

WRITTEN RESPONSES TO COMMITTEE'S QUESTIONS ON SHORT-TERM LETS IMPLEMENTATION UPDATE

The Committee invited stakeholders to respond in writing to the questions below. 18 responses were received and are reproduced below.

Questions

1. Did you know that the Scottish Government was gathering views on the operation of the short-term let licensing regime? If so, did you submit views to the Scottish Government?
2. Has this review¹ addressed any fundamental concerns you have about the design and operation of the short-term let licensing regime? If not, what issues should any future review consider?
3. The report sets out a series of relatively minor changes to the licensing regime and other "next steps", notably the establishment of an Expert Group. Do you have any comments on these proposed changes and next steps?
4. Whilst it is difficult to draw firm conclusions about the short-term lets licensing scheme at what remains a relatively early stage, what impact do you think it has had on:
 - Visitor numbers in Scotland;
 - The number of short-term lets;
 - The safety and quality of short-term lets; and
 - The experience of communities living near short-term lets.

Aberdeenshire Council

Q1) Yes. The STL team have Officers regularly attending the Scottish Housing Network (SHN) forums on STL Licensing. Hosted by SHN and with Scottish Government officers in attendance. Aberdeenshire Council also have participating members of the smaller STL Operational Improvement Group (STLOIG) and licensing solicitors attending the SOLAR meetings.

Q2) Aberdeenshire Council support the positive new measures introduced within the Amendment Order 2024 specifically in relation to exemptions for fostering arrangements, exclusion of guest rooms within certain supported or care premises and the requirement for safety information to be displayed and/or made available to guests relating to mobile heaters and the detector warning systems. The Amendment Order provides detailed yet clear advice for Local Authorities.

The short timescale for the introduction of the final approved Amendment Order (during the transitional period to process existing applications) will pose

¹ There was an error in the questions that were originally sent to stakeholders which referred to the implementation update as a "review." The Scottish Government previously committed to undertaking a review of the licensing regime but has been clear in its terminology not to refer to the update as a review as it believes it is premature to review the legislation when still in the transitional implementation phase and there is insufficient data available. The clerks emailed stakeholders before the deadline to clarify the wording and to apologise for any confusion this may have caused.

issues for Licensing Authorities to enable full implementation following the commencement date of 30th August 2024. It will take time to amend policy, guidance and templates, for ICT to make the required amendments to online and internal systems and the introduction of fees which require to be reported and agreed at forthcoming Committee. However, the Order does not specify a timescale for implementation.

The new function being 'Transfer of Licence' has raised concerns with the national and local STL forums and within the legal members of SOLAR. These concerns were raised at a very early stage.

Q3) Whilst we would welcome open discussion and the formation of an expert group, the attendees should also include local authority officers with the knowledge and practical experience of the licensing scheme. However, concerns are raised regarding the expression of views as the licensing scheme still attracts high levels of dissatisfaction amongst hosts and groups. A clear 'terms of reference' from the outset would assist.

Q4)

- Visitor numbers in Scotland;

Unknown. Whilst these figures have not been discussed during the STL forums, there are other tourism and similar groups that meet with SHN and Scottish Government officers.

- The number of short-term lets;

Aberdeenshire Council have received and processed around 1150 licence applications. Prior to the licensing scheme being introduced, the estimate of licensable premises within Aberdeenshire was around 2000. With the transitional period due to end at the beginning of October, proactive enforcement will identify additional premises currently in operation that are not licensed. A '4 E' approach will be utilised by Aberdeenshire.

- The safety and quality of short-term lets; and

The STL licensing scheme has increased awareness to both hosts and guests on the requirements for the premises including facilities and documentation. This includes the necessary insurance certificates and safety documents including electrical and gas certificates and legionella testing. In addition, there are the requirements to ensure that the property has the appropriate smoke detection and carbon monoxide alarms (to meet the Repairing Standard) and the legal obligation to meet the regulations relating to private water supplies.

The standard of STL applications highlighted to local authorities that existing hosts did not already provide these levels of safety. Within Aberdeenshire, a number of properties on private water supplies had not been tested previously and are now considered 'regulatory supplies', therefore, annual testing will ensure standards will not fall.

Whilst the majority of hosts agree that the Mandatory Conditions include such safety requirements, they do not agree that EPCs (Energy Performance Certificates) are necessary. Short-term lets are not a main residence, are not occupied for extensive periods of time and do not provide any safety provisions.

- The experience of communities living near short-term lets.

Aberdeenshire Council have received very few objections through the requirement for hosts to display a public notice as part of the application process. Where issues have been raised, engagement with complainants at an early stage, mitigation and the inclusion of additional licensing conditions have enabled the licenses to be determined and approved. The subject of 'overprovision' has been raised within communities. Whilst Aberdeenshire Council did not introduce control zones, this will be kept under review. A more accurate accounting of STL numbers will be available following proactive enforcement.

ALACHO

In general terms we agree with the Scottish Government that it is too early to make any proper assessment of the impact of the scheme though we would say that it is clear that none of the direst predictions of the industry bodies about the loss of tourist accommodation have materialised. To the extent that there have been delays in processing the applications from existing operators this has, in some measure, been caused by the decision of many operators to delay making an application until the last minute.

As you know, we have previously argued that the Civic Government Act isn't the best framework for regulating accommodation-based services, which is why the HMO licencing Scheme is now set out in bespoke legislation rather than the original Civic Government Act based scheme.

Turning to your specific questions, I can find no record of us being contacted by the Scottish Government in relation to their review of the scheme. I confess I find that odd, they have been fairly good at talking to us about this, so it may be an issue with my filing system I'm afraid.

Looking at the report that the SG has produced, I'm not sure it was intended to address fundamental issues, it's a review of progress and issues raised. The responses all seem reasonable enough as far as they go but there is a continuing concern around the lack of a clear purpose for regulation of the commercial use of residential accommodation as whole. I'm not sure we're clear that the planning system, the regulation and licencing for private renting and the licencing of short term lets are operating consistently and are supporting clear housing market objectives as well as delivering the level of safeguards needed in relation to consumer protection generally and in combatting serious and organised crime in particular.

As we have noted before, regulatory systems that are designed to keep the "good guys" happy simply create space and opportunity for bad actors. Police Scotland will confirm that property, including rented property is the principle focus for serious and organised crime groups and is associated with, people trafficking, modern slavery, dugs, money laundering the sex industry and, in our view, too little attention has been paid to addressing these harms.

In the same context there is more to being a "bad" landlord/host than just failing the fit and proper person test. We probably need to be clearer on the scale and severity of the harms that regulation is addressing.

Officials in the SG can be very focused on “A1P1 rights”, which is, to a degree, understandable but business assets aren’t in the same category as “homes” from a human rights perspective (businesses don’t have human rights, they aren’t humans) and there are identifiable risks of harm, individual, economic and social from an unregulated and weakly managed private rented and short term let sectors.

Setting these more fundamental issues aside for now, the proposed changes make sense as tweaks and improvements.

We would support the establishment of an “expert group” subject to being clear about membership, role and behaviours. To the extent that it would improve transparency around the consultation process, it would be helpful.

On question 4, the impacts regulation, it really is too early to say. To the extent that change will happen over the next few years, we also need to keep in mind changes in the housing market and in particular the extent to which the ownership of capital, as much as borrowing power, is now driving the house sales market. There is some evidence that investor buyers are starting to exert an increasing level of influence over the market.

There are also changes being made by HMRC to the tax treatment of short term lets/self catering accommodation that could have a negative impact on investors in the sector as the tax treatment is brought into line with other sectors.

Similarly, we do need to think about the current position in relation to council tax and business rates, as things stand it appears that smaller operators can avoid both and make no contribution to local services. That seems to be fundamentally unfair.

I hope these brief comments are helpful.

Association of Scotland’s Self-Caterers Written Evidence to Local Government, Housing and Planning Committee: Short-Term Let Licensing Implementation Update Report

Introduction

The ASSC appreciates the opportunity to provide written evidence to the Local Government, Housing and Planning Committee on the Scottish Government’s Short-Term Let Implementation Update Report. The Committee’s focus on this report is timely and will enable a closer examination of what has been produced.

Unfortunately, there remain a number of outstanding challenges relating to the Scottish Government’s short-term let licensing scheme. These have been

repeatedly expressed to Ministers and officials but sadly to no avail.² The self-catering sector faces the same issues that we have highlighted to your Committee on previous occasions, including most recently in February 2024 and May 2024,³ which the Implementation Update Report and its next steps will do nothing to address.

Executive Summary

1. **Awareness of Licensing Regime Feedback:** The ASSC (Association of Scotland's Self-Caterers) is aware of the Scottish Government's initiative to gather views on the short-term let (STL) licensing regime and has actively participated by submitting their opinions.
2. **Concerns Regarding Review of Licensing Regime:** The review has not adequately addressed key concerns. The ASSC criticises the government for downplaying the issues faced by small business owners, especially the detrimental effects of complex licensing and planning requirements. The conflation of these two areas is a significant barrier, and legislative amendments are needed to clarify their separation. The ASSC emphasises that future reviews must focus on evidence-based outcomes, addressing impacts on affordable housing, safety, anti-social behaviour, small business viability, local economies, and the tourism sector.
3. **Proposed Changes to Licensing Regime:** The ASSC appreciates engagement with the government but is sceptical about the effectiveness of new expert groups formed to address STL regulations. We stress the need for these groups to deliver actionable outcomes rather than just engage in discussions. The focus should be on tangible benefits that directly address industry challenges.
4. **Impact of the STL Licensing Scheme:**
 - **Visitor Numbers:** The self-catering sector is crucial to Scottish tourism but guests face challenges due to rising accommodation costs and reduced availability caused by the licensing scheme. This has affected both domestic and international tourism.
 - **Number of Short-Term Lets:** Reliable data on the number of STLs is lacking. The government estimated 32,000 STLs, but a significant number may no longer be operational due to regulatory burdens. Recent data shows a decrease in self-catering units across Scotland, especially in urban areas.
 - **Safety and Quality of Short-Term Lets:** Professional operators were already regulated, but unlicensed rentals have proliferated, undermining regulatory efforts. Blanket bans in other cities have led to black markets.
 - **Community Impact:** Professional self-caterers contribute positively to local communities and do not hollow them out as often alleged. The reduction in licensed STLs has economic

² For instance, here are some of our policy recommendations from earlier this year: <https://membersite.assc.co.uk/wp-content/uploads/2024/02/Implementation-Update-Recommendations.pdf>

³ See: <https://membersite.assc.co.uk/wp-content/uploads/2024/02/ASSC-letter-to-LGHP-Committee-9.2.24.pdf>; and <https://www.parliament.scot/-/media/files/committees/local-gov/correspondence/2024/assc.pdf>

implications and may lead to increased competition for limited accommodation, driving prices up.

Broader Implications

- The ASSC raises concerns about legal failures in STL regulations that affect councils across Scotland. Many operators face increasing financial and regulatory burdens, which threaten their businesses and mental well-being. The current regulations have not effectively addressed housing shortages or anti-social behaviour, leading to calls for substantial reforms to ensure regulations are fair, justifiable, and supportive of the tourism sector.
- The self-catering sector needs clarity and consistency in the licensing process and calls for collaborative efforts between the government and businesses to create effective public policy that benefits all stakeholders involved in the self-catering industry.

Demographics of Self-Catering Operators

- **Female Representation:** Approximately **70%** of self-catering property operators are women, highlighting the sector's role in promoting female entrepreneurship.
- **Age Profile:** About **60%** of operators are aged **55 and over**, indicating that many are experienced individuals contributing to the economy later in their careers.
- **Property Ownership:** **55%** of operators manage only one property, suggesting that many participants are small-scale operators, which can enhance local economies by providing diverse accommodation options.

Guest Demographics

- **Non-Tourist Guests:** Only **40%** of guests staying in self-catering properties are tourists. This highlights the versatility of the sector, as it also accommodates:
 - Individuals displaced by natural disasters (e.g., fires, floods)
 - People relocating for jobs or other reasons
 - Key worker accommodation
 - Business travellers seeking flexible accommodation options

Economic Impact

The self-catering sector not only provides accommodation, but also supports local economies through:

- **Job Creation:** By employing staff and supporting local services (cleaning, maintenance, etc.).
- **Increased Local Spending:** Guests shop, dine, and engage in local attractions, benefiting surrounding businesses.

- **Community Resilience:** By providing accommodation for those in need, the sector enhances community stability and resilience in times of crisis.

Sectoral Data Analysis

Whilst the Scottish Government has no secured data on the impact of the introduction of STL regulations, the ASSC is committed to providing evidence from industry to inform the ongoing review.

The self-catering sector makes a significant economic contribution playing a vital role in local economies, driven largely by female operators and a diverse range of guests, while also providing critical support during emergencies and transitions.

In April 2024, the ASSC undertook a survey⁴ which formed part of the New Deal for Business activity to support 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 survey of 531 respondents, highlights significant negative impacts of the Scottish Government's STL regulations on tourism businesses, particularly those in rural and island locations.

Key findings include:

- **Negative Business Impact:** 77% of respondents reported a negative or extremely negative effect on their operations, with 86% stating that the regulations stifled innovation and 72% saying it reduced competitiveness.
- **Public Perception:** 64% said the regulations have damaged how their business is perceived by the public.
- **Business Confidence:** 82% noted severe damage to business certainty and confidence due to the regulations.
- **Inconsistent Fees:** Significant variation in STL licensing fees across Scotland was reported, with some businesses paying up to £2,500 for a license for a single property. Total compliance costs, including licensing and planning applications, can reach as high as £9,000.
- **Financial Burden:** 82% of respondents described the financial burden as detrimental or significantly detrimental, while 12% called it devastating.
- **Administrative Burden:** 92% reported significant administrative challenges, with 82% noting additional strain on relevant authorities.
- **Policy Failure:** 46% of businesses believe the regulations have not improved health and safety, and 70% say they failed to address anti-

⁴ <https://www.assc.co.uk/news-items/survey-results-the-impact-of-scottish-government-regulations-on-business>

social behaviour. Additionally, 88% do not believe the regulations have successfully returned housing stock to residential use.

Overall, the results show widespread dissatisfaction, with businesses calling for more proportionate, consistent, and fair regulation to avoid further harm to the sector.

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.

In April 2024, the ASSC conducted a Barometer Survey⁵ to assess the state of the self-catering sector amid the new legislative changes and economic shifts. The survey gathered 622 responses, primarily from small operators, with 60% based in rural areas or islands and 74% managing 1-2 properties. It covered 7,264 bed spaces across 1,889 properties.

Key findings include:

- **Declining Occupancy:** 30% of respondents reported fewer guests, and 29% noted a decrease in turnover compared to the previous year. Occupancy rates dropped by 11%, with 61% of businesses having less than 25% occupancy in early 2024.
- **Regulatory Burden:** In April, 96% had applied for STL licences, but 45% were still awaiting approval, highlighting significant delays and administrative strain.
- **Business Viability:** 9% of operators plan to cease operations by 2024, with 30% uncertain about their future, and 7% intending to downscale.
- **Concerns About Economic Pressures:** 88% of respondents are worried about the cost of living, 84% about the Visitor Levy, and 75% about the abolition of the Furnished Holiday Let (FHL) regime. STL licensing is a concern for 73%.
- **Local Economic Contribution:** Over half (51%) of businesses spend more than 75% of their operating expenses locally, underscoring their role in supporting nearby economies.

The survey paints a picture of a struggling sector, facing multiple challenges from legislative and economic pressures that may threaten its sustainability.

