

Final Business and Regulatory Impact Assessment

Title of Legislation: The Health Protection (Coronavirus) (Restrictions) (Scotland) Amendment (No.6) Regulations 2020

Purpose and intended effect:

The UK Coronavirus Act 2020 received Royal Assent on 25 March 2020. The Scottish Government immediately used powers conferred by that Act to bring forward the Health Protection (Coronavirus) (Restrictions) (Scotland) Regulations 2020 (“the Principal Regulations”), to ensure that action to implement physical distancing and impose restrictions on gatherings, events and operation of business activity could be enforced. The Principal Regulations came into force on Thursday 26 March.

The Principal Regulations are reviewed at least once every 21 days and as soon as the Scottish Ministers consider that any restriction or requirement set out in these Regulations are no longer necessary to prevent, protect against, control or provide a public health response to the incidence or spread of infection in Scotland with coronavirus, the Scottish Ministers must revoke that restriction or requirement.

Policy Objectives:

On 21 May 2020 the Scottish Government published a route map setting out a phased approach to easing lockdown restrictions while still suppressing coronavirus (COVID-19). The route map recognises that the restrictions have a negative impact on people’s lives, such as increasing loneliness and social isolation, deepening inequalities and damaging our economy. And that, subject to the available data and evidence, these restrictions should be gradually and carefully eased.

Some changes to the lockdown restrictions are made by this instrument and are described below. Other changes have been made through Scottish Government guidance, available at www.gov.scot/collections/coronavirus-covid-19-guidance.

Title of proposal: Providing self-catering accommodation with no shared facilities or communal areas

Purpose and intended effect:

Background: The wider tourism sector will open on 15th of July. Scotland’s tourist industry has been particularly hard-hit by the pandemic. An assessment of levels of risk has suggested that self-catering accommodation without shared facilities or communal spaces poses lower risk of transmission of the virus.

There are estimated to be around 17,100 self-catering properties on the non-domestic rates valuation roll. Almost 10,500 of these are located in six predominantly rural local authority areas (Highland, Argyll & Bute, Dumfries & Galloway, Perth & Kinross, Eilean Siar, Scottish Borders), with over 1,700 also located in Edinburgh. It is anticipated that these are properties operating as part of small or micro-businesses.

In May 2019 there were an estimated 31,884 active Airbnb listings based on analysis of Airbnb listings data provided by Inside Airbnb. On average each listing generates around 52 visitors to Scotland. A recent research study on the community impacts of short term lets found that there were a number of local economic benefits related to this form of tourism.

Objective: To allow this sub-sector of tourism to operate at a slightly earlier stage will help enable recovery. A number of local economic benefits have been found from short-term lets / self-catering

accommodation. <https://www.gov.scot/publications/research-impact-short-term-lets-communities-scotland/pages/1/>

Rationale for Government intervention: Tourism has been the first and hardest hit by the coronavirus pandemic, and will be the slowest to recover. Almost all activity in the sector ceased as of mid-March, with introduction of formal lockdown arrangements. Industry intelligence indicates that businesses within the accommodation and food services sector, which constitute a substantial portion of tourism businesses, have experienced challenging cashflow conditions since lockdown.

Within the accommodation sector, self-catering properties are anticipated as being more aligned with social distancing requirements, as they offer less opportunity for non-household interaction. Allowing self-contained self-catering accommodation – with no shared facilities or communal areas to open on 2 July will allow this lower-risk sub-sector of tourism to operate. This will be of benefit to the operators directly, but will also allow for the potential of wider benefits from tourist expenditure to begin to be restored within areas where the properties are located in the peak summer season, at point at which 5 mile limit on travel for leisure purposes is removed (4th July).

Consultation:

Public Consultation

No public consultation has been undertaken.

Business

There has been regular and ongoing engagement with business groups during the period of lockdown on a wide range of business issues, including distancing, including the Association of Scotland's Self-Caterers and the Scottish Tourism Alliance. The Scottish Tourism Emergency Response Group, of which the STA is a member, also produced industry guidance on reopening.

Options:

Do Nothing: relevant properties remain unable to open, until other property types are deemed able to do so (currently 15th July).

- Benefits: consistency of treatment of properties across accommodation types.
- Costs: continued payment of fixed costs by operators; foregone revenue resulting from lockdown, which is potentially misaligned with risk of further transmission of virus associated with use of these premises; potential for 'lost' revenue to competitors outwith Scotland because of differing opening times.

