



CHIEF EXECUTIVE'S REPORT



OCTOBER 2024



As we reflect on 2024, the Association of Scotland's Self-Caterers (ASSC) has continued to navigate an increasingly challenging environment with a strong commitment to advocating for the self-catering sector. From regulatory pressures and economic uncertainties to the evolving demands of our members, 2024 has been a pivotal year for the industry. This report provides an overview of the key activities, challenges, and developments that have shaped our work, highlighting our efforts to safeguard the future of Scotland's self-catering businesses.

Economic and Industry Outlook for 2024

The broader economic environment in 2024 continues to be characterised by uncertainty, both domestically and internationally. In particular, while international demand, particularly from North America, remains relatively strong, there are emerging concerns that this trend may weaken. The downturn in the domestic staycation market in 2023 has not yet fully rebounded, raising questions about the sustainability of current booking levels and the resilience of the sector to further economic shocks.

Consumer confidence remains fragile, with increasing living costs, particularly utilities, placing significant constraints on discretionary spending. This environment poses a particular challenge for the self-catering sector, which relies on both domestic and international visitors who are increasingly cautious about spending. Additionally, rising operational costs, coupled with increased regulatory burdens, are placing further financial pressures on operators, leading to reduced profit margins and long-term sustainability concerns.

Politically, the sector continues to face challenges, both at the Scottish and UK Government levels. Despite the ASSC's ongoing lobbying efforts, the prospect of tourism VAT reductions, which would provide significant relief for the sector, appears unlikely to materialise. Moreover, the broader political climate remains unpredictable, adding further complexity to the economic outlook for 2025.





Membership Growth and Community Engagement

As of October 2024, ASSC membership remained stable, with 1,684 active members. While we experienced an 11% attrition rate, this was within expected limits, given the broader challenges facing the sector. In spite of these challenges, the ASSC has continued to focus on membership growth and retention, leveraging targeted community engagement strategies to drive value for our members.

A significant milestone this year was the launch of our exclusive WhatsApp community, which quickly grew to 346 members. This platform provides a vital space for peer support and real-time industry advice, fostering stronger relationships among members and enhancing the sense of community. In addition, the introduction of monthly CEO surgeries has proven to be a valuable initiative. These surgeries provide members with direct access to ASSC leadership and industry experts, allowing for the timely addressing of key issues, particularly around short-term let licensing and regulatory compliance. Participation in these surgeries has grown steadily, reflecting the value members derive from having their concerns heard and addressed in real-time.

Efforts to enhance member retention have also included a comprehensive review of membership benefits. A member survey was launched to gather feedback, which will shape future initiatives designed to improve the overall membership experience. This proactive approach ensures that the ASSC remains responsive to member needs, fostering stronger engagement and increasing the likelihood of member retention in the years ahead.

“The ASSC team is fabulous, with an outstanding leader. We are so fortunate to be supported by you all. Thank you.”

“Thank you for providing such a huge and unstinting level of both proactive and reactive support to the industry”





