵ <https://www.assc.co.uk/industry-news/when-a-temporary-exemption-is-not-an-exemption-at-all>

Councillors were asked to consider proposed amendments to the city's licensing policy which might encourage more people to offer their own homes as temporary short-term accommodation at peak times, via home-let licence exemptions on which the city's hopes appear largely pinned.

Officers appear to recognise that obtaining an exemption, even on a home-let basis, is onerous. There are several perceived barriers to entry and it was noted that only around 200 such exemption applications have presently been received from home-letters.

Proposals presented to councillors included a temporary reduction of the exemption application fee and a simplification of the application form. These are perhaps non-contentious, albeit it is unclear that anyone swithering over whether to offer their home as a short-term let for 6 weeks around the time of The Fringe Festival would be finally 'convinced' to do so because of a reduction in the fee from £250 to £120; or a on the basis of a shorter application form.

More worryingly (and counter-intuitively given the stated aims of the licensing scheme), it was suggested that the requirement for home-let 'exemptees' to undertake safety testing (such as Electrical Installation Condition Reports, Portable Appliance Tests and Legionella Risk Assessments) should be scrapped.

Councillors were additionally asked to consider doing away with requirements for Gas Safety inspections and public liability insurance, and it was further suggested that exemptions might be granted even where properties do not meet the repairing standard for habitability (expected of all commercially offered residential property, including other short-term lets.)

Whilst councillors quite rightly did not support any proposals to reduce safety measures and habitable standards, officers within the council appear to recognise that the licensing scheme has had a pronounced negative impact on the levels of available accommodation and that prices pressures have increased as a result.

(ii) **Survey Results: The Impact of Scottish Government Regulations on Business**

The ASSC continues to collect data to share with policymakers of the impact government regulation is having on the self-catering sector. We recently provided evidence to the Scottish Government, in the form of a survey circulated between 11th and 16th April 2024, on the effect of short-term let regulations on the self-catering sector⁶.

Indeed, this survey formed part of the New Deal for Business activity and supports the delivery of the recommendation within the New Deal for Business Group Report: *"The Scottish Government should develop a process for identifying, considering and removing regulations no longer required, driven by active engagement with business."* The aim of the survey was to identify regulations that are considered to no longer serve their intended purpose and no longer required within the regulatory environment and regulations that businesses consider could be improved or simplified are also sought.

The results demonstrate that both licensing and planning regulations are having profoundly negative consequences for self-catering operators. The survey also contains some compelling case studies which illustrate the real-world impact of these regulations on small business owners across Scotland.

- 531 respondents
- 70% of which are ASSC Members
- 50% are in a rural location or on an island, while 50% represent just 1 property (70% between 1-2 properties)
- This survey represents 7,045 bed spaces and over 2000 properties (units).

⁶ <https://www.assc.co.uk/news-items/survey-results-the-impact-of-scottish-government-regulations-on-business>

Key Results

- **77%** of businesses report a negative or extremely negative impact on business operations as a consequence of the Scottish Government’s STL regulations, with **86%** noting it had stifled innovation and **72%** saying it had reduced competitiveness.
- Worryingly, nearly two-thirds (**64%**) said the regulations had adversely impacted how their business was perceived by the public.
- **82%** said the regulations had severely damaged business certainty and confidence.
- Most businesses do not believe that STL licensing and planning laws accord with the Scottish Government’s own Better Regulation principles of being proportionate, consistent, accountable, transparent and targeted.
- Respondents highlight the large inconsistencies in fees paid for STL licences across the country, with some paying **£2500** for a licence for one property, which necessitates the need for potential adjustments to ensure fairness and cost recovery in fee structures.
- For the total cost of compliance for licensing applications, some businesses are forking out as much as **£9000**. On planning permission or certificate of lawfulness applications, costs have ranged from over **£1000 to £4500**.
- With such costs, it is unsurprising that **82%** describe the financial burden on their business as ‘detrimental’ or ‘significantly detrimental’, with a further **12%** saying it was ‘devastating’.
- **92%** highlight a significant administrative burden on their business, with **82%** believing there was also an impact on relevant authorities.
- Nearly half (**46%**) do not consider that the underlying policy objective of licensing – to improve health and safety – has been met, with **70%** saying the policy has failed on addressing anti-social behaviour and residential amenity.
- **88%** do not believe that the regulations have transferred more housing stock to residential use.
- With the current regulatory framework failing businesses and not meeting its policy objectives, **92%** believe a simple, cost-effective self-certification registration scheme with mandatory health and safety compliance would be a better alternative.