Option 1: permit self-catering properties with no shared facilities or communal areas to open for business should they wish to do so, in compliance with existing guidance and legislation.

- Benefits: opportunity to generate revenue earlier than would otherwise be the case; opportunity for earlier visitor expenditure within local economies where properties are located.
- Costs: compliance costs to operators, arising from compliance with legislation and guidance, to reassure visitors and prevent onward transmission.

Scottish Firms Impact Test:

Not yet undertaken due to lockdown.

Competition Assessment:

N/A

Consumer Assessment:

Not yet undertaken due to lockdown.

Test run of business forms:

Not yet undertaken due to lockdown.

Digital Impact Test:

N/A

Legal Aid Impact Test:

N/A

Summary and recommendations:

Due to their self-contained nature, self-catering accommodation (without shared facilities or communal areas) should be permitted to operate at a slightly earlier stage than other forms of tourist accommodation. Risks of transmission of the virus will also be mitigated through adherence to the sector guidance which was published on 18 June and recommended enhanced cleaning protocols. Allowing his lower-risk sub-sector of tourism to operate and benefit from at least part of what would normally be the peak summer season should bring wider local economic benefits.

Title of proposal: Selling food and drink for consumption on the premises.

Purpose and intended effect:

Background

Job number is 140,860 for this sector and 11,235 are affected by these measures.

There is little in the way of specific details on costs for adaptations that we have. Adaptations will be to facilitate physical distancing and we would anticipate that major costs could involve screening. In addition to the PPE already mentioned, there may be additional licensing/planning application costs, but we hope local authorities will keep these to a minimum. There may also be costs for additional toilet facilities for outdoor venues and costs for additional stewarding when events begin to open up. Supply chain costs may increase due to supply chain impacts (reduced number of suppliers; additional transport costs etc.)

The impact of the virus has meant that the sector has been closed almost entirely since lockdown, with severe economic impacts both for the industry itself and for individual businesses. Employment in the Sustainable Tourism growth sector stood at 218,000 in 2018, accounting for 8.3% of employment in Scotland. The sector has also seen one of the highest numbers of staff furloughed (as an employment share) under the Job Retention scheme and so subsequent risk of unemployment is high if the sector does not open soon and if support schemes are withdrawn as planned in October by the UK Government. However, the share of pubs and restaurants with outdoor space is not known but is likely to be the minority and so the main economic impacts of re-opening this sector will only come when all

pubs and restaurants open. Recovery in this sector will also depend on whether consumer demand returns which in part will depend on perceptions of safety.

Options:

| Options | Set out specific requirements for businesses | Types of Costs | Types of Benefits |
|--|--|---|---|
| Option 1 - Implement as stated [restart] | PPE | Costs of implementing requirements, along with additional licensing and planning application costs. | Safe re-opening. |
| | Physical distancing | Reduced capacity and costs associated with screening | Economy gradually picks up |
| | Change to business models <i>Supply chain costs may increase due to supply chain impacts (reduced number of suppliers; additional transport costs etc.)</i> | Lower demand and supply chain impacts | Ability to sustain business and employees albeit on a reduced level. |
| Option 2 – do nothing [do not re-start] | None | Loss to revenue Jobs at risk | No increased health risk. |

Implementation and delivery plan and post-implementation review:

Funding to the sector as above. Sector guidance published 18th June.
Tourism Recovery Taskforce now set up and will meet for the first time on 25th June.

Summary and recommendations:

Limits risk of spread of virus.
Supports the safe recovery of the sector.

Additional costs of PPE and training on business, especially as likely high demand for former. Reduced number of customers due to physical distancing. Adaptations will be to facilitate physical distancing and we would anticipate that major costs could involve screening. In addition to PPE above, there may be additional licensing/planning application costs, but we hope local authorities will keep these to a minimum. There may also be costs for additional toilet facilities for outdoor venues and costs for

additional stewarding when events begin to open up. Supply chain costs may increase due to supply chain impacts (reduced number of suppliers; additional transport costs etc.)

Declaration and publication

Sign-off for BRIA:

I have read the Business and Regulatory Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the measures set out in the regulations and guidance. I am satisfied that business impact has been assessed with the support of businesses in Scotland.

Signed: Michael Russell

Date: 2nd July 2020

Minister's name: Michael Russell

Minister's title: Cabinet Secretary for Constitution, Europe and External Affairs.