87%

member satisfaction

13497

total B2B network

22

member events
in 2024

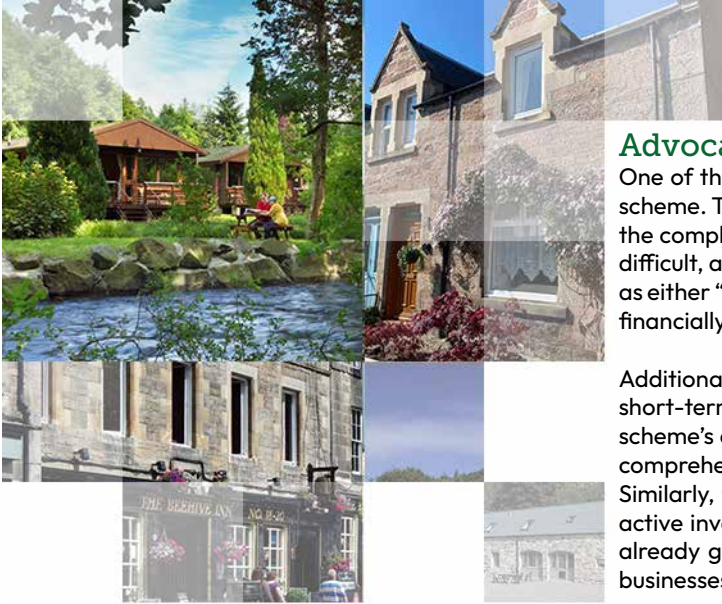
85%

members reliant on
Lobbying, Advocacy
and Representative

10000

attendees at ASSC events
this year





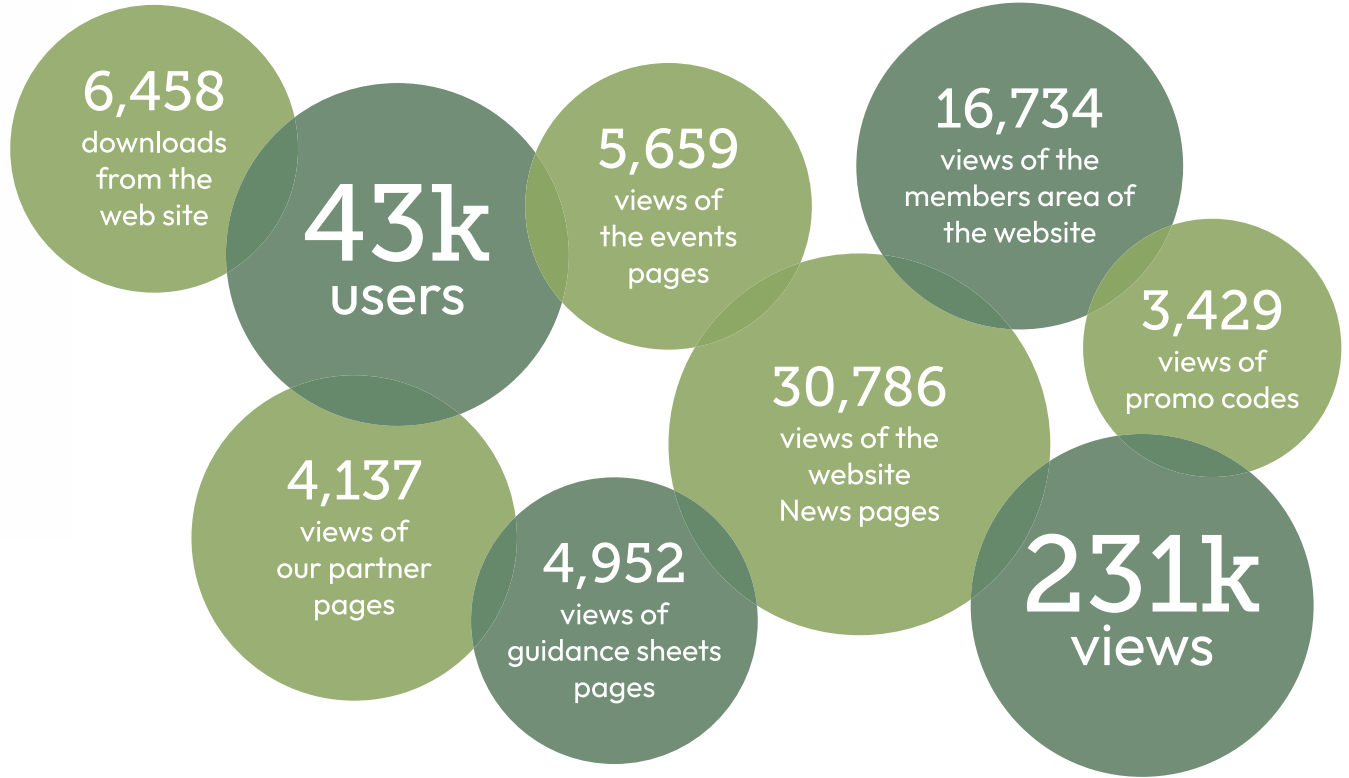
Advocacy and Regulatory Challenges

One of the most pressing challenges the ASSC faced in 2024 was the continued implementation of the Short-Term Let (STL) Licensing scheme. This regulatory framework continues to place a significant burden on self-catering operators, many of whom are struggling with the complex and costly application process. Our surveys revealed that 69% of members who applied for STL licences found the process difficult, and 86% described the associated costs, such as those for Energy Performance Certificates (EPCs) and administrative expenses, as either “expensive” or “very expensive.” These figures highlight the urgent need for reform to make the process more accessible and less financially prohibitive.