(iii) Barometer Survey Results – Spring 2024: The Health of the Sector

Following on from that, more evidence of the impact of regulation can be found in the ASSC’s Spring 2024 Barometer Survey.⁷ The feedback gathered from ASSC members and the wider self-catering community gives a picture of the health of the sector, which the former Minister for Housing, Shona Robison was keen to assess, as outlined in her letter to this Committee dated 8th October 2022.

The survey, which garnered 622 responses, highlights the significant contribution from the self-catering sector directly to the Scottish economy (survey respondents alone represent over 1889 properties (units) equating to 7,264 bed spaces), particularly in rural and island regions where over 60% of these businesses are situated.

This sector not only provides essential services for tourists but also injects substantial economic value into local communities. By remaining operational year-round (75% operate all year and over 80% operate 11 months), with high occupancy rates during peak seasons, self-catering businesses play a vital role in sustaining and stimulating local economies. The revenue generated from these businesses helps support local businesses 51% of businesses spend more than 75% on operational expenditure locally (within 30 miles), create employment opportunities, and enhance infrastructure in these areas, ultimately supporting economic growth and resilience in Scotland’s rural and island regions.

- 50% respondents have been operating for 10 years or more.

⁷ <https://www.assc.co.uk/barometer/barometer-survey-results-spring-2024>

- 55% of respondents say that their business is their primary source of income.
- 96% have applied for a STL licence.
- 45% are still waiting for their full licence.
- When comparing 2023 visitors to 2022 30% say guest numbers were down and 29% say their turnover was down.
- During Jan – March 2023, 50% say their occupancy was below 25% during 2024 between Jan and March 61% say their occupancy was below 25% this is a drop of 11% on this time last year.
- 47% say their anticipated season for 2024 is looking worse so far against 2023.
- 45% say bookings are down compared to last year.
- Barriers to growth: introduction of the visitor levy, with 55% saying they are very concerned and that this significantly impact on their business; whilst STL licensing, the FHL abolition and general increase to the cost of doing business are also a significant concern.
- 9% (44) of businesses do not intend to stay in business beyond 2024 and a further 30% (148) businesses do not know. A further 7% (33) intend to down scale their business. That’s a potential loss of 192 businesses and 39% with a further 33 businesses downscaling.
- The following challenges influencing bookings and in relation to the business have been frequently referenced in the survey: cost of living and economy, more last-minute and short stay bookings, challenges with ferries, bad press about Scotland putting people off visiting, people returning to holidaying abroad, increase in prices and uncertainty. Whilst very few having anything positive to say.
- The main barriers to growth revealed in the survey are: cost of living, increasing regulations, tax, barriers to business development, ferry issues, politics relating to licensing, planning, FHL taxation and impending visitor levy.
- 88% of respondents are concerned about the impact of the cost of living, 84% of respondents are concerned about the impact of The Visitor Levy, 75% are concerned about the impact of FHL Abolition, 73% concerned about STL Licensing. Whilst 55% are significantly concerned about the introduction of The Visitor Levy Bill (Scotland), STL Licensing (45%) and the Abolition of the FHL Regime (45%).
- The survey reveals a notable decline in confidence among respondents regarding the next 24 months, with 47% expressing little optimism about their business performance compared to 34% for the next 3-6 months. This trend signals a genuine apprehension about the future trajectory of self-catering in Scotland, indicating growing concerns within the industry about forthcoming challenges and uncertainties.
- In terms of operation expenditure 51% of businesses spend more than 75% locally (within 30 miles) with a further 24% spending between 50% and 75% within 30 miles of their business. This highlights a significant contribution to local economies / local supply chain.