Recent Developments

Before dealing with the Committee's questions, it is pertinent to notify you on some recent developments further to our last submission. Across Scotland,

⁵ <https://www.assc.co.uk/policy/barometer-survey-results-spring-2024>

legally unsound short-term let policies are coming unstuck – both at City of Edinburgh Council⁶ and The Highland Council.⁷

i. City of Edinburgh Council

Legal opinion was issued on 30th August 2024 to City of Edinburgh Council containing senior counsel James Finlay KC's opinion that the Council's approach to issuing 3-month suspension notices are unlawful.⁸ In summary, the opinion found:

1. the Council is taking a blanket and arbitrary approach without giving proper consideration to the particular circumstances of each application;
2. there is no rational basis upon which the Council could base its decision to suspend consideration of an application based solely from the information in the Licence Application (or elsewhere in the various assessments);
3. the Council has unlawfully imposed an onus on applicants to demonstrate they have planning permission or have a lawful use (which may include still effectively operating on the basis short-term let control areas are retrospective, contrary to Lord Braid's opinion); and
4. the reasons given were defective.

As a consequence, Edinburgh Council has now rescinded the Suspension Notices and the Council also indicated that **“Licences will now be issued in respect of those suspended applications which were otherwise complete and have no other outstanding issues to be determined.”** The additional indication that licences will be granted is an extremely positive development. This also has implications for similar requests being made in other council areas.

We hope this opinion will assist authorities to clarify their obligations, making it clear there is no overriding requirement for a licence to 'prove a negative' in relation to planning at the point of application. We also hope this opinion will simplify the licence determination process, allowing for the prompt issue of a licence for applicants where all other conditions are met.

Importantly, there is no onus for applicants of short-term let licences to prove their compliance with planning laws during the application process. The burden to determine if a planning permission breach exists lies with the licensing authority, not the applicant. Therefore, a request for a certificate of lawfulness or planning permission based on information contained within a licence application alone would be unlawful. The only exception to this would

⁶ See: <https://www.scottishhousingnews.com/articles/edinburgh-withdraws-suspensions-for-short-term-let-operators-with-no-proof-of-planning-permission>

⁷ See: <https://www.strathspey-herald.co.uk/news/major-victory-for-campaigners-over-highland-council-s-contro-362282/>

⁸ The full legal opinion can be accessed here: <https://assc.flywheelsites.com/wp-content/uploads/2024/09/Senior-Counsels-Opinion-CEC.pdf>

be within a control area where the applicant's use has commenced after the date of control area designation.

The opinion also addresses the mandatory conditions (specifically Condition 13 of Schedule 3) of the Licensing Order. This condition applies only if it has been definitively established that planning permission is required. However, it does not place an onus on an applicant to demonstrate what the planning position is when making a relevant application.

The opinion emphasises the need for rational and evidence-based decision-making by licensing authorities and confirms that there is no statutory burden on applicants to prove planning compliance at the time of applying for a short-term let licence. This clarification supports the rights of applicants and underscores the responsibilities of licensing authorities in the regulatory process.

While the ASSC is obviously delighted that City of Edinburgh Council has been pushed to reverse its position on three-month suspensions, we must reflect on why we are here. Despite countless engagements with Scottish Government Ministers and officials spanning years, the legislation which has been forced on the short-term let sector in Scotland is, once again, shown to be not fit for purpose and has enabled unlawful policies. This is now the third successful challenge to the legislation in the capital and there are ramifications for elsewhere.

Judicial Review 2:

In December 2023, Lord Braid ruled in favour of Iain Muirhead and Dickins Edinburgh Limited's Judicial Review regarding the City of Edinburgh Council's (CEC) Short-Term Let (STL) Planning Control Area, declaring the Council's approach to planning permission for STLs as "unfair and illogical." The ruling found that CEC's application process discourages existing STL operators from applying for a licence and that changes in approach are necessary.

Crucially, the court determined that Section 26B of the STL regulations, which requires planning permission for STLs in control areas, does not apply retrospectively. This means that operators who established their business before the STL area designation are not subject to these requirements. This decision affects STL operators throughout Scotland, impacting other proposed control areas like Highland Council's Badenoch & Strathspey region.

Additionally, the court criticised CEC's STL application form, which Lord Braid noted actively discourages applicants, failing to recognise cases where planning permission isn't required. CEC were directed to revise its policy and guidance in light of this ruling, with broader ramifications for future STL regulations in Scotland.

Judicial Review 1:

In June 2023, the Court of Session found that City of Edinburgh's short-term let licensing policy was unlawful regarding their rebuttable presumption against granting a licence, amongst other matters.

The action was brought by four petitioners, all members of the ASSC, who all bore huge personal costs, financial and emotional, and have shown tenacity and perseverance throughout.

In addition, upwards of 1,000 people donated more than £300,000 to the largest Crowdfunder in Scottish legal history, illustrating just how important this action was to the entire sector.

The ASSC has long maintained that the Council's policy amounted to a de-facto ban on short-term lets in Edinburgh and would damage a key component part of the city's economy for no discernible benefit.

Aside from his verdict on rebuttable presumption, Lord Braid also found the Council's policy was unlawful in respect of the lack of provision for temporary licences, as well as the stipulation about floor coverings for all secondary lets. Significantly, Edinburgh's policy breached the Provision of Services Regulations 2009.

This decision should not be viewed as a matter for City of Edinburgh Council alone as it clearly has wider implications for the Scottish Government's short-term let regulations and seriously calls into question whether licensing can survive in its current form.

ii. The Highland Council

The ASSC shared a legal opinion from James Findlay KC with The Highland Council on 29th August 2024. Having considered this, as well as taking their own legal advice, the Council has now (26th September) told us that they will now review and update elements of their short-term let policy.

This means that short-term let licence applications that were submitted before the commencement of the STL Control Area on 4th March 2024 will be processed without the Council requiring evidence that planning permission has been applied for, is in place or is not required. The Council's guidance will be updated shortly and they will contact all applicants whom they requested such evidence from to confirm that they will proceed with their licence application.

This confirmation comes just days before the 12-month anniversary of the implementation of licensing. Hundreds of applicants are yet to have been granted a licence, despite in many occurrences, having been running legitimate self-catering businesses for years. The mental strain that this situation has forced on operators cannot be underestimated.

It should never have come to this had the insights from industry about a fair, legally sound and proportionate regulatory framework been acted upon. The Scottish Government's legislation was flawed from the very outset. However, the ASSC stands ready to work with both national and local government to iron out the significant deficiencies and overcome the outstanding challenges.

Committee Questions

1. Did you know that the Scottish Government was gathering views on the operation of the short-term let licensing regime? If so, did you submit views to the Scottish Government?

The ASSC has been in regular dialogue with the Scottish Government on matters pertaining to the operation of the short-term let licensing scheme, so were aware of this evidence gathering process and continue to submit our views accordingly.

2. Has this review addressed any fundamental concerns you have about the design and operation of the short-term let licensing regime? If not, what issues should any future review consider?

In short: no.

We considered many aspects of the implementation update report to be complacent and that it did not accord with the lived experience of many small business owners whose livelihoods are at risk due to the government's regulations, particularly with the interaction between planning and the licensing scheme. Indeed, we were particularly taken aback by the following statement in the implementation update report: *"Data obtained from planning authorities does not indicate that planning is hindering determination of licence applications."*

In fact, by far the biggest obstacle to the successful implementation of STL licensing is onerous dual licensing and planning requirements, which we have evidenced to the LGHP Committee previously⁹. 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 achieved¹⁰, including providing legal opinion on the matter.¹¹ 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.

⁹ <https://www.assc.co.uk/representation/the-conflation-between-planning-and-licensing>

¹⁰ <https://www.assc.co.uk/policy/assc-response-to-implementation-update-for-short-term-let-licensing-february-2024>

¹¹ <https://membersite.assc.co.uk/wp-content/uploads/2024/02/MEMORANDUM-OF-ADVICE-Civic-Government-Scotland-Act-1982-Licensing-of-Short-Term-Lets-Order-2022.pdf>

Any review undertaken must be grounded in a thorough and evidence-based understanding of the impacts of the legislation. It is essential to establish clear, measurable outcomes that assess both the successes and unintended consequences of licensing and planning policies across Scotland. These outcomes should provide quantifiable insights into:

- **Impact on affordable housing:** Data should be gathered to assess whether policies have increased or decreased access to affordable housing and to what extent.
- **Improvement to safety within the sector:** Clear safety benchmarks should be established to measure the effectiveness of policies in improving safety standards for guests.
- **Reduction of anti-social behaviour:** Metrics on the prevalence of anti-social behaviour incidents pre- and post-legislation should be evaluated to determine progress.
- **Effect on small accommodation businesses:** The number of business closures should be tracked, with further analysis on the causes, particularly how policies may have contributed to closures.
- **Impact of business closures on local economies:** The economic impact of these closures on local communities should be measured, including employment rates, local spending, and related economic activities.
- **Impact on the tourism sector:** Data collection should evaluate how tourism-dependent areas are affected, including any changes in visitor numbers, accommodation availability, and overall economic performance of the tourism industry.

By focusing on measurable outcomes, the review can offer a comprehensive understanding of the legislation's impact, allowing for adjustments to address any unintended consequences and further support policy objectives.

However, rather than further reviews, the sector would far prefer action to address the repeated concerns of industry which have been highlighted throughout the regulatory discussions with the Scottish Government.

3. The report sets out a series of relatively minor changes to the licensing regime and other “next steps”, notably the establishment of an Expert Group. Do you have any comments on these proposed changes and next steps?

The ASSC values its ongoing engagement with the Scottish Government and is committed to remaining a constructive partner. However, we have seen the formation of several expert groups since discussions on the regulatory framework began. While these groups have provided a platform for dialogue, we believe it is essential that the newly proposed Expert Group move beyond discussions and focus on delivering measurable, actionable outcomes.

Government and business engagement must go beyond a series of meetings; it should prioritise delivering tangible benefits for stakeholders. This requires concrete actions that address the pressing challenges industry has identified.

The Expert Group should be tasked with producing clear, measurable outputs that can be tracked over time to ensure the solutions are effective and that the regulations are fair, balanced, and legally sound.

More talking and incremental adjustments will not save businesses currently at risk of closure. We need robust, outcome-driven solutions that provide stability for businesses, protect jobs, and ensure that the regulatory framework works for all stakeholders involved.

4. Whilst it is difficult to draw firm conclusions about the short-term lets licensing scheme at what remains a relatively early stage, what impact do you think it has had on:

- **Visitor numbers in Scotland;**
- **The number of short-term lets;**
- **The safety and quality of short-term lets; and**
- **The experience of communities living near short-term lets.**

Visitor numbers in Scotland

Self-catering is hugely important to Scottish tourism in terms of jobs, revenue, and the world-class experiences we're able to offer our guests. To be such an essential part of Scotland's tourism mix is even more remarkable for our sector, which generates £1bn per annum when we consider that most self-caterers operate small or micro businesses.

At the present time, it is difficult to discern the precise impact of short-term let licensing on visitor numbers. While international visitor numbers to Scotland have reached pre-pandemic levels, the state of our domestic market – which makes up 70% of those holidaying in Scotland – remains fragile.

However, various tourism organisations including the Scottish Tourism Alliance, Scottish B&B Association, UK Inbound and the Scottish Independent Tour Operators Association have all previously submitted data to the LGHP Committee.

The Scottish Tourism Alliance (STA) expresses concerns regarding the detrimental impact of the Short-Term Lets (STLs) Licensing Scheme on Scotland's tourism sector, citing rising accommodation costs and reduced availability.

The STA highlights that rising costs and accommodation shortages are pushing international tour operators and events to consider alternatives outside of Scotland. Notably, the Scottish Independent Tour Operators Association and Scottish Inbound Golf Tour Operators' Association report difficulties in securing affordable accommodations, particularly in remote regions.

The Scottish Bed & Breakfast Association (SBBA) has consistently advocated for a streamlined, low-cost, national registration scheme for tourism accommodation to ensure health and safety compliance. However, the

Scottish Government's decision to implement 32 local STL Licensing schemes has led to fragmented, inconsistent, and disproportionately costly processes for small businesses. Many B&B operators, who already comply with regulations, now face unnecessary bureaucratic hurdles and financial strain.

The STL Licensing system has exacerbated economic challenges for B&Bs and guesthouses, reducing business viability and leading to closures, particularly in rural communities. A recent SBBA survey reveals that STL Licensing costs B&Bs an average of £2,147, with 76% of members reporting that it has harmed their businesses. Additionally, inconsistent council enforcement, excessive fees, and arbitrary requirements have made the process burdensome.

Their submission concluded by highlighting the broader economic damage and the need for Scottish Government reform to create a fair, balanced, and proportionate regulatory framework for the tourism sector.

The Scottish Independent Tour Operators Association (SITOA) highlights two major negative impacts of STL regulations on their sector. Firstly, the reduced availability of guesthouses and B&Bs has caused accommodation prices for tour guides to soar, particularly in the Highlands. Costs have doubled, with standard accommodations now costing £250 per night. Secondly, there is increased competition for limited accommodation, driving up prices for tourists as well. This, coupled with other financial pressures, makes the current business model unsustainable for tour operators. There is growing concern that international visitors, particularly from North America, are noticing the rising costs, which may deter them from visiting Scotland in the future.

UK Inbound echoes similar concerns. Scotland's inbound visitor economy has been successful for many years, but its rising accommodation costs and limited availability are now undermining its price competitiveness on the global stage. With the UK already ranked 113th out of 119 countries for price competitiveness, there is a significant risk that high-value international visitors will choose other destinations perceived as offering better value, further harming Scotland's economy. Both organisations urge the Scottish Government to reconsider the STL legislation to prevent long-term damage to the tourism sector.

Scotland needs a balance of different types of tourist accommodation to reflect modern consumer preferences. Self-catering has always been an integral part of our tourist ecosystem and offers an experience that more traditional forms of accommodation cannot provide. If Scotland cannot offer a wide and diverse range of quality options for visitors, consumers will simply vote with their feet. Furthermore, it is important to consider the accumulative regulatory burden on operators: the costs of both STL planning and licensing adherence will be passed onto consumers, alongside any future local visitor levy taken forward by councils, then we run the risk of undermining the competitiveness of our tourism offering.

The number of short-term lets

It is unfortunate that we still do not have reliable data on the number of STLs, as this quote from the implementation update report highlights: *“While we now have official statistics on the number and characteristics of short term let licensing applications, it is important to note this is still a provisional and partial dataset. In the last year or so, new data sets have also been published that could potentially provide useful information about trends in the short-term let sector. However, these are not directly comparable with each other or our official statistics.”*

Indeed, the lack of robust data has been an issue throughout the regulatory discussions. The Scottish Government originally estimated in their BRIA that there were 32,000 short-term lets across Scotland – this begs the question as to what has happened with the remaining thousands of 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.

i. Scotland-Wide

Data from the Scottish Assessors Association shows a steady reduction in self-catering units on non-domestic rates in Scotland between 2019 and September 2024. Across different regions, there have been varying degrees of decline:

- **Highlands & Western Isles:** The number of units decreased by 4%, from 5,580 in 2019 to 5,351 by September 2024.
- **Lothian:** A significant reduction of 25%, with units dropping from 1,870 in 2019 to 1,407 by September 2024.
- **Glasgow City:** The most substantial decline of 47%, from 200 units in 2019 to 109 by September 2024.
- **Edinburgh:** A 22% drop, from 1,353 units in 2019 to 1,052 by September 2024.
- **Overall in Scotland:** There has been a 5% reduction in units, from 17,794 in 2019 to 16,894 by September 2024.

This trend reflects a consistent decline in self-catering units across most regions in Scotland over this period.