Additionally, Freedom of Information (FOI) data revealed that the Scottish Government had grossly overestimated the number of short-term let operators, resulting in far fewer applications than initially anticipated. This has led to widespread dissatisfaction with the scheme’s design and implementation, as well as concerns about its long-term viability. The ASSC has been at the forefront of calls for a comprehensive review of the STL licensing regime throughout 2024, advocating for a system that is both fair and fit for purpose. Similarly, the Visitor Levy (Scotland) Act 2024 will add further financial and administrative pressures to the sector. Despite the ASSC’s active involvement in consultations and lobbying efforts, the levy is expected to disproportionately impact smaller operators, who are already grappling with a range of other regulatory challenges. The ASSC has advocated for exemptions or relief measures for small businesses and has been vocal about the need to carefully assess the long-term impact of the levy on Scotland’s tourism industry.

The abolition of the Furnished Holiday Let (FHL) tax regime in 2025 presents significant challenges for Scotland’s self-catering sector. Losing key tax reliefs, such as capital allowances, will discourage property upgrades, leading to a decline in accommodation quality. Operators will face a higher tax burden, reducing profitability and potentially increasing rental prices. This change threatens the sector’s competitiveness, especially against European destinations with favourable tax regimes. Additionally, it risks lowering occupancy rates, reducing economic contributions to local communities, particularly in rural areas. Overall, concerns about long-term viability and the sector’s future remain high among self-catering operators.







BiGGAR Economics Report: Edinburgh

Short-term Lets (STL) make up a small fraction of Edinburgh's housing stock:

- Secondary Let STLs represent only 0.8% of all dwellings in Edinburgh, significantly smaller than the 4% of vacant properties, which have continued to increase since the introduction of STL licensing
- 10,479 vacant homes, 14,16 owned by City of Edinburgh Council.

STLs are vital for employment and the local economy:

- The STR sector generates £154 million Gross Value Added (GVA) annually and supports 5,580 jobs across Edinburgh. This economic activity extends beyond the STR sector and supports local businesses through tourist spending.

Potential negative impacts of reducing STRs:

- A decrease of just 0.5% in STLs would result in a loss of £57 million in GVA and threaten thousands of jobs, not only within the city but also in surrounding areas due to the interconnected nature of tourism and local businesses
- An increase of just 0.5% in STLs would result in a benefit of £40 million.

Sector Sentiment

The self-catering sector in Scotland is facing significant challenges, shaped by a combination of regulatory changes, economic pressures, and evolving consumer behaviours. Key regulatory developments have imposed new compliance costs that disproportionately impact small operators. This comes at a time when the sector is grappling with rising operational expenses, inflation, and fluctuating guest numbers. Survey data from members indicates that nearly half of operators report declines in bookings and turnover, with many expressing concerns over the long-term sustainability of their businesses.

However, despite these difficulties, there are opportunities for growth. The sector's strong local economic contributions, particularly in rural and island communities where tourism is a critical driver, underscore its importance to regional economies. Many businesses continue to operate year-round, showing resilience in the face of adversity. Operators can leverage the growing trend towards experiential and sustainable tourism, where tourists seek authentic, local experiences, offering opportunities for differentiation. Investments in marketing, eco-friendly initiatives, and streamlined regulatory processes could bolster future growth.





166 emails to members



61% open rate



5.1% click rate





Financial Performance and Legal Proceedings

From a financial perspective, 2024 has been a year of steady income generation.

Overall, while the previous year closed with a deficit, the financial position has stabilised in 2024 with a positive outlook, contingent on prudent cost management and budgeting.

Having appointed a member of staff specifically to oversee finance and governance the ASSC will benefit from rigorous financial oversight, ensuring that the ASSC can continue to manage its finances prudently in an increasingly complex environment.

Collaboration and Partnerships

Collaboration remains a cornerstone of the ASSC's strategic approach, and in 2024, we strengthened our partnerships with key industry players, including Key Data and SuperControl. These collaborations have been invaluable in providing market insights that allow our members to make data-driven decisions and better navigate the complexities of the current market. Access to real-time performance data, alongside benchmarking and strategic planning tools, has enabled our members to remain competitive, even in a challenging environment.

Moreover, the ASSC has continued to collaborate closely with the Professional Association of Self-Caterers UK (PASC UK) to present a unified industry voice on shared regulatory challenges. We continue to work closely with the European Holiday Home Association (EHHA) and work more and more with our international colleagues further afield in Australia, New Zealand and Canada. These partnerships have enhanced our ability to advocate effectively on behalf of the sector and ensure that our members' interests are well-represented at local, national, and international levels.

Sector Contributions and Economic Impact

The reinstatement of the ASSC Barometer Survey in April 2024 provided valuable insights into the economic contributions of the self-catering sector to Scotland's economy. The survey highlighted that 60% of self-catering businesses operate in rural and island regions, where they play a critical role in supporting local economies. Importantly, 51% of respondents reported that more than 75% of their operational expenditure is spent locally, underscoring the sector's significance in fostering local economic growth.

Despite this, rising operational costs, declining visitor numbers, and increasing regulatory pressures continue to pose significant threats to the viability of many self-catering businesses. The survey revealed that 45% of respondents experienced a drop in bookings compared to the previous year, and 47% expressed concern about their long-term prospects. The abolition of the Furnished Holiday Let (FHL) Tax Regime and ongoing uncertainty surrounding Non-Domestic Rates have compounded these concerns, further threatening the financial stability of the sector.





Marketing and Sustainability Initiatives

Following the success of the 2023/2024 consumer winter marketing campaign Embrace Coorie, which encouraged visitors to book cosy self-catering holidays during the winter months, a new campaign in June 2024 was launched: Embrace Authentic Scotland. In 2024, the ASSC launched the “Embrace Authentic Scotland”. The campaign will run through to November and focus on promoting Scotland’s diverse and authentic self-catering offerings. The campaign aimed to drive bookings during the summer and shoulder seasons by emphasising the unique experiences offered by Scotland’s self-catering properties. In doing so, the campaign aligned with the broader Scottish tourism strategy, Scotland Outlook 2030, which promotes local and community-driven tourism.

In addition to this, the ASSC signed the Glasgow Declaration on Climate Action in Tourism, committing to a series of sustainability initiatives aimed at reducing emissions across both the organisation and its membership base. By promoting slow tourism and encouraging more sustainable travel practices, we aim to position Scotland as a leader in responsible tourism, while also appealing to the growing number of environmentally-conscious travellers. We look forward to sharing our learnings across the ASSC membership.

Key Meetings and Industry Engagement

Over the course of 2024, the ASSC has been actively involved in high-profile meetings with key industry stakeholders. These meetings included discussions with the Scottish Tourism Alliance, legal firms such as Brodies and Burness Paull LLP, Ministers and MSPs, as well as participation in international conferences in Athens, Paris, London and Barcelona, amongst others, not to mention activities closer to home including Islay. This has ensured that the self-catering sector’s voice is heard at all levels of policymaking, both domestically and internationally.

Looking Forward: 2024 and Beyond

2024 has been a year of both opportunity and significant challenge. The ASSC’s focus on advocacy, member engagement, sustainability, and financial prudence has allowed us to navigate this complex landscape.

As we move into 2025, the ASSC remains focused on navigating the uncertainties that lie ahead and resolute in its commitment to advocating for the self-catering sector. Our advocacy efforts will continue to prioritise regulatory reform, particularly concerning STL licensing and the Visitor Levy. We will also maintain our commitment to strengthening partnerships, providing members with critical marketing insights, and offer tailored resources to support members with the guidance and resources they need to thrive. Despite the many uncertainties ahead, the continued resilience demonstrated by the ASSC and its members positions us well to face the coming challenges. Our collective efforts will ensure that we continue to protect the interests of the self-catering sector, securing a sustainable future for this vital industry in Scotland.

Thank you for your continued support. The entire ASSC team looks forward to working with you all in the year ahead.

Fiona Campbell
CEO, Association of Scotland’s Self-Caterers
October 2024