(iv) Reduction in Supply of Small Accommodation Providers

The ASSC maintains that there has been a conservative **drop of 1,000 self-catering units on Non-Domestic Rates** as a direct result of STL regulations. This decrease in approximately 1,000 self-catering units is taken from Scottish Assessors data between 2019 and 2024 (there are currently 17,077 SCUs on Non-Domestic Rates). This is a Scotland wide figure of self-catering units on Non-Domestic Rates which has a legal definition. We did not include numbers of B&Bs that have closed, nor those which not on NDR.

However, looking in more granular detail, from 2020 to May 2024 (also using Scottish Assessors data), there is a 53% reduction in the numbers of SCUs on NDR in Glasgow and a 26% reduction in Lothian. Across Scotland as a whole, there was a 4% drop. Although we do not support the use of scraped data, that is what the Scottish Government used to base the legislation on – so using the same metrics from AirDNA, there has been a drop of 6% across Scotland.

The situation in the City of Edinburgh Council area is particularly acute. To take one example, the ASSC discovered via the Council’s planning portal that during the course of one morning alone (20th April

2024), 16 Certificate of Lawfulness (COL) applications were rejected. If SCUs are providing evidence of operation in Edinburgh, they are being refused.

What is certainly the case is that robust data has been an issue throughout the regulatory discussions. The Scottish Government estimated in their BRIA that there were 32,000 short-term lets across Scotland but only around 26,000 have applied for a licence. That begs the question as to what has happened with the remaining 6,000 properties.

Due to the unfortunate fact that the Scottish Government rejected the concept of mandatory registration with associated health and safety, proposed by the ASSC, there is no precise way of knowing what has happened to those who have left the market. Anecdotally, the ASSC has heard instances of large quantities of properties lying empty, or the owner allowing them to be used by family or friends.

Furthermore, the typical SCU doesn't tend to be available for what can be reasonably considered as affordable housing. Regardless, at a meeting with the IAG on 23rd April 2024, the Housing Minister Paul McLennan, robustly stated that STL regulations are "**not a housing matter**". Given that the health and safety legislation already existed, one has to wonder, therefore, what benefit has been delivered by the legislation.

The regulations are having a far more negative impact on tourism than they have a benefit on housing or anything else. What does seem extraordinary is that the Scottish Government does not intend to measure the impact of these regulations on the tourism sector. The ASSC represents tourism and hospitality businesses, not housing.

Furthermore, it is increasingly clear is that it is not in line with the First Ministers commitment to economic growth, and does not align with the Deputy First Minister's commitment to cut red tape.

(v) **New Data from Airbnb**

New analysis shared by Airbnb shows that the implementation of short-term rental rules in Scotland is harming its tourism industry and limiting economic opportunities. Despite these measures, they have not delivered positive impacts on housing and rental prices, which have reached their highest annual rate in nearly a decade, according to ONS data. Recent findings reveal the challenges faced by operators and travellers alike⁸.

Soaring Rental Prices: Data indicates that the rental sector is witnessing a significant surge in rental prices. ONS data reveals that long-term rental prices surged by 6.8% in the 12 months leading up to January 2024, surpassing the previous rate of 6.3% in the 12 months to December 2023⁹. This increase marks the highest annual rate recorded in over a decade (2012), indicating that the new rules on short-term lets have not immediately resulted in improved rental affordability.