This only accounts for businesses on NDR and does not account for B&Bs, guest houses or ‘unconventional accommodation’. In the Housing Minister’s own constituency, we have witnessed a 17% drop in the number of STLs in East Lothian, the biggest decrease seen in the UK.¹²

¹² <https://www.edinburghlive.co.uk/news/edinburgh-news/east-lothian-sees-biggest-fall-29730126>

ii. Localised Impact: Edinburgh

If we look at a more localised level, in Scotland's capital, where we find the most acute situation. We note that since the introduction of licensing, fewer than 2,000 full-time secondary let short-term let licenses have been applied for. This represents a dramatic 85% reduction from the 12,000 short-term lets originally predicted by Edinburgh Council, all of which are now under the direct oversight of the Council as potential compliant licensed operators. However, to date, fewer than 400 full-time short-term lets have been granted either full planning consent or a certificate of lawfulness.

Alarmingly, since the introduction of licensing, over 97% of short-term let change of use planning applications have been refused. Moreover, 100% of applications for certificates of lawfulness based on no material change of use have been rejected. The vast majority of those with planning consent to operate have obtained certificates of lawfulness solely because they are now immune from enforcement, leaving the Council with no option but to grant these applications. If this trend continues, there could foreseeably be under 500 short-term let 'secondary let' short-term let properties remaining in Edinburgh with planning consent.

Under 500 entire property STLs is insufficient to meet the needs of Edinburgh's many events, workers, and visiting relatives requiring temporary residential accommodation. For example, during Festival season, it is estimated that 18,000 workers (excluding tourists) require 400,000 bedspaces. Short-term let accommodation is essential for the city to thrive—not just for tourists, but for business professionals, corporate relocations, families displaced by emergencies, people visiting relatives in hospital, festival production staff, performers, and others for whom a hotel does not provide the necessary facilities and independence. Even if all those who applied for a licence were granted planning consent, 2,000 secondary let STLs represent just 0.8% of all residential properties in Edinburgh, a figure that is already significantly lower than comparable cities across Europe. This relatively small percentage of housing stock appears to be a reasonable allocation to meet the ongoing demand for temporary accommodation in a vibrant city like Edinburgh. This demand cannot be met solely by the planned development of hotels or 'aparthotels' for various reasons. Any further reduction in short-term let availability may encourage a black market, undermining efforts to regulate the sector, leading to unenforceable non-compliance.

The self-catering sector is critical to Edinburgh's tourism economy, particularly during key events like the Edinburgh Festivals. The introduction of stringent planning and licensing regulations has led to a substantial reduction in the availability of self-catering units, with many operators choosing to exit the market due to the high costs and regulatory complexity. Others have had their livelihoods taken from them due to planning and licensing considerations. This reduction has led to higher prices for tourists and a growing black market of unlicensed properties, undermining the very purpose of the STL regulatory framework.

The safety and quality of short-term lets

Firstly, it is important to remember that professional self-catering operators were already well regulated prior to the introduction of short-term let licensing.

The ASSC have expressed concerns about the proliferation of unlicensed operators utilising social media platforms to advertise their property during the Festivals, thereby undermining the purpose of the regulations.¹³ Moreover, global experiences demonstrates that blanket bans on STLs are often ineffective and counterproductive. Cities like New York, Berlin, and Barcelona have imposed restrictive policies or outright bans, but these measures have led to a rise in illegal, unregulated short-term rentals. In New York, strict regulations have resulted in a flourishing black market of unlicensed rentals, which are more difficult to monitor and control.¹⁴ Similarly, Berlin's temporary ban on STLs sharply reduced accommodation options for tourists, resulting in higher hotel prices and an overall decline in tourism revenue.

The experience of communities living near short-term lets

Professional self-catering businesses want harmonious relationships with the communities in which they operate. They are diligent, conscientious, and considerate business people who are too often unfairly maligned. We do not, for example, 'hollow out communities', as some have claimed, but rather are part of local communities across Scotland and have been for many, many years.

Legal Failures, Economic Impact, and the Need for National Reform

Legal Failures and Policy Issues Across Scotland: The legal challenges facing the City of Edinburgh Council's STL policies, which have been ruled unlawful twice by the Court of Session, highlight a widespread issue with local authority licensing and planning regulations. This is not unique to Edinburgh; similar legal risks exist for councils across Scotland. Local authorities, including **Highland, Perth and Kinross, Fife**, and others, are also grappling with planning control areas, risking further legal battles if the policies are not aligned with fair practices.

Economic and Social Impact Across Scotland: The economic impacts of the STL regulations are being felt across Scotland. Data shows a **5% overall reduction in self-catering units** on non-domestic rates from 2019 to 2024, with certain regions like **Glasgow City** and **Lothian** seeing even steeper declines of **47% and 25%, respectively**. In Edinburgh alone, the sector saw a **22% drop in STL units** between 2023 and 2024. In the Highlands, a drop of 4% is significant. These declines have led to the closure of many small

¹³ Recent press reports have covered the burgeoning black market of unlicensed properties in Edinburgh, see: <https://www.telegraph.co.uk/money/property/buy-to-let/scotlands-holiday-let-backfires-fringe-black-market/>; <https://www.edinburghnews.scotsman.com/news/opinion/columnists/strict-conditions-on-short-term-lets-driving-landlords-underground-susan-dalgety-4692948>; and [Black market flats for hire amid SNP holiday lets chaos](#).

¹⁴ See: <https://www.wired.com/story/airbnb-ban-new-york-illegal-listings/>; and <https://www.telegraph.co.uk/travel/advice/dangerous-holiday-black-market/>

businesses, particularly in rural and island areas, harming the tourism sector and the local economies that depend on it. Many operators, especially women and older individuals, have - or are being - forced out of the market.

Failure to Address Housing and Social Objectives: The STL regulations were arguably intended to address housing shortages and reduce anti-social behaviour, but these goals have not been met. **Across Scotland**, the housing crisis persists, with 114,308 empty homes, second homes and unoccupied exemptions in Scotland at September 2022¹⁵. Meanwhile, the STL regulations have created significant financial and administrative burdens on professional operators, without effectively tackling housing availability or improving community well-being.

Policy Failure and Recommendations for Scotland: The failure of STL regulations to improve safety, reduce anti-social behaviour, or alleviate housing pressures reflects a broader policy failure that affects the entire self-catering industry in Scotland. Operators across the country face heavy regulatory burdens that threaten their business viability, with many reporting severe mental health impacts as they struggle to navigate an increasingly hostile regulatory landscape. The black market for STLs is also growing, undermining the very purpose of the licensing system.

A Call for Reform: The Scottish Government (and local councils) must **update and revise the current STL policies** to reduce unnecessary burdens and better balance the needs of tourism and local communities.

STL regulations must be proportionate, justifiable and non-discriminatory, according to Provision of Services Regulations¹⁶. The legislation underpinning local authority policies have been proved to be inadequate, with City of Edinburgh, Dundee City, Glasgow City and The Highland Councils having had to review their policies. We continue to question whether the regulations are compliant with the European Convention on Human Rights¹⁷. Protocol 1 Article 1 provides that every natural or legal person is entitled to peaceful enjoyment of their possessions. To be deemed compatible with Article 1 of Protocol No. 1, the interference must fulfil certain criteria: it must comply with the principle of lawfulness and pursue a legitimate aim by means reasonably proportionate to the aim sought to be realised. Lord Braid noted as part of the first JR against CEC that policy fails to comply with the latter.

Guidance should be clearer, reflecting the implications of recent legal rulings. The regulatory framework needs to be proportionate and fair, ensuring that the self-catering sector, which plays a vital role in supporting Scotland's economy, can continue to thrive while addressing legitimate community concerns.

¹⁵ <https://www.gov.scot/publications/bringing-empty-homes-back-use-audit-privately-owned-empty-homes-scotland/pages/4/>

¹⁶ [https://www.gov.scot/publications/provision-of-services-regulations/pages/4/](#)

¹⁷ [https://www.gov.scot/publications/european-convention-on-human-rights/pages/4/](#)

Conclusion

Since the implementation of short term let licensing, the conflation between licensing and planning has caused widespread delays with the licensing process and significant confusion, limiting the effectiveness of the licensing scheme. Our sector deserves clarity, consistency and certainty. We have continually offered reasonable, justified and lawful solutions; we have also made it abundantly clear that our industry **wants** to be regulated, and recommended regulations for several years.

After all, this is **not** about scrapping licensing, or undoing the robust regulatory framework overall, but ensuring it works for all affected stakeholders, whilst being proportionate, justifiable and non-discriminatory. As we told the Committee back in February and May 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 by Autumn 2024.

Sadly, neither the recent changes to Licensing Order nor the implementation update report will shift the dial to any significant degree. Instead, legislation should be amended to clarify the relationship between planning and licensing, and guidance should be amended on the subject. This will significantly ameliorate the scheme. 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.

COSLA

I wasn't aware of the call for views although I can see from the timescale in the email, that there would not have been enough time to put a detailed response together for the questions and take to our Community Wellbeing Board for views and approval. Therefore, I'm writing with a broad overview of COSLA involvement and concerns regarding challenges in implementation, raised at our last CWB Board in August 2024. I have also contacted SOLAR to see whether they are aware of the call for views and if they will be responding.

COSLA has been in ongoing dialogue with SG and SOLAR in relation to the introduction and implementation of the Civic Government (Scotland) Act 1982 (Licensing of Short-term Lets) Order 2022, and the status of the processing of applications by local authorities within the statutory timeframe.

An update on progress was taken to the COSLA Community Wellbeing Board on 23 August 2024. The paper highlighted the challenges faced by some local authorities, who had inevitably received a greater number of applications than

others, and who did not have adequate resource in place to process the applications within the statutory timescales. For some areas, this was compounded by challenges faced in recruitment and available workforce.

The paper also referred to the letter from the Minister for Housing on the 12 July 2024, seeking reassurance from local authorities that all applications will be reviewed and determined within the 12 month statutory processing time from the date applications were received, or where there is insufficient time to determine applications, the local authority will apply to the court for an extension under section 3 of the Civic Government (Scotland) Act 1982. It was highlighted to members that if local authorities are directed to making an application to the court for extensions, COSLA officers would be concerned about the additional resource pressure and financial burdens this would have on the affected areas.

Board members acknowledged and agreed with the concerns that some local authorities did not have adequate resource or staffing in place to process the applications within the timeframe and shared their concerns that the process of applying to the court for an extension would be costly and time consuming. Extending the time allowed to process the application was the preferred outcome if no additional resource was made available.

Dumfries and Galloway Council

Q1) Yes, Dumfries and Galloway Council submitted a response to the short-term lets Implementation Update Questionnaire in June 2024 and wrote to the Minister for Housing in July 2024 confirming the status of the short term lets licensing applications locally. The Council also attends and contributes to the National Short-Term Lets Forum hosted by the Scotland's Housing Network and the Short Term Let Operational Improvement Group.

Q2) The Council is satisfied that the design and operation of the short-term let licensing regime works reasonably well. That the additional amendments including the transfer of licences address issues that became apparent and needed to be addressed since the licensing regime originally came into place. However, the time frame of nine months to determine a complex Short Term Let Licence is considered to be too short. For example, the time frame to determine a piercing/tattoo licence is 15 months.

Q3) The Council is a member of the Short Term Let Operational Improvement Group and believes it is an important forum to continue to share knowledge and review the licensing regime as an ongoing process. The Council has been invited to be part of the Export Group and intends to fully support this.

Q4)

- Visitor numbers in Scotland;

It is difficult to quantify this, the Council believes it is too early to be able to give any meaningful feedback.

- The number of short-term lets;

Unable to verify, no definitive data was available on short-term lets in Dumfries and Galloway before the licensing scheme came into place.

- The safety and quality of short-term lets; and

The Council's Housing Standard team has worked hard to support hosts and operators to ensure that they can meet the mandatory licensing conditions where it has been found they have not. This will have led to improvements in the safety and quality of licensed short-term lets in Dumfries and Galloway.

- The experience of communities living near short-term lets.

It is difficult to quantify this, again it is too early to give any feedback.

However, the Council has received very little negative feedback regarding short-term lets locally.

East Lothian Council

Q1) I wasn't aware of this however the SG usually attends the National Forum (facilitated by Scotland's Housing Network (SHN)) so I would have thought that they would have been able to contribute LA views.

Q2) The disparity between Planning and Licensing regimes is causing real problems. The determination of an STL licence does not allow the lack of planning permission to be taken into account and at the same time Planning Authorities are taking enforcement action on hosts who they consider require planning permission to operate a property as a short-term let. This, obviously, is very confusing for applicants and does not look good on the LA – one department is taking enforcement action whilst another is granting a licence to operate the same activity.

Q3) The Expert Group requires representation by LAs as well as industry stakeholders.

Q4)

- Visitor numbers in Scotland;

No comment.

- The number of short-term lets;

Until licencing has been in operation for a longer period of time it is difficult to know if numbers have fallen or increased.

- The safety and quality of short-term lets; and

We assume that the scheme will have improved safety of the properties – there was no requirement for hosts to have electrics, gas etc checked on a regular basis. However we have no figures on when/if electrical checks etc were carried out prior to the licensing regime.

- The experience of communities living near short-term lets

From attending planning review boards it is clear that the impact of short term lets is felt by many who live close to them. Complaints relate to lack of privacy and noise from the STL. In addition there have been reports of a lack of respect from those visiting STLs for example using neighbours' gardens. It was pointed out that users of a STL are on holiday and therefore will not behave in the same manner as someone who is a permanent resident as they have no long term connection to the area so are less likely to be concerned about upsetting neighbours etc. It must also be stated that in some cases neighbours have had no complaints about the operation of STL and have gone on record as such.

East Renfrewshire Council

Q1) Yes. My team have been attending the regular Scottish Housing Network (SHN) forums on STL Licensing with the Scottish Government and we are participating members of the smaller licensing authority operational improvement group (STOIG).

Feedback from the SOLAR group, disappointingly, reported that concerns or inclusions were not entirely taken on board by the Scottish Government from this group.

Q2) We support the positive measures that the Amendment Order has made in relation to: foster arrangements, exclusion for guest rooms; and information to be displayed at premises.

The timing of the Amendment Order (during the transitional period to process applications) and lack of implementation timescales has posed licensing authorities practical issues in being able to offer all amendments from commencement date of 30th August 2024. We need to take actions to amend policy, ICT and introduce new fees which then need to be reported and scheduled into our Council's Cabinet meetings. This is additional pressure on licensing authorities and proprietors without giving consideration to the vast amount of work it will require to implement and the unexpected/unintended consequences.

The Amendment Order has not taken account that Licensing Authorities are not able to recover enforcement costs associated with unlicensed premises (Educate, Encourage and Engage) through STL fees and the impact on resources to take this forward meaningfully.

As a licensing authority we have remaining concerns (the Amendment Order has not addressed this) about whether HomeSwaps require a licence and the discrepancy around ensuring guest health and safety, and improving private sector property condition associated with lesser licensing conditions for Temporary Exemptions / Licences. In fact, the consequential amendment around the removal of holiday let from the Repairing Standard - Housing Scotland Act 2006 has further complicated this issue and has been raised for further discussion at the next STLOIG.

Q3) We would welcome open discussion and cross sharing of information from a range of stakeholders (including licensing authorities). Our only concerns are availability to participate given the need to progress the SSI, and start to look at enforcement of unlicensed STLs.

We also have a concerns about open discussion and expression of views from licensing authorities if there remains high dissatisfaction towards the licensing regime, in general, and continued talk of legal challenge - we would like to see this mitigated through a clear terms of reference, set out at the start of the establishment of the Expert Group.

East Renfrewshire Council have worked hard to mitigate local concerns, engage with hosts/operators and provide advice / time to submit evidence for applications, and have subsidised fees (due to economies of scale).

Q4)

- **Visitor numbers in Scotland:** Unknown
- **The number of short-term lets:** East Renfrewshire have only received half of the estimated number of applications anticipated at the start of the licensing regime. Some have informed us that they are no longer operating an STL, some have moved to landlord registration and some will require additional scrutiny through proactive enforcement.
- **The safety and quality of short-term lets:** Certainly has increased awareness of Repairing Standard and through this improved property condition. We received very few applications with all mandatory evidence supplied and spent a lot of time engaging with (and advising) hosts over requirements. Whilst gas safety and fire alarms and insurance were not high risk areas we found EICRs, legionella, private water supply testing and EPCs required more time spent by us obtaining evidence and ensuring compliance.
- **The experience of communities living near short-term lets:** East Renfrewshire have received very few objections (relates to 5% of STL properties registered here) through display of public notices. Whilst we've received some complaints about unlicensed STLs, noise or litter we have managed to mitigate this at the start with additional conditions and engagement with complainers.

East Renfrewshire Council have just announced a local Housing Emergency owing to lack of temporary and affordable permanent accommodation for residents, based on unprecedented demand, and whilst we have no plans to instruct Control Area Regs due to current low STL numbers - this will be kept under review once we have a clearer idea of numbers following proactive enforcement. Currently 73% of licences issued in East Renfrewshire are for Secondary Let.

Edinburgh Festival Fringe Society

Context

Since the announcement about proposed STL legislation, the Fringe Society have been extremely active in information gathering and advocating for both artists and audiences. While we recognise the need for changes, the development and implementation of the legislation have had significant consequences for all Fringe participants across affordable and available accommodation.

We have been advocating for consideration of how the framework was developed and implemented across local authority (City of Edinburgh Council) and Scottish Government, both at official and officer level. This has included several key meetings with decision-makers where we have presented data and anecdotal feedback to advocate for artists and audiences and what the unintended consequences of the legislation may have.

It's important to note at the outset that the intangible value attached to the Fringe is of significance. From our 2024 audience survey, 79% of audiences

felt that the Fringe 'is one of the most important cultural events in the world'. 81% also feel that the Fringe 'makes Edinburgh a better place to visit'. And we know that some 72% of Edinburgh residents believe the festivals make the city a better place to live.

The Fringe has an annual economic impact to Edinburgh of £250+ Mn

- Creates no less than 3,000 jobs
- Many small and medium sized businesses rely on the Fringe – joiners, electricians, storage, printers, taxi drivers, restaurants, food suppliers, breweries etc – supply chain of the fringe is very local and represents a considerable portion of their turnover annually. The same is true of our year-round performing arts venues, without huge spike in their revenues during the Fringe, these organisations would require much higher annual public subsidy.

Evidence and surveys

Booking data from 2024 is still being analysed, but we can see that those coming from 'the rest of the UK' is down by around 3,000 individual ticket buyers. (and has dropped by 5,000 in total since 2022). From 2024 audience survey responses the main barriers to attendance appear to be general cost – including accommodation; as such the Fringe is potentially starting to be seen unfavourably by our visitor economy.

From our audience survey, which ran from Aug 26 – Sept 23, 1 in 4 (24%) of those who responded (9.4k sample size) said the cost of accommodation put them off attending more shows at the Fringe.

This has increased from 2023 when 20% cited this. This stat was also seen in the media survey (108 journalists responded), when 1 in 4 (24%) cited accommodation costs as a barrier to staying in Edinburgh for the Fringe for longer. In 2023 we also ran an accommodation survey with venues which at its core highlighted that costs had gone up 70% since 2019.

From **Nestival**, who specialise in event-led accommodation services and have operated within the Fringe landscape for many years. They also support venues with longer-term accommodation for their performers and workers during August:

Accommodation	Av Price in 2018	Av Price in 2024	% increase (on mid # of range)
1-bed	£1,900	£5,850 -£9,000	291%
2-bed	£2,675-£3,000	£7,700-£9,900	210%
3-bed	£3,300-£3,800	£8,580-£12,000	190%
4-bed	£4,500-£5,100	£10,500-£17,000	186%
5-bed	£5,200-£5,700	£17k+	185%

Theatre Digs Booker – is a UK-wide ethical booking platform who we partner with, who specialise in promoting affordable accommodation for artists and creatives in people's homes at a capped rate. Some anecdotal feedback from them:

- ﷲ *“We have seen a dramatic fall in the number of Hosts on our platform in Scotland, mainly due to the increasing cost and bureaucracy surrounding the licence application process. Many Hosts report they no longer find it viable to rent to Theatre Professionals and stop hosting completely”*
- ﷲ In August 2022, 154 digs were listed on the platform in Edinburgh. Of those 154, only 39 say they then applied for licenses (2022) – and only 12 of those operated in August 2024. Overall there were only 33 Edinburgh listings live for August 2024, a reduction of nearly 80%.

Artists

Some anecdotal feedback from key participants at the Fringe is noted below. We will continue to gather this information as we review Fringe 2024 and prepare for Fringe 2025:

London-based theatre, artists and producers:

“The biggest impact here is that post-Covid we’ve avoided bringing ambitious work with a cast of more than one person to Edinburgh, chiefly because of accommodation and relocation costs. We’ve had early conversations with exciting shows with casts of 4+, including theatre, drag and cabaret, in which it quickly becomes clear that the overheads of taking the show to Fringe are far too high, and everyone involved will stand to lose too much money. In these cases, we tend to skip Edinburgh altogether and put the show straight on at Soho Theatre instead. So this is potentially a shame for the Fringe, as there are artistically exciting shows that we think could play well there, but which the Edinburgh audience doesn’t get to experience.”

“The accommodation is so expensive, you end up having to settle for poor conditions, which impacts sleep, mental health and therefore performance.

“The fringe is a place like no other and as an artist it is a must in the calendar. However it is a huge financial burden that is not easing any time soon. Accommodation is extortionate, and the cost of bringing a show just keeps ballooning. It seems there are less and less visitors, potentially because of how expensive the accommodation and travel is, meaning you are reaching smaller audiences.”

“Accommodation was prohibitively expensive. We stayed in a motorhome in North Berwick and had to drive in each night 50 minutes each way for a 45-minute show. If we wanted to flyer that was another 2-hour drive and expensive parking. My actress came in on the train every day from Glasgow. More time and expense.”

A visiting showcase from overseas told us:

That in 2018 they spent £60k to support the same number of shows that this year cost £175k, so they are now re-evaluating as to whether they can continue to showcase at the Fringe. They say accommodation has been their biggest cost increase by far.

Arts Industry

This year we welcomed over 1,800 arts industry to the Fringe in recognition of Edinburgh's position as the world's largest marketplace and expo for the arts. This is up on 2023, despite the challenging cost environment. However, we know through data from accreditation that AI stayed for fewer days, which will have impacted the number of shows they saw, events they attended and by turn the amount of work they will have commissioned.

- Analysis of our Arts Industry suggests they have consistently contracted their stays by a day – with 1,800 AI delegates it should be noted that this will have a material impact
 - On artists whose work won't be seen – inc the 700+ Edinburgh artists
 - To businesses – hotels, cafes, restaurants, taxis etc – 1,800 lost days of sales and potential revenue

Audiences

In addition to the stats within the introduction of this paper, from our audience survey, which ran from Aug 26 – Sept 23 2024, 1 in 4 (24%) of those who responded (9.4k sample size) said the cost of accommodation put them off attending more shows at the Fringe. With the average length of stay 4-days/5-nights, the potential lost revenue for the city and Scotland will be significant in economic terms.

It should be noted that we are seeing an increase in the number of audiences citing accommodation costs as this stat has increased from 2023 when 20% stated this. In addition, 38% said they were similarly limited by their length of stay in Edinburgh (this has increased from 36% in 2023)

This trend was also seen in the media survey (108 journalists responded), when 1 in 4 (24%) cited accommodation costs as a barrier to staying in Edinburgh for the Fringe for longer.

Within our Fringe Friends community, we have seen nearly 800 Friends cancel their memberships since Fringe 2023 ended. The below feedback has been provided by Friends who have cancelled their membership since this time, however feedback regarding accommodation has been noted over the past few years.

“Hello - unfortunately I will not be able to attend the Fringe Festival this year and have cancelled my membership. The Fringe is amazing and I have had

many great times over the past decades (!) but the cost of accommodation is making it increasingly difficult to attend. Good luck in 2024.”

“Hi, Just received the email which has reminded me I was going to message. Regretfully we are going to have to give it a miss next year. The accommodation has become far too expensive, we spent just over 4.5k for just over 2 weeks accommodation and for the same accommodation through air bnb next year its going to be over 6k. Its a real shame but by the time you add tickets food etc it will be over 7k. Hopefully it will come down again at some point. Feels like its becoming a local festival. We have several friends who are in a similar position. Just wanted to feedback but I know you are aware of the ongoing issue.”

“Hi Friends, I am sorry, but sadly I am cancelling my membership. There are several reasons, but mainly it is because last year we were unable to find affordable accommodation and ended up staying in Glasgow instead, heading across on the train to Edinburgh for 2 days.”

“Hi, Apologies but I am cancelling my membership. Trying to find accommodation during the festival is far too difficult so we will not be attending in the near future. Regards,”

“Hi there! Unfortunately I'll have to cancel my membership. While it's a great offer unfortunately the festival is just not cost effective anymore, the cost of travel and accommodation is way beyond our means.”

“I am afraid I am going to have to cancel my membership. Our accommodation price for 2024 has gone up by 30% (!). I am not quite sure what is happening to rentals up in Edinburgh / Scotland but it doesn't bode well for the future of the fringe or other festivals (or tourism in general). I am sure you are keenly aware of what is going on but politicians will be politicians I guess and they don't always understand the effects of what they are doing.”

“I am very concerned that the costs of accommodation and putting on a show are now a barrier to the kinds of artists and shows that the Fringe is really for. I'm not sure what the answer is but I fear unless this problem is tackled the Fringe that I have enjoyed and loved over the past 20 ish years will irrevocably change. If that happens we will all lose the chance to enjoy the fantastic diversity of talent the Fringe brings out of the shadows.”

“The prices in Edinburgh especially for accommodation are getting very expensive. This is how we have spent our only holiday each year but now a foreign holiday would be cheaper. We will have to consider carefully for 2025”

Our ask

This has always been for a proportionate approach that does not sweep up the accommodation that will help support the festivals, give local people additional income, and have no impact on the housing need in Scotland.

Exemptions – Home sharing and home letting

- Edinburgh Festival Fringe Society ask the Committee to look again at the measures initially proposed in June to ensure that the very short-term temporary situation of exemptions for letting out personal properties and people's spare rooms for less than six weeks is as simple and streamlined as possible, proportionate with the risk given that they are also living there, and the benefit to local people from earning some additional income.

HMOs – empty during summer, again exemptions

There also needs to be consideration around a better framework for decision-making about what happens during peak festival season in Edinburgh in line with accommodation needs. Edinburgh is seen as a key city within the UK, and indeed Europe, across the visit, live, study and work portfolios. The Fringe is a key driver in this space as one of Scotland and the UK's key cultural events on an international stage.

The developments regarding major music events such as Taylor Swift in 2024, Oasis in 2025 and the recently announced Commonwealth Games in Glasgow in 2026 also demonstrate that the city is in need of the temporary additional capacity that residents can provide in their own homes, if STL processes for primary lettings are more proportionate.

Festivals Edinburgh

Q1) We were not aware of the process or timescale for Scottish Government gathering views on the operation of the short-term licensing regime to feed into a review of the first year of operation. We did not submit anything in writing to Scottish Government as there was no call for views before the update report was issued to the Scottish Parliament Local Government, Housing and Planning Committee.

Q2) The Minister clarified in his [report to Committee](#) at the end of August 2024 that it was not in scope to amend the core principles of licensing. This means that the review has not addressed fundamental concerns that Festivals Edinburgh have about the design and operation of the short-term let licensing regime as it applies to primary letting – home sharing and home letting. Since 2018 our member festivals have discussed and agreed collective support for short-term lets regulation. However, in order to tackle what are overwhelmingly commercial secondary letting issues, it is not necessary to damage brief periods of personal primary letting in people's own residences.

The earlier [Festivals Edinburgh submission](#) to the Committee – referenced in paper LGHP/S6/23/4/1 at its meeting on 7 February 2023 – set out the key concerns which remain the issues we wish to see a future review consider:

- We are concerned about unintended impacts on temporary home-sharing and home-letting in people's primary residences from the way the regulations are being interpreted and implemented.
- The first year review should have been an opportunity for the Scottish Government and Scottish Parliament to consider how the national

framework is being interpreted across the country, and to adjust provisions at the margins where necessary to avoid negative unintended consequences.

- A future review should consider wider exclusions of home sharing – rather than temporary exemptions - to tackle the anomaly in the national framework that short-term stays for educational purposes, including for example homestays for young language learners, have been excluded by Scottish Government under Article 3. (c) (ii) of the Order.
- It should also examine how consistency is being achieved across Scotland in local authorities implementing the regulations, including impact assessments being undertaken into the implications of local policy decisions that cover economic as well as housing supply and neighbourhood impacts.

Q3) We note that Scottish Government has asked VisitScotland to take forward the establishment of an Expert Group to suggest updates to our Scottish Government guidance for the licensing and planning of short-term lets to make it clearer and more user friendly; and that it is stated that membership of this group will consist of representation from a range of stakeholders with the relevant technical knowledge. We are not aware of what the process is for establishing this group, and would like to have clarity to be able to put forward a proposal for an experienced professional from Edinburgh's Festivals who has first hand knowledge of seeking to work with the licensing scheme to secure temporary accommodation in Edinburgh during peak festivals season.

Q4) Between 2022 and 2024, there has been a rapid trend of Fringe shows becoming smaller in scale and playing over fewer dates due to cost factors, of which accommodation is the largest. Most shows are now one-person shows, with an increasing proportion of stand-up comedy which is the simplest and cheapest format to produce. This change to the range and ambition of creative content stands to damage the value of visitor spend to Scotland, because higher value visitors will stop seeing Edinburgh in August as a world-class must-see cultural destination which they then typically combine with time elsewhere in Scotland and repeat visitation. Evidence submitted separately from the Edinburgh Festival Fringe Society shows the substantial changes to accommodation supply and cost exacerbated by the scope of the Short Term Lets regulations for home sharing and home letting, for example:

- An 80% reduction of listings for home sharing on the industry specific site Theatre Digs Booker shows that Edinburgh residents have been put off renting out spare rooms in August due to the new regulations for primary letting
- Price increases for the reduced number of home letting properties available in August have typically nearly tripled since 2018 levels (for a 3-bedroom property, rising from an average of £3,550 to £10,290 - compared to £4,500 if prices had only kept pace with inflation)

Accommodation costs are also an increasing challenge at other times such as Edinburgh's Hogmanay and during dates of major events such as rock and

pop concerts which have coincided with smaller festivals year round. Personal primary letting, which is more affordable than hotels or aparthotels, is of particular importance for the workers, artists and performers who transform Edinburgh into the world-leading festival city and bring 5,000 additional FTE jobs to Scotland and £400m in additional economic impact annually.

During 2024 many secondary short-term let arrangements have been permitted to continue while applications or appeals were determined, so it is likely that in future years the supply of short-term let accommodation will be tightened further. This will make the availability of personal primary letting even more important to keep under review, if Scotland wishes to have effective and proportionate short-term lets regulation which achieves its main policy objectives while enabling a wide range of citizens to benefit from the proceeds of tourism rather than predominantly international hotel chains.

Fife Council Response

Q2)

- It may be appropriate to ensure Fit and Proper checks should be undertaken for all residents in home let and home share premises.
- Enforcement activity cannot be taken into account in fee charging structure, and additional resource is required for licensing authorities to take a proactive approach to enforcement activity.
- Clarity on who should apply for a transfer licence – current legislation states current licence holder, however to carry out fit and proper test personal information is required in relation to new licence holder (eg criminal conviction info)
- Further clarification in guidance regarding home swap applications, in relation to that constitutes the “course of business”.
- Clarification on what mandatory conditions are required for temporary exemptions to be approved in order that all authorities are applying the same criteria. Further clarity regarding the relationship between the Housing Scotland Act 2006 in relation to holiday lets and temporary exemptions for STLs under the licensing scheme.
- Consultation with licensing authorities on changes which require systems changes or other resource requirements.

Q3)

- Expert Group of industry representatives is welcomed.
- Continued engagement and consultation with Licensing authorities is important in terms of any future change requirements and implementation of any changes. Licensing authorities need appropriate lead in times to implement any changes and ensure Policy and Committee approvals are in place.

Q4)

- Difficult to assess the impact on visitor numbers and short term lets at this stage – further data analysis required, and a baseline position is not established.

- The licensing scheme allows a level of assurance about safety and quality, and general feedback from consultees is that premises are in good condition. However, the issue of unlicensed STL is unknown, and resources for enforcement activity cannot be funded through license fees leaving a resource gap. This compromises the robustness of ensuring safety and quality.
- The licensing process and public notices have given neighbours awareness and the opportunity to make representations.

PLACE EDINBURGH

Q1) We knew that views were sought in April, but we struggled to get someone to attend from our network for various reasons.

Q2) No. There are still problems with the lack of resourcing that has delayed planning applications, which have then delayed licensing decisions. This has allowed secondary STLs to operate for considerably longer than they should have, knowing that they had very little chance of obtaining planning permission. This repeats the tactics of secondary STL operators who took councils to the DPEA previously after being served enforcement, enabling them to operate unlawfully many months longer. These delays impact the residents experiencing negative impacts.

The process allows for council planning depts to be forced to give planning permission based on 10 years of secondary STL usage, 10 years of not applying for planning for a Change of Use as should have been done legally. Therefore, the STL operators working outside their legal obligations have been rewarded for their unlawful behaviour as licensing does not consider amenity (which would normally be considered in planning) and residents have no way to stop the process.

Licensing seems to have allowed some secondary STL licences to be given to people who have been complained against. This is forcing residents to move as they have no say to protect them from poor behaviour from some secondary STL owners.

It was also clear that many secondary STLs did not advertise their licensing applications appropriately. We have photographic evidence that shows that licensing notices were not displayed outside the properties for licences. We are also aware of complaints from neighbours who say that STL owners are applying for home sharing licences for properties that are not their main home, and getting the licences.

Temporary Exemptions are not appropriate for residents. Anyone can apply for a home share / letting whereas six weeks is a long time for a secondary let through this path, impacting the amenity of neighbours without requiring the planning that secondary STLs normally need. This subsidises second home owners which is contributing to a housing emergency.

The licensing registers are taking too long to be updated and should be easier to search, as the national landlord register is.

It has been concerning that Police Scotland have said that they will not be responding to complaints about STLs operating anti-socially or illegally. For the system to work, it needs a whole system approach with pro-active checks and enforcement.

Q3) How will the transfer of licenses work if the new licensee is not being judged? Will neighbours be informed of an application to change licensee for comment?

Q4) We cannot confirm visitor numbers but we are being told that tourism has picked up in Edinburgh and especially during the Festival period.

In Edinburgh, the STLs are reduced in numbers with many of the homes operating without planning permission as secondary lets have been returned to their zoned purpose of being homes again. This is important in a housing emergency.

We hope that STLs are safer for neighbours and visitors, but we cannot be sure. However, many residents in Edinburgh are pleased to see their neighbours return as long term residents rather than large groups of transient visitors, changing every couple of days, and the negative impact of their amenity being improved. We do know of residents who continue to suffer from secondary STLs that have been allowed to continue due to the backlog in licensing and planning. Residents don't always feel that they have a say or that their concerns are heard.

RENFREWSHIRE COUNCIL

Q1) We were aware of the Implementation Update process. During this, we have provided operational progress updates and other information about our experiences as requested by the Scottish Government, as well as attending meetings of the Short-Term Let Licensing Forum and the SOLAR Licensing Group and, separately, contributing our views to the Committee in relation to the terms of the 2024 Amendment Order.

Q2) We appreciate that it is not intended to carry out a review of the "core principles" of short-term let licensing legislation at this time, as your email below reflects.

Renfrewshire Council determined all applications made during the transitional phase timeously and officers are familiar with the terms of the licensing provisions contained within the Civic Government (Scotland) Act 1982 (which applies to short-term lets, albeit with some modifications), having worked with this legislation for many years. Against that background, we do not have concerns we would at this time describe as "fundamental".

That said, we previously questioned aspects of the provisions in the 2022 Order (for example, we were not persuaded that the Enforcement Notice

procedure is necessary) and, more recently, raised issues with the Committee regarding the drafting of certain provisions within the 2024 Amendment Order, particularly those relating to the provisional licence application procedure and the procedure for transfer applications. In our view, these provisions could be refined to allow them to work better within the structure of the Civic Government (Scotland) Act 1982 ("the 1982 Act"), for the reasons we previously provided. In particular, we submitted detailed comments in relation to the provisions about the duration of provisional licences. These have not been altered in the final Order and in our view Paragraph 4(g) of the Supplementary Guidance for Licensing Authorities, Letting Agencies and Platforms, as recently updated, has not sufficiently clarified the position.

Regarding the scope of provisional licences, it may be that consideration will be given in future as to whether, as in liquor licensing, these should also be available to premises being converted, as distinct from new premises being constructed, as at present.

As a more practical observation, it has been our experience that those engaging with the licensing process as public objectors have found the experience challenging. Objectors have had difficulty understanding why certain points they raise may not be considered materially relevant. It may be that section 4(d) of the updated Guidance for Hosts and Operators could be revisited during the upcoming review of this non-statutory guidance to allow for improved management of expectations in this regard.

Q3) We have no comments to make regarding the establishment of an Expert Group, or groups. If possible, it would be helpful if an opportunity could be afforded to the wider SOLAR Licensing Group to engage on the terms of any updated guidance proposed.

It would be helpful if the issues we have identified at answer 2, above, could be considered during the review of the guidance (and during any future review of the legislation).

Q4) Our observations in relation to these points are limited.

Regarding the number of short-term lets, the number of applications received was broadly in line with the number we anticipated we might reasonably expect.

Regarding the safety and quality of short-term lets, our experience is broadly similar to what is set out in the Implementation Update Report for 2024. Our practice in Renfrewshire has been to visit secondary lettings (these are carried out by our Environmental Health team), while relying on information provided by applicants for other types of short-term lets. The approach has allowed a number of issues to be identified, which have in almost all cases been resolved, allowing an application to be granted. Equally, Scottish Fire and Rescue Service, who are statutory consultees, have, in respect of a small number of applications, made further enquiries with applicants, but have not ultimately required to lodge objections to applications.

The experience of communities is difficult to gauge. Prior to the introduction of short-term let licensing, the activity was not regulated and, as such, it was rare for the Council as licensing authority to receive enquiries about the operation of short-term lets. It would be fair to say that, since the introduction of the licensing scheme (and the publicity given to the scheme in the media and the need for applicants to display a site notice), objections have been submitted in relation to a minority- but significant minority- of applications. While there has been a level of public engagement higher than might be seen in other licensing regimes operated under the 1982 Act, the position in Renfrewshire has been similar to other licensing authorities across Scotland in that refusals of applications to date have been relatively rare. As stated above, applicants may struggle to accept why certain matters which are of concern to them may not be considered relevant to the available statutory grounds for refusal of a licence application.

By way of further, general observation, we do not seek to comment in detail on the remainder of the Implementation Update Report for 2024. We recognise a number of the experiences set out in the report, including the receipt of most applications in the run-up to the end of September 2023. As stated above, we have now determined all our “first wave” of applications and did not require to seek any extensions from the sheriff.

We welcome the commitment to monitor progress, particularly regarding the format and frequency of future statistical publications, as this requirement is greater upon local licensing authorities than under other similar licensing regimes.

SOUTH AYRSHIRE COUNCIL

Q1) We had been aware that the Scottish Government were collecting views from larger operators, as we had received information on this from some of the bigger players operating within the area. However, from a Local Authority perspective, we are a member of the Scottish Housing Network group for Short-Term Letting as well as a member of the Best Practice Improvement Group ensuring that our views are fed in as part of a collaborative basis with Govt involvement. We were also involved in individual conversations with govt regarding the 152nd Open Championship, which was one of the first large scale events in Scotland to be held post implementation of the new regulations. Additionally, through our legal colleagues' representations are made through the Solar groups.

Q2) No. Enforcement duties and delegated powers could be explored, explained, and expanded on as there is no common acknowledgement across responsible bodies on how to approach situations, resulting in “learning as we go”, or relying from experience we do have or learnt and adopted from for similar scenarios in other activities (such as HMO or PRS issues). Education and knowledge of the implications of the new legislation still require to be further enhanced within Local Licensing Authorities as well as other public bodies and it should be incumbent on the Government to produce more

detailed guidance which provides best practice examples on how to navigate common scenarios, so a more consistent approach to the application of the scheme can be achieved.

Q3) Agree that expert groups should be set up, that these should include a range of stakeholders, not just Govt, or Local Authorities. This should include sector representatives. It should be aimed towards establishing best practice, highlighting, and addressing the loopholes, grey areas and closing gaps which can be exploited. This group should also be a key driver in pushing out a consistent and coherent messaging regarding the importance of licensing as well as the benefits of it (quality of accommodation for example) as this has been something sorely lacking and been left to local authorities to try and manage. Whilst govt messaging has been present, this could and should have been significantly ramped up.

Q4) It is too early to have a real indication on the impact on visitor numbers to South Ayrshire following implementation of the scheme, numbers may also be skewed due to the hosting of some large events in the Air Show, Pavilion festival and the hosting of a major event in the 152nd Open at Royal Troon. Further work will be needed in this area to fully understand the impacts of the regulations, however from the indications so far suggest that there are more STL accommodation available for let in South Ayrshire than anticipated at the beginning of this process.

We have however had feedback from operators who have not been interested in pursuing the licensing scheme further and have ceased operations due to the “bureaucratic and onerous processes” required of licencing. Although we have found a strong majority of applications who have been compliant with the health and safety perspective of the licensing scheme. Again, it is too early to understand if these properties become available for longer term rents or sold on or another purpose.

Similar was observed from the recent major event hosted at Troon through the 152nd Open Championship. It was noted during the implementation phase of work surrounding this event that accommodation that would normally be relied on by the organisers was not going to be available due to the onerous process being expected of potential hosts, to the point the championship organisers had to contingency plan for alternate accommodation options. And for those that did apply and received licences, they let those properties out at significantly inflated prices due to simple economics of Supply versus demand. Although a benefit to local economies could be argued in local trades receiving an injection of investment through compliance processes (such as Electrical works and fire safety to ensure properties met standards). We also noted that due to events such as these not being (county bound) that our neighbouring local authorities approached STL for the competition differently and this added to the confusion for the operator around why hosts had to apply, why temporary exemptions weren't available and why there was no consistent approach across local authority boundaries.

Our approach to one off event such as The Open has differed from the expectations within the legislation in that we do not as a policy offer temporary exemptions, rather temp licences. The reason for this approach for The Open was two-fold. 1. All operators had just gone through an extremely onerous process for compliance as part of their on-going concern, it was felt that for host for The Open, who would not normally let their home otherwise but can achieve extremely high returns on income, that their properties should be held to a similar level of scrutiny as the main body of operators. 2. It was important to us as a Local Authority that properties meet that basic level of health and safety. Most properties being let for people coming to witness the competition would be staying in older, unique, high bedroom accommodation and we found through the process of issuing temp licences that many of these properties did not meet the most basic health and safety requirements. Such as interlinked smoke detection or having a gas safety. Whilst temp exemptions may be the expected route for large events, we feel that the timing of this one and the uniqueness of accommodation that would be provided required a higher scrutiny of licence process.

Local communities are more vocal on issues which impact them directly and makes it easier for South Ayrshire to assess and evaluate how to handle complaints or concerns when reported. More people in local communities are aware of the licensing scheme, however more education and development is required to spread the word more to let the public know they can report issues to their council regarding short-term lets. We are however looking to develop and bridge the gap/relations between communities and businesses. However, there is also a clear lack of knowledge and information available on the interactions between licensing and planning legislations, and again this could be argued that guidance produced by govt has not been clear on this and could be made more informative not only to local authorities but also to those communities.

Evidence for the Housing & Local Government Committee on the Short-Term Lets Licensing Implementation Update Report

1 October 2024

This document contains written evidence as requested by the **Housing & Local Government Committee** of the Scottish Parliament, arising from the "[Implementation Update Report](#)" published in August 2024.

Our evidence details the effects of the Scottish Government's (SG) "Short-Term Lets" (STL) Licensing policy, as implemented from 1 October 2023, on Scotland's B&Bs and guesthouses specifically, and hence on the visitor economy of Scotland – a sector vital to Scotland's economy and a major services export and employer, especially in rural, coastal and island communities. Tourism is the second largest growth sector in Scotland's economy, worth £10.7 billion, and providing 229,000 jobs (jobs growing at twice the national rate). [source: VisitScotland]

The evidence is compiled by the **Scottish Bed & Breakfast Association** (SBBA), the national trade association for B&Bs, guesthouses and small independent hotels in Scotland. The SBBA is affiliated with the (UK) [Bed & Breakfast Association](#), established in 2006. The SBBA sits on the Scottish Government's Short-Term Lets "Industry Advisory Group" (IAG) with other industry bodies representing STL businesses.

Background

The SBBA has long lobbied for a "level playing-field" in regulation and enforcement between our members (B&Bs and guesthouses) and premises being let to paying guests via websites such as Airbnb which have been effectively unregulated, and often non-compliant with the health and safety regulations (especially as regards fire and gas safety) that our members have long complied with. In giving evidence to the Scottish Parliament in 2017 on the so-called "sharing economy" and since, we have called for a low or no-cost, light touch national [registration scheme](#) for tourism accommodation to achieve this. Such schemes exist in several countries and a low cost, light-touch digital registration scheme for tourism accommodation is now (since 18 March this year) [the approved policy of the European Council for adoption across the European Union](#). The UK Government also plan to adopt such a policy in England.

Contrary to seven years of representations from the SBBA (and many other industry representatives, including ASSC), SG decided to pursue a policy of implementing 32 different local Licensing (not registration) schemes across Scotland; this is as we have made clear to officials and successive Ministers, in our view **the worst of all possible ways to achieve the policy objective** of achieving health and safety compliance across the whole sector (its stated aim).

Furthermore, in our 18 years' experience of dealing with tourism policy development and implementation with Governments in Westminster, Brussels and Edinburgh, the implementation of STL Licensing in Scotland has been (as we told the Minister, Mr. McLelland, in April) **by far the worst example of policy implementation we have ever encountered.**

The policy as implemented is fragmented, inconsistent, arbitrary, often disproportionately onerous, unnecessarily costly, far too wasteful of the time of both microbusinesses and of local councils, has obstructed the normal market in the sale or transfer of businesses classified as STLs, and is badly targeted, impacting as it does businesses like traditional B&Bs and guesthouses which are already compliant with health and safety rules and already subject to inspection and enforcement (and whose operation is of no detriment to the supply of affordable housing).

"Submitted [STL License application] in September 2023, still waiting for confirmation that license has been granted. Had to provide further irrelevant information at the request of the licensing Council. Have been operating as a B&B for 35 years and have never experienced such poorly thought out, lazy, incompetent, not-fit-for purpose legislation and bureaucracy in the tourism industry." - SBBA member, May 2024

Local councils have (either willfully or ignorantly) misinterpreted the (badly drafted, weak and vague) SG guidance, and have in many cases flagrantly flouted the supposed limits on fees imposed by the "cost recovery only" principle. They have in several cases flouted the law and have been subject to Judicial Review. They have also needlessly imposed onerous costs on microbusinesses – for example, an SBBA member had to pay £1,200 for architect's drawings, when a sketch would have been sufficient if the council concerned had properly explained the reasons for its stated requirements.

"If you are already an established guest house and have been trading for a number of years then I don't believe you should need a license to trade. I think you should be able to prove to the council you have all the relevant insurance and safety certificates (which all cost us money) and if you are compliant then you should be allowed to trade." - SBBA member, May 2024

Ministers themselves have been inconsistent – for example, long insisting that home swaps must come within scope of STL Licensing, only to U-turn recently to exempt home swaps.

76% of our members say that the actual costs of STL Licensing to them have impacted their business revenue or affected the viability of their business – SBBA Member Survey, May 2024

The average actual total cost of STL Licensing per B&B or guesthouse is **£2,147***, which equates to **£498*** per guest bedroom. This to "License" an activity they have already been carrying on in many cases for many years, and already fully compliantly with health & safety legislation. The Scottish Government had, as it planned the legislation, assured the industry that the fees per licence (ie per business) would be less than what turns out to be the actual cost per guest bedroom. So the actual costs are far in excess of what the SG forecast. *SBBA Member Survey, May 2024

41% of our members say the process of obtaining their STL Licence was so onerous and time consuming that it was damaging to their business – SBBA Member Survey, May 2024

Consequently, STL Licensing has resulted in the closure of many hundreds of businesses – including some 5% of SBBA members – with the direct effect of blighting the livelihoods of former tourism business owners, and hugely reducing the economic benefits to villages, rural areas, highland and island communities as guest spend locally has been lost. Hence it has damaged Scotland's economy – as we predicted it would in submissions over the last several years.

“This has been a wholly ridiculous process with every council having different agenda. I submitted my details last September (2023) and have still had no word about my license and this has cost me a great deal of money (thousands) which after the ravages of covid was money I could have done without spending.” - SBBA member, May 2024

“Difficult to negotiate your way through. Disproportionately expensive (already feels like an additional tax). As a small B and B it took me away from my core purpose of providing exceptional experiences for our guests. Hitting us hard as we are trying to recover from the Covid years. Far too many of us have decided to stop running a B and B, as it is far too onerous and financially burdensome. Why should a very small B and B have to go through this process, when in effect it is legislative process on my home?” - SBBA member, May 2024

“Living in the remote NW Highlands getting electricians etc to visit was hugely expensive (we had to pay 5 hours travelling time at £90 an hour!) The fact that the council has a year to grant the license after application is nonsensical - literally 12 months where you do not know if you will be able to accept guests that have booked with you! Literally no additional support provided to councils to handle applications - shocking!” - SBBA member, May 2024

79% of our members say that there are now fewer B&Bs in their area since STL Licensing was introduced (0% say the number has increased) – SBBA Member Survey, May 2024

“[The loss of businesses] was forecast and was inevitable. And because of the requirement for any new owner to start from scratch and get a license before they can trade, the businesses that have been lost are unlikely to re-enter the market, in an area that is crying out for visitor accommodation. And the businesses lost have not gone back into the market for locals. They have been purchased as second homes.” - SBBA member, May 2024

“The government must study the effect this has had on overall provision. I think there has been a major contraction in bed provision and a subsequent drop in economic activity.” - SBBA member, May 2024

“for those providers who have opted out of the industry and decided not to continue providing accommodation, this will mean a reduction in availability and choice for the consumer. The consequences of this in my view will be less accommodation, creating a greater demand, meaning a significant increase in prices thereby making Scotland a more expensive place to visit. This in turn will deter visitor numbers and subsequently less money being spent in the overall economy and also having a negative impact on associated industries. This will result in overall loss of businesses, a reduction in taxes being paid to the government and an increase in unemployment and associated welfare benefits. Well done the Scottish Government for creating such a bourach - you have excelled yourself!!!” - SBBA member, May 2024

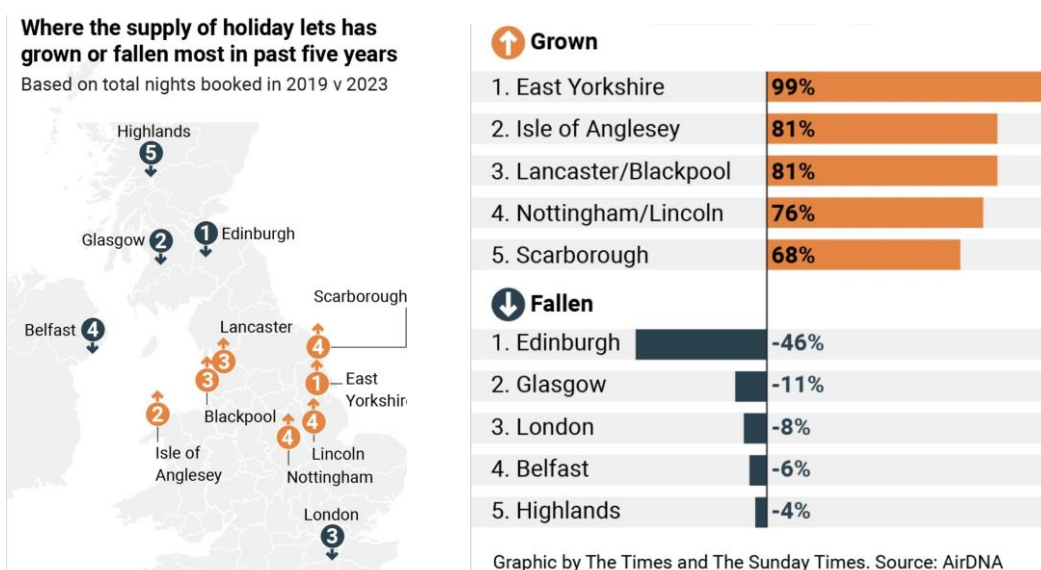
We understand the government's concerns around access to affordable homes to buy and for rent (though **B&Bs have no effect on those issues**), and we agree with the Government's stated objectives around increasing health and safety in tourism accommodation.

We told the then First Minister on 22 August last year that "we do not believe that this legislation will positively impact either of these objectives in its current form. It will only inflict hardship on thousands of small businesses across the country." Sure enough, our latest survey data proves that this has indeed happened as we and others predicted.

We also told the FM last August that: "International hotel chains will benefit from this policy. When local competition from microbusinesses dissolves, they will raise rates – making Scottish holidays only accessible for the wealthy. These multi-nationals will also likely build more "aparthotels" (exempted from SG's STL Licensing) – taking land that could be used for housing, while taking tourism income out of Scotland. The Scottish Government risks being seen to side with the 1%, rather than backing the 99% of small businesses that make up the backbone of Scotland's economy."

Again, this has indeed been what has happened, due to SG policy – on 12 May The Times reported that Scotland is now losing out to England as a result of SG's policies restricting the supply of tourism accommodation. It reported that: "The supply of properties let to tourists.. **has fallen the most in Edinburgh (46%), Glasgow (11%),** London (8%) Belfast (6%) & **the Highlands (4%)**" and explained that "**The collapse in investment in Scotland is to do with a blizzard of new rules regulating the sector**".

The supply of holiday lets falling in Scotland relative to England [The Times, May 2024]:



Again as predicted, this reduction in tourism accommodation – especially in Edinburgh and the Highlands – has led to very sharp increases in prices for hotel and other accommodation,

especially at times of high demand due to festivals, concerts and sporting events. Basic or midscale accommodation in Edinburgh at such times has recently been reported as exceeding £600 per room per night. **Scotland has started to accrue the perception as being an expensive destination – compared to other European countries and, crucially, compared even to England.**

“A lot of my competition has withdrawn from the market, prices have increased as demand exceeds supply, so we are in a better position. However I have no idea whether I will be able to sell as a going concern when I want to.” - SBBA member, May 2024

“When the unfair tourist tax comes in, we are out! It seems this government is determined to support freeloading camper van tourism over all other providers - shame on you. We cannot compete when we are being hit by so many bits of awful legislation so close together. As a lifelong nationalist, the STL and proposed tourist tax has made me decide to vote for another party - there are a lot of people working in tourism who can no longer support this government because of this.” - SBBA member, May 2024

“The STL licence is certainly one of the factors in this reduction in B&Bs. Small businesses suffer when heavy handed regulation is imposed on them, and as ever the Scottish Government makes no attempt to listen to business concerns.” - SBBA member, May 2024

“The area has lost over 110 bedroom spaces since the Pandemic. In the main STL has been the final straw for a majority of those lost bedrooms as folks have opted to retire or close.” - SBBA member, May 2024

Questions from the LGHP Committee, 1 October 2024:

- 1) Did you know that the Scottish Government was gathering views on the operation of the short-term let licensing regime? If so, did you submit views to the Scottish Government?
- 2) Has this [Information Update Report] addressed any fundamental concerns you have about the design and operation of the short-term let licensing regime? If not, what issues should any future review consider?
- 3) The report sets out a series of relatively minor changes to the licensing regime and other “next steps”, notably the establishment of an Expert Group. Do you have any comments on these proposed changes and next steps?
- 4) Whilst it is difficult to draw firm conclusions about the short-term lets licensing scheme at what remains a relatively early stage, what impact do you think it has had on:
 - Visitor numbers in Scotland;
 - The number of short-term lets;
 - The safety and quality of short-term lets; and
 - The experience of communities living near short-term lets.

Our answers to these questions follow:

1) Did you know that the Scottish Government was gathering views on the operation of the short-term let licensing regime? If so, did you submit views to the Scottish Government?

Yes - we have been giving views and evidence from the B&B and guesthouse sector to officials and Ministers, not least via our membership of the 'Industry Advisory Group' on STLs, consistently and continuously. (It has for the most part been ignored.)

2) Has this [Information Update Report] addressed any fundamental concerns you have about the design and operation of the short-term let licensing regime? If not, what issues should any future review consider?

No – as the evidence within this document shows, our fundamental concerns about the design and operation of the STL licensing regime remain unaddressed. Summarising our members' key asks, the changes they would like to see are:

- Scrap the 32 local Licensing schemes altogether as soon as possible and adopt the EU's preferred policy: a low-cost country-wide, digital, registration scheme instead
- More directive guidance from SG to councils to make application requirements less onerous, clearer and more consistent
- Reduce the STL Licensing fees into line with what SG said would be the case originally, and in line with the principle of "cost recovery only" (and no instances of multiple fees for what is in reality one business)
- Exempting premises in Class 7 (hotels and guesthouses)
- Enable the easy sale or transfer of STL businesses (we recognise that the amendments went some way towards achieving this, for which we are grateful – though the changes were late)
- Stop requiring retrospective planning permission (or buildings warrants) when the law does not require it – as at least one Judicial Review has made clear.
- Stop councils using STL Licensing as a blunt instrument to "manage down" tourism

3) The report sets out a series of relatively minor changes to the licensing regime and other "next steps", notably the establishment of an Expert Group. Do you have any comments on these proposed changes and next steps?

Yes – some are welcome as far as they go (eg the "Expert Group"), but overall they do not go anywhere near far enough to begin addressing the many fundamental problems of the 32 different licensing regimes.

4) Whilst it is difficult to draw firm conclusions about the short-term lets licensing scheme at what remains a relatively early stage, what impact do you think it has had on:

(a) Visitor numbers in Scotland:

There is already evidence of a weakening of domestic tourism, even as outbound tourism is increasing. Figures released on 28 May 2024 from analysts 56 Degree Insight show that Scotland's domestic tourism market is faltering: only 18% of Scots have taken a domestic break so far this year – down on last year. And 40% expect to take a holiday or break in Scotland in 2024 – down from 44% the same time last year. Meanwhile: outbound foreign holidays are up, with 41% expecting to visit Europe, and 12% going further afield. This decline in domestic tourism is very worrying, and must be partly due to the reduction in accommodation (especially STLs) and the consequent price increases.

And last month, VisitBritain released latest data showing:

- Domestic overnights were down 5% in 2023 compared to 2022
- Spend was down 9% in real terms in 2023
- Holiday trips were down 12%, but
- Overnight stays as part of an outbound trip were up 19% as overseas holidays rebounded in 2023 vs 2022

And data from 56 Degree Insight released in August showed Scottish staycations slowing, with declining “value for money” cited as a reason. 48% of Scots anticipated a Scottish holiday in the remainder of 2024, which is **7 percentage points lower** than at the same time last year. Overseas holidays continue to show growth however: +1% to Europe and +5% to further afield. 56 Degree insight concluded: “The challenging economic situation continues to provide a barrier to domestic holiday taking in particular, with **value for money on Scots holidays being described as poorer than a decade ago by almost half of Scots**”.

As we told Tourism Minister Richard Lochhead last week, **If the perception that Scotland is expensive continues to firm up, the consequences for Scotland's economy are dire: preserving and enhancing the competitiveness of Scotland's visitor economy should be a top priority for the Scottish Government.**

(b) The number of short-term lets:

The SBBA lost some 5% of its membership over the last year, due to B&Bs and guesthouses closing rather than go through the STL Licensing process. The decline can be seen across Scotland: in just the Fort William area, for instance, there has been a loss of 118 beds of B&B

capacity. That represents some £4 million in loss of potential accommodation sales turnover, and another £1 million to £2 million in lost potential guest spend in the local economy.

As that affect is multiplied across Scotland's communities, the damage to Scotland's visitor economy becomes clear – including in price rises at the remaining accommodation due to supply and demand (particularly acute in Edinburgh hotels as they take advantage of the reduction in STLs in the city).

(c) The safety and quality of short-term lets:

As far as B&Bs and guesthouses are concerned, there was (pre-STL Licensing) no issue of safety and quality: our members were already compliant with safety legislation (eg fire, gas and food safety). The only gap in compliance has always been in the 'unregulated' sector, as many properties on websites such as Airbnb were not subject to any checking or enforcement; we have long urged the "levelling of the playing-field" in safety enforcement by means of a low-cost, light touch national registration scheme for tourism accommodation – see elsewhere in this document for more detail on that. The introduction of 32 different, onerous, costly and inconsistent STL Licensing schemes has resulted in the closure of much accommodation – but not for safety reasons but predominantly for planning reasons (many of which have been ruled illegal in themselves by successive Judicial Reviews of Councils' STL Licensing planning requirements), or for reasons of the disproportionate cost and administrative burden imposed by STL Licensing.

Some of the closures have been high quality accommodation (including award-winning B&Bs), whilst many non-compliant accommodation owners have continued trading in defiance of the STL Licensing legislation: in Edinburgh, of course, there is now (as predicted by many) a huge 'black market' in unlicensed accommodation, unchecked and un-inspected, whose safety and quality is unknown but must at least be in doubt.

(d) The experience of communities living near short-term lets:

As far as B&Bs and guesthouses are concerned, there has never been a significant issue of nuisance to neighbours, so this is unchanged.

Visitor Ready scheme proves the viability of national digital registration

In March this year, the [European Council gave its final approval to the regulation of STLs via a simple digital registration scheme](#). And the UK Government plan a similar registration scheme for England. We believe the Scottish Government ought to adopt the EU model in Scotland.

Earlier this year, VisitEngland and AA Hospitality launched "[Visitor Ready](#)" - available UK-wide, this is a simple, digital accreditation scheme enabling owners of tourism accommodation (and other tourism businesses like attractions) to prove to consumers their compliance with health and safety legislation and their public liability insurance cover. It enables owners to upload certificates and documentary proof of compliance. The scheme is so low-cost that AA Hospitality (a private business) is offering it to accommodation owners **free of charge**. The existence of Visitor Ready proves that a simple digital, country-wide, registration scheme based on document uploads is not only possible but proven, viable and **low cost** – imposing very little administrative burden on businesses, and no financial burden. Such a scheme could be a template for a national registration scheme, with risk-based enforcement by safety regulators and/or local authorities. Such a registration scheme would impose a vastly lower burden on local councils than the existing 32 different licensing schemes.

Overall Conclusions on STL Licensing

As far as its implementation on B&Bs and guesthouses is concerned, STL Licensing has **achieved no benefits – either to tourism or to the supply of affordable housing** - and has **damaged the sector, reduced livelihoods and reduced tourism income for local communities**, especially rural, coastal and island communities. Specifically, it has:

- **Achieved NO SIGNIFICANT GAIN in the health and safety compliance of our sector** – which was already compliant and subject to enforcement
- Reduced Scotland's tourism bedstock (ie capacity), thus **reducing tourism's benefit to Scotland's economy**
- Disproportionately damaged rural, highland, coastal and island communities
- Reduced the livelihoods of those previously running STL businesses which have now closed
- **Achieved NO GAIN in the supply of affordable housing** – the ex-B&Bs are now either large and under-used homes (now generating no income for their local community), or have been sold as second homes to affluent buyers (often from England)
- Increased the cost of staying in Scotland in tourist accommodation, both for international visitors and for Scottish people – with consequent further economic damage as festivals and events migrate to venues in England
- Placed a huge additional and unnecessary burden on local councils

- **Not been enforced at all on those who fail to apply** – on Monday 26 May, The Times reported figures from Police Scotland (who were given responsibility for enforcing the rules) revealing that from 1 Oct 2023 to Mid-May 2024, “zero” breaches of the STL Licensing rules had been recorded by Police. “Despite reports of a burgeoning black market in short-term lets... Police officers have not intervened once in the controversial clampdown on short-term lets across Scotland” The Times reported. Thus the only burden has been on legitimate, conscientious businesses who have applied for a license; those who have flouted the law are getting away with it – this is clearly unjust and means that **there is even more inequity due to unfair competition now than before, because of the way STL Licensing has been implemented**. The exact opposite of the level playing-field we have been asking for since 2017.

The Scottish Government’s summary ([part 14](#)) states “The provisions [in the 2024 changes] relating to licence transfers and provisional licences for properties under construction bring benefits to STL businesses, whilst preserving licensing principles.” It also adds that “the overall aim of the 2024 Amendment Order is to make technical updates and to **act on emerging unintended consequences**, within the scope of the licensing principles outlined to Parliament.”

Of course, the reference to “unintended consequences” is in effect an admission that the original STL Licensing legislation and guidance was very poorly drafted by the Scottish Government – and poorly scrutinised by the Scottish Parliament. Hence many of the “updates” in the 2024 Amendment Order have been to correct some of the many flaws in the original legislation. If the legislation had been fit for purpose, these would not have been required.

Our view is that these limited “technical updates”, whilst broadly welcome (as per our specific comments above) were too little, too late and did not in any way address the more fundamental flaws of the STL Licensing legislation outlined in our evidence in this document.

In our view, the regulation of short-term lets in Scotland needs a fundamental rethink – it needs revolution rather than evolution.

Below please find:

Annexe 1: SBBA comments on the specific provisions in the 2024 Amendment Order

Annexe 2: SBBA member survey on STL Licensing implementation, May 2024

This document was issued by the Scottish Bed & Breakfast Association (SBBA) on 1 October 2024.

The SBBA’s contact email is: info@scottishbandbassociation.org

Annexe 1:

SBBA comments on the specific provisions in the 2024 Amendment Order

The 2024 Amendment Order includes provisions which have the following practical effect; our brief notes **in blue** follow each explanatory provision from the [BRIA](#) below:

- **Commercial consideration definition** - The wording 'a provision of service' has been deleted from the definition of "Commercial consideration" to recognise that this could be confusing when read in conjunction with Article 3 (d) of the 2022 Licensing Order which excludes accommodation if it is provided for the principal purpose of facilitating the provision of work or services by the guest to the host or to another member of the host's household.
This is welcomed, to correct the original bad drafting which meant that homeowners offering accommodation to someone doing work for them would need to have an STL Licence.
- **Foster care arrangements** - The Amendment Order also clarifies that foster care arrangements will not require a short-term let licence.
This is welcomed, to correct the original bad drafting which meant that homeowners offering foster care would need to have an STL Licence.
- **Single licence for multiple accommodation** – the 2024 Amendment Order clarifies that licensing authorities do not need to refuse an entire short-term let licence application where there are multiple accommodations on a single premises. The licensing authority may grant a licence in respect of all or some of that accommodation.
This is welcomed to correct the original bad drafting, so that councils do not now have to turn down an application simply because one accommodation unit out of many on the site does not meet requirements
- **Licence transfers** – this is a new process whereby a short-term let licence may be transferred to someone else on application by the licence holder. A short-term let licence holder can apply to the licensing authority to transfer the licence into the name of a third party, subject to there being no objections from the Chief Constable. This will support hosts/operators if they wish to sell by allowing them to market their accommodation as a short-term let (with onward bookings) or if there are other reasons why a licence needs to be transferred such as the licence holder has died and an executor acts on their behalf. The licensing authority will consult the Chief Constable as part of the transfer application and prospective hosts/operators will not have to apply for a new full licence.
This is welcomed, and is what we and others on the IAG have long been calling for; the original legislation was so badly designed that it failed to anticipate or allow for the sale or transfer of an STL business. That failure has caused huge

economic damage so far, in obstructing sales, blocking bookings and making finance impossible for many.

- **Temporary exemptions** – local authorities already have the power to authorise temporary exemptions from the requirement to have a short-term let licence for a period of up to 6 weeks. The 2024 Amendment Order clarifies that there may be up to three periods of temporary exemption in each calendar year which must not exceed a combined total of six weeks.

This clarifies what was unclear in the original poor drafting

- **Provisional licences for new build short-term lets**– The 2024 Amendment Order includes provision so that a new host who is building accommodation intended for use as a short-term let can apply for a provisional licence at the construction stage. The provisional short-term let licence can then be confirmed once the accommodation is complete and the host can secure compliance with the licence conditions

This is welcomed, as it allows for new builds of STLs, not allowed for in the original poorly drafted legislation. We believe this should be widened to include existing buildings being converted for STL use as well as new builds.

- **Information to be displayed at Short-term let premises** -The 2024 Amendment Order inserts a requirement for two new pieces of information to be displayed at a short-term let premises as part of compliance with the mandatory conditions for such licences. The new provisions require licence holders to make the following information accessible to guests within the short-term let accommodation: 1) instructions as to what guests should do in the event that the carbon monoxide alarms sounds and, where relevant, 2) if there is a mobile gas cabinet heater in the premises, safety instructions as to the operation and movement of the mobile heater.

We do not believe this is necessary as it is covered by existing legislation

- **Exclusion for guest rooms in specific types of residential accommodation** – The 2024 Amendment Order clarifies that guest rooms provided in residential accommodation where personal care is provided, guest rooms in hospitals, guest rooms in nursing homes and guest rooms in sheltered housing are all classed as excluded accommodation for the purposes of the short-term let licensing regime, if the guest is visiting residents.

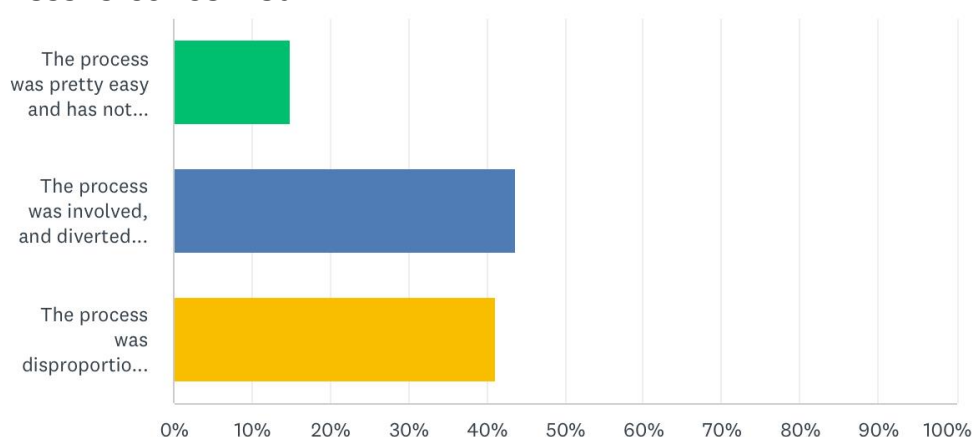
This is welcomed, to correct the original bad drafting which meant that people staying in (eg) care homes whilst visiting a relative in care would mean the care home had to have an STL Licence.

Annexe 2:

SBBA Member Survey, 23-27 May 2024

After receiving the Housing Committee's invitation to give evidence by 29 May, we ran an online survey of our members between 23 and 28 May 2024, specifically on their own experience of the application and licensing process. A significant proportion (around 1 in 5) of our subscribing members have responded in detail (despite the survey period being over a very busy Bank Holiday weekend), so the results below are very timely and the individual comments from members give a granular level of detail which may be useful to the Committee and to policymakers generally:

1. Which statement is closest to the truth about the PROCESS (rather than the costs) of obtaining an STL Licence (mandatory since 1st October 2023) as far as YOUR business is concerned?



ANSWER CHOICES	RESPONSES
▼ The process was pretty easy and has not significantly affected my business	15.00% 12
▼ The process was involved, and diverted a significant but manageable amount of management time	43.75% 35
▼ The process was disproportionately onerous and time consuming, so damaging to my business	41.25% 33
TOTAL	80

Individual member comments on the **process** of STL Licensing:

- 1 It was inconvenient that you could not enter some information, save it and continue the next day
- 2 It's a load of rubbish aimed at the wrong group of people ie guesthouse and b&b owners who've always had everything in place. Applied for the licence September 2023 still nowhere near getting it
- 3 Process required information outside of what seemed relevant. Process had too much repetition. Guidance wasn't clear.
- 4 Our local authority were disjointed between departments and the STL team there to support applicants were even unsure of the process and unnecessary strict enforced, not followed by all authorities
- 5 It has taken them so long to process our claim that the proof of insurance has expired so we have to send them new proof almost 8 months later, no doubt putting us at the back of the queue

- 6 Still heard NOTHING from Highland Council who say it could be up to 12 months from time of process starting!!
- 7 It was an absolute nightmare to complete - the goal posts kept changing, information kept changing, most of the information required is not relevant for my business. We wish that SG had agreed to go along the route of registration. We are in Moray which is not a control zone. This process is onerous and has caused me a great deal of stress.
- 8 I was lucky as I have just finished renovating and extending my property so many of the onerous requirements I happened to have to hand for different reasons... eg full architectural drawings
- 9 I did find it very hard to go through all that was required and having to take photos of plans of my house, and uploading when submitting my STL. There was a lot involved and extremely time consuming as I did it all on my own without any outside help or help from my husband. Despite submitting my form in September, I have still not received anything from my council, only the acknowledgement that it has been received.
- 10 Worst still for new bed and breakfast businesses since you can't even trade until you have a license. And in our experience the process doesn't move fast!
- 11 Nothing except my husband was terminally ill at the time and I was working as well as being his full time carer. I asked for an extension to apply but it wasn't possible
- 12 Online systems had to be completed in one hit, but, many question required expert answers, Electrician, Fire etc. Which meant lost time as you could not save the position you were at in the application process. Obtaining services of a certified and qualified Electrician took months. Each time, having to start the application process over and over gain. The cost of all of this outweighed any benefit of applying to the p e point of actually considering closing the business.
- 13 I haven't yet had a reply to my application last autumn.
- 14 We have been given a STL licence number from Scottish Borders Council but still do not have any evidence of a licence as such. SBC says it is too busy to issue a licence despite charging for it. The requirements include a floor plan which is completely unnecessary for any guest to see.
- 15 For a small B&B in our home it was a nonsense as we have been trading for 18 years and we are always here with our guests
- 16 Most of the documentation required we already had in place with the exception of the scale drawing. It was a pain to collate and scan in to PDF format. Fortunately I am competent with the computer.
- 17 I have still not had anything approved or paid any money. I keep asking when they are going to deal with my application but the Council say they are too busy and there is a back log in West Lothian. My daughter runs a small B&B next door to mine and she is also still waiting. I am fully booked until the end of September for B&B so just carrying on
- 18 Still awaiting licence
- 19 Difficult to get safety checks done due to lack of qualified electricians and disinterest in type of work.
- 20 My daughter who is completely computer literate helped me - otherwise the process would have been a lot more complicated
- 21 Updates on process slow to be revealed by Highland Council. Prior to October 1st last year there were weekly updates on applications and those in process. This has now slipped to monthly.
- 22 After more wrangling (and because the rules and interpretation kept changing), we have been told by someone in the council that we are exempt. However nothing official in writing, and they still have our fee!
- 23 Submitted application in September, was informed a member of the local team would be in contact, but have heard absolutely nothing since from Highland Council, so have no idea.
- 24 Took me months. It's not easy on a small island getting electricians, etc - the process was time consuming and took a lot of time.
- 25 Submitted in September 2023, still waiting for confirmation that licence has been granted. Had to provide further irrelevant information at the request of the licensing Council. Have been operating as a B&B for 35 years and have never experienced such poorly thought out, lazy, incompetent, not-fit-for purpose legislation and bureaucracy in the tourism industry.
- 26 The process focussed on things like the LA wanting hot and cold pipe run drawings whilst neglecting the fire safety requirements as the local fire brigade refused to carry out any audits
- 27 Burdensome having to do so with paper documents when not possible online. Unnecessary copying and preparation of documents eg plan of property.
- 28 Still waiting for a Licence, very little communication from Argyll and Bute Council.
- 29 This has been a wholly ridiculous process with every council having different agenda. I submitted my details last September (2023 and have still had no word about my licence and this has cost me a great deal of money (thousands) which after the ravages of covid was money I could have done without spending.

30 Disproportionate amount of time spent by Highland Council awaiting input from external agencies (Police / SFRS). No allowance (staffing, funding, etc.) had been allowed for this as part of the overall STL implementation.

31 I submitted my application at the start of August 2023 but have not yet received a decision nearly 10 months later. What a farce!

32 Difficult to negotiate your way through. Disproportionately expensive (already feels like an additional tax). As a small B and B took me away from my core purpose of providing exceptional experiences for our guests. Hitting us hard as we are trying to recover from the Covid years. Far too many of us have decided to stop running a B and B, as it is far too onerous and financially burdensome. Why should a very small B and B have to go through this process, when in effect it is legislative process on my home?

33 Think it's awful that it has been 11 months since we applied and still don't have it.

34 It is now 8 months since we made our application and have still not had confirmation that it has been granted.

35 I am still waiting for a license therefor can only put on my property 30 days at a time

36 Living in the remote NW Highlands getting electricians etc to visit was hugely expensive (we had to pay 5 hours travelling time at £90 an hour!) The fact that the council has a year to grant the licence after application is nonsensical - literally 12 months where you do not know if you will be able to accept guests that have booked with you! Literally no additional support provided to councils to handle applications - shocking!

37 Difficult to get tradesmen to fulfill requirements plus expensive

38 Too confusing and not clear enough.

39 Generating and collating the required information took considerable time and cost but did not significantly impact business as I managed this during off peak time.

40 Unnecessary paperwork, stress, time and money waste.

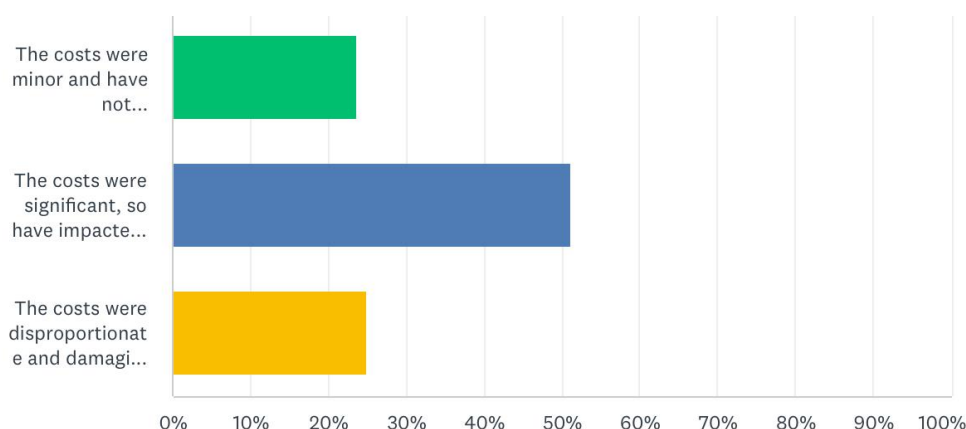
41 We did not have to do this as we have a licenced Bar

42 Should be simplified.

43 Good if implemented properly

44 I was pleasantly surprised by how easy the process was

2. Which statement is closest to the truth about the overall COSTS (ie adding the license fee and the costs you had to incur in meeting the application requirements) of obtaining an STL Licence as far as YOUR business is concerned?



ANSWER CHOICES ▼	RESPONSES ▼
▼ The costs were minor and have not significantly affected my business	23.75% 19
▼ The costs were significant, so have impacted the net revenue from my business	51.25% 41
▼ The costs were disproportionate and damaging to my business, affecting its viability	25.00% 20
TOTAL	80

Individual member comments on the **costs** of STL Licensing:

- 1 The actual cost of the licence itself was not insignificant and I am concerned as to the renewal cost in future. However as a business owner I already had most of the paperwork in place.
- 2 The costs were several hundred pounds for a licence that is for 3 years only ... so whilst it didn't really impact in my revenue, it was still a cost I had not paid in the past
- 3 Some of the costs related to getting documents which don't seem relevant.
- 4 We nearly gave up but we were caught up in a difficult situation as we had just purchased the business in Jan 2020, just before COVID with no support as we had not begun trading before lockdown.
- 5 Older people do not have the technical skills to draw out a floor plan and have to pay for it to be done. Friends have told us their total costs have been between 1/4-1/3 of their profit for that year.
- 6 Disgraceful for small businesses. Will take a substantial time to recoup. To add to this bookings are down this year which is causing huge upset to mental wellbeing
- 7 We are seriously considering closing our business as the costs to the licence are not easy to recover.
- 8 As I had a lot of work done the costs were limited to the electrical certificate, the license itself and a small amount of administration costs however that will require me to trade an additional 10-15 days to cover the cost. As a pensioner I am only doing B&B to extend my pension so my income is a livable level.
- 9 Professionals ie electricians etc put their process up as it was supply and demand to get the checks done.
- 10 We are a small family run B&B. The cost to apply was wholly disproportionate to the size of the business.
- 11 I haven't yet had a reply to my application last autumn.
- 12 We did not have to pay for a floor plan to be produced as we were able to contact the architect who had drawn up plans for an extension, prior to us purchasing the business. This would have been a significant cost otherwise.
- 13 The total cost was just over £3000
- 14 For me not being good at Technology I had to employ a town planner to present my application and this made it very expensive for a small B&B.
- 15 The costs involved were mainly in getting electricians in to certify our electrical system.
- 16 no idea of the cost
- 17 I had to cease trading for months as I was unable to apply by 1st October
- 18 Electrical cert & PAT, Change of Planning Use
- 19 We were already operating to the standards required. The only additional cost was for the 1:25000 site plan.
- 20 Fee in Fife £430
- 21 Costs have significantly dented our finances, reducing our profitability and will cause us to have to increase our prices and make our business less attractive to customers.
- 22 I spend considerable costs raising the fire safety standards and rightly so but there was no financial assistance in doing so, I spent c£7,000
- 23 We live on the premises and feel this should not have applied to our Bed and Breakfast.
- 24 Again costs of this - a licence for electricians etc. to print . money and the council to get money - still my paperwork was submitted in September and nearly a year later I am still waiting to see if I get a licence or not - Total chaos from a bunch of pen pushers
- 25 Most of the 'full time' businesses operating in this area should have been there or thereabouts anyway with the legal requirements (EICB, PAT Testing, Gas Safe, Insurance, Fire protection, Regd. Food Provider, Food Hygiene Certification etc.). So the main cost element should have been the License itself.

26 They came at a time when we were still recovering from the impact of Covid restrictions and when the Highland Council-operated Corran ferry was not running which all affected income significantly in 2023. Awful timing to impose STL.

27 Far too expensive

28 I think it was an extra cost the hospitality industry could have done without, We were just trying to get back on our feet after covid.

29 In our case I would say that the costs were significant but have not significantly affected my business. It is galling though that we still have not received the license.

30 The costs go on a per room basis. However a self catering flat is classed as one unit

31 See above - should have been provision made for remote business' For a 3 room business our outlay was a huge portion of our small profit margin.

32 Very costly having to use professionals and buy additional equipment.

33 We still need to do all the certificates and licences, it is expensive.

34 This was an unnecessary expense , we have a Class 7 property and were compliant anyway.

35 If I had not reduced number of rooms, which the council had approved 10+ years ago, I would have incurred major costs for change of use, which would not have been viable for those of us operating a short season

36 Getting in qualified artisans is expensive. But like everything as we eat the money everybody wants their share

3. What is your total occupancy (no. of paying guests when you are full)?

Average answer: **maximum number of guests is 8.6**

This equates to **4.31** guest bedrooms (doubles or twins)

NOTE: This underlines the small size of these microbusinesses – at an average price per room-night of £114.37 (blended from £56.64pppn in peak [weighting peak by 66.66%] and £58.27pppn off peak) and an occupancy rate of 54.67% [Source: [VisitScotland Scottish Accommodation Occupancy Survey 2022](#)], the total average gross sales turnover (not profit or net revenue) is some £98,400 per business. This is of course before any costs are deducted (eg staff, food, laundry, cleaning, electricity, gas, water, insurance, mortgage/finance costs, repairs & maintenance, decoration/refurbishment, fire, gas & safety measures, agent commissions (typically 15-20%), advertising and marketing, IT costs, business rates or council tax, VAT (20%) etc.). The net figure after all those costs have been deducted is the revenue of the business – which typically has to provide the livelihoods of two people. Running a B&B or guesthouse is not a shortcut to riches.

4. What is your best estimate of the TOTAL COST to your business of obtaining an STL Licence, including the licence fees and the costs of meeting all the application requirements?

Average answer: **£2,147 cost of STL Licensing per B&B**

Minimum answer: £300 Maximum answer: £7,500 (in written comments)

So this equates to **£498 per guest bedroom** (based on doubles/twins)

NOTE: We (mistakenly, it has proven) gave an upper limit of £5,000 for answers to this question; some 12% of respondents selected that maximum figure of £5,000. In the written comments, one stated that their total costs were £7,500. So it seems certain that the above average of answers is an **underestimate** of the actual average costs to small businesses.

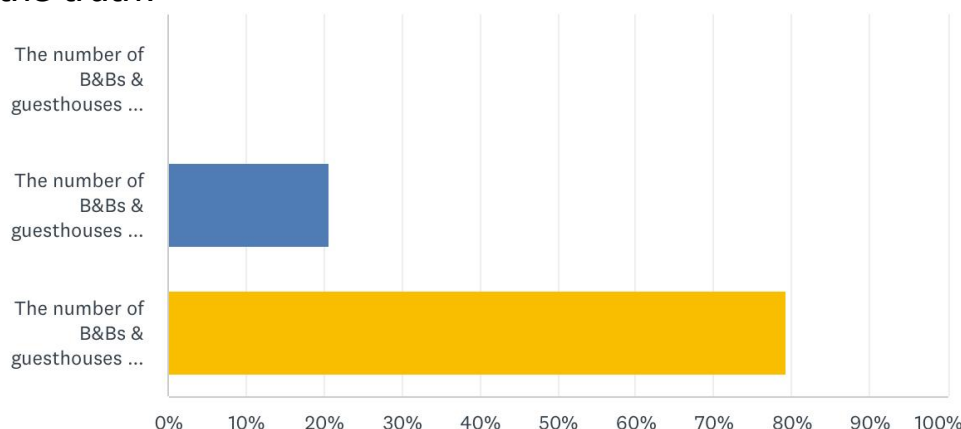
5. Improving the STL Licensing scheme: what specific suggestions would you give the Scottish Government on how the STL Licensing schemes should be improved (by changes in the regulations and/or the official guidance to Councils)?

- 1 STL licenses should not be issued to property in obvious community housing areas or to relatively new builds.
- 2 We have not received our licence yet nor have we had any update from the council.
- 3 Licences are unnecessary and costly for licensee and licensor A simple registration is all that is required
Commitment to supporting tourist industry (not large hotels and tourist attractions only) by both central and local governments Acknowledgement that we are often the solution not the problem
- 4 Aim it at those who don't comply with legislation
- 5 Online process rather than printing off and scanning documents. Somebody to talk to on progress of licence rather than emails which nobody responded to. Scrap licence for established B&B. Make it easier to transfer to new owner when selling.
- 6 I feel that if the B&B is part of the owner's actual home, which the owners live in full time, a license should not be necessary, just a simple registration so that the business as an entity is recognised by the authorities, making it obvious it is a legitimate business - thus making it easier during, for example, covid times, when financial support was needed, when it was hard for some folks to prove that they were an existing business.
- 7 I think we all have to be accountable, and show due diligence in every aspect of our business, however as a working owner a lot of my free time now is spent on more paperwork
- 8 Where owners/operators live in the premise they should be exempt. Different unit types on a shared site should be a single license. Costs should be proportional to business size.
- 9 These regulations were too open for individual councils. B&B establishments which are also the owners homes should not have been included in this category. I do believe in registration of some sort eg appropriate fire safety, PAT testing etc but not the process we have had to endure. We are in our homes and policing any issues which is where this regulation initially stemmed from. These businesses are our homes. Ideally I would like to see compensation for the trauma and costs of this regulation.
- 10 Allow a licence to be applied for prior to buying a new business or allow a licence to be transferred to new owners so that if selling we don't have to cancel 1000s of guests ruining their holiday.
- 11 Re think the entire scheme. Start supporting the sustainable accommodation providers and take action to totally eliminate 'free for all' so mistakenly being called 'wild camping' in vehicles. Not acceptable - and happening in our small village opposite our home and business!!
- 12 For us in Moray - a registration system would be far more beneficial, after all most of us operate legally in terms of H&S as we have to provide these docs to OTAs
- 13 Scrap the scheme for guest houses, B&Bs and hotels.
- 14 I am a group/class 7 building (Guest House) BUT Stirling Council insist I am not exempt under this legislation unless I hold a liquor license as well. There cannot be many operators who want to offer alcohol at breakfast. My view is this just the bureaucrats going mad but I don't have the resource to fight them
- 15 I think that this should not have included the small B&B's such as myself as it has caused a great deal of strain timewise and financially. I have extremely good reviews and have been a member of Visit Scotland being Quality Assured for the past 9 years. This should have been more centred around accommodation providers who have not been accredited in any way, shape or form. Also to those who have bad reviews.
- 16 The license could run for 5 years not 3. For first time licences if there is a significant timeline between application and approval councils should allow applicants to sort their insurance out at the point of approval rather than early in the process so to not waste clients money.
- 17 Making it transferable when selling business. The new owners could then just have personal checks done and provide evidence of insurance as everything else applies to the property
- 18 Scrap it Repeal the legislation
- 19 There are still tenements in the Edinburgh old town with 10 key boxes at the front door. The effect of this legislation seems to be Zero. The council raked in millions but no effect.
- 20 Traditional B&Bs should be exempt from STL Licensing.

- 21 I agree something has to be done, but have a good look at the accommodation that doesn't comply
- 22 First and foremost B&Bs and Guest Houses should not be included in this legislation in the first place! The licence should attach to the property not the owner of the property. The current situation makes it impossible to sell the business as a going concern. The councils themselves do not understand the requirements. Scottish Borders Council were not aware that we did not need to have £5million PL insurance. When I raised this with them they refused to accept it was unnecessary and we were forced to purchase additional insurance that we do not need.
- 23 I don't think B and Bs and guest houses should have Licence. It should have just been the Airbnbs like in England.
- 24 For anyone running a B&B it should not apply. When we stop doing B&B this is our home and we will continue to live here. We are a quiet establishment we never would put up with rowdy guests
- 25 The application process had to be restarted if you either timed out or closed the website. There should be an option to carry on where you left off.
- 26 Scrap it altogether
- 27 Changes to regulations and official guidelines to make it easier and fairer
- 28 Concentrate on bad landlords, ones with poor reviews and on platforms that allow anyone to operate ie airbnb
- 29 To be able to transfer license when selling. Cheaper renewal.
- 30 I feel I should not have been charged per persons £180
- 31 Transferring the licence to new owners. It's mostly about ensuring the property is ticking the right boxes. If a property has the licence it should be transferable to another person providing they past the enhanced person police check.
- 32 Keep it simple and consistent
- 33 Definitely the ability to sell a licence with a going concern business Actually use the licence to control the numbers of Holiday lets (we don't think Fife Council will be doing this, even though there are already 400+ self catering holiday lets in St Andrews with many more in close proximity. Here it pushes up the costs of renting, buying etc
- 34 Scrap it altogether and set up a lighter touch registration scheme, as has been suggested by ASSC & SBBA. This could be administered by Visit Scotland, or another similar body.
- 35 Excluding home share b&b from the scheme.
- 36 adopt same procedure as in England. Registration scheme.
- 37 Abort it
- 38 1) A registration scheme of sorts was already operating in the shape of VisitScotland, through their grading assessment scheme which incidentally will cease operating in Scotland next year (2025). What a complete waste of an established resource with a ready made frame work to incorporate a licensing element into the accommodation sector! 2) A square peg does not fit in a round hole, and one size does not fit all - this legislation was politically motivated and Edinburgh/Glasgow centric with little thought given to the needs of the rural and island communities who rely heavily on tourism for their economies. How will the STL scheme be monitored, evaluated and it's aims and objectives met? How does a VisitScotland 4 star GOLD graded B&B operated from the owner's private home have any impact on the availability of rental properties and the reduction of antisocial behaviour? 3) This scheme should be scrapped and the existing network and criteria used by VisitScotland should be utilised. This will create employment, continue with the quality assessment and grading scheme, and enhance further the tourism industry throughout Scotland.
- 39 B&Bs are excluded and heavy focus on fire safety as many have wrongly done risk assessments without undertaking and meeting the right fire standards
- 40 It should be necessary to evidence compliance with food safety/hygeine requirements for all businesses if food is provided.
- 41 Better communication.
- 42 A) Scottish Government should have waited till this was rolled out by the UK government and should have been in tandem with same. Not by some egotistical idiots in the Scottish Parliament 'Wanting to roll it out first and doing it their way' which has been like everything else they do - TOTAL CHAOS.
- 43 To introduce enforcement officers as clearly most AirBnB owners have completely ignored the legislation in my area and it angers me as this was the area for which this STL was mainly introduced for. Guesthouse owners and B&B owners who live onsite and need legislation to trade should be exempt.

- 44 Transferability. Split the License into Part A: Property and Part B