Hotel Prices Surge: Since October, Scotland has seen a rise in hotel prices, prompting some individuals to reconsider their visit. According to Lighthouse, Edinburgh hotel prices have risen by 9% in 2024, as part of an overall increase of 82% since 2019. Notably, this price surge was more pronounced during popular months, with an increase of 14% in April, 21% in May, and 12% in November¹⁰. As prices continue to rise, the dream of exploring Scotland becomes out of reach for many, especially for families and groups who

⁸ <https://news.airbnb.com/en-uk/six-months-on-an-update-on-the-impact-of-scotlands-short-term-let-rules/>

⁹ ONS Index of Private Housing Rental Prices, UK: January 2024: <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/indexofprivatehousingrentalprices/january2024>

¹⁰ According to Lighthouse (the leading commercial platform for the travel & hospitality industry) data on percentage uplift in hotel rates for Edinburgh, 2024 vs 2023 and 2024 vs 2019: <https://www.mylighthouse.com/>

need multiple hotel rooms, while the local people and businesses that rely on travel tourism suffer from the consequences.

Licensing Scheme Impact: Scotland’s accommodation sector is currently experiencing a disruption to supply that will limit accommodation options for guests, restricting flexible earning opportunities for families and hurting small businesses that rely on visitors to Scotland – especially outside of typical tourist hotspots. As of April 2024, Edinburgh Council has granted only 29 per cent full licences for short-term lets, raising concerns about the city’s ability to accommodate visitors – especially during the upcoming peak summer period and festivals.¹¹

The ‘Taylor Swift Effect’: Ahead of American pop star Taylor Swift’s highly anticipated Eras tour in June, the demand for hotel rooms in Edinburgh has skyrocketed. According to a study by Lighthouse, average hotel room prices in Edinburgh inflated by a staggering 84% to £473 for stays during the first week of June.⁴ Other tour cities, such as London, experienced a more moderate increase in hotel prices of 9%, while Cardiff saw an increase of 29%.¹²

Shift in Travel Trends: Despite the limited supply and soaring costs in Edinburgh, data from Airbnb indicates that the searches for stays in the city remain high. However, with fewer options available, travellers are now increasingly turning their attention to the north of England. Cities such as Liverpool and Newcastle have experienced a surge in searches, suggesting they are becoming attractive alternatives for travellers seeking unique experiences.¹³

Conclusion

As we wrote to the Local Government Committee in February 2024, “Whilst we do not expect government to accede to every recommendation, the regrettable lack of any meaningful change for small and micro businesses across Scotland – especially following the recent Judicial Reviews – is deeply concerning. Further, it shows a total lack of commitment to the New Deal for Business. As the first test of this commitment, it is quite clearly failing.” That position has not changed.

We are repeatedly asked to provide evidence to the Scottish Government, which regrettably we feel is repeatedly ignored. Sadly, any trust has been eroded between government and business.

However, we remain hopeful that, even at this extremely late juncture, beneficial changes can finally be made which help small accommodation providers and reestablish trust. **We firmly believe that government and business working together in lockstep can deliver sound and effective public policy.**

Given that the Deputy First Minister and Cabinet Secretary for Economy Kate Forbes will now take over the reins of the New Deal for Business, we further believe that there are opportunities to reset the relationship and work together to find mutually beneficial solutions to the outstanding challenges on vexed issues like short-term let licensing.

These outstanding challenges are not insurmountable; we both believe in regulation and we both want to make it function effectively for all affected stakeholders.

¹¹ According to City of Edinburgh Council: <https://www.edinburgh.gov.uk/licences-permits/licensing-registers/1https://www.edinburgh.gov.uk/>

¹² Lighthouse, Taylor Swift Eras Tour arrives in Europe and ignites hotel room prices, <https://www.mylighthouse.com/resources/blog/taylor-swift-eras-tour-arrives-in-europe-and-ignites-hotel-room-prices>

¹³ Internal Airbnb Data: Searches were conducted in Q1 2024 vs Q1 2023.

In addition to this written evidence, we would respectfully direct the Committee to reports provided by the ASSC to the Scottish Government which are relevant to the consideration of the 2024 Amendment Order.

We are more than content to supply oral evidence ahead of the Housing Minister's appearance at the Committee in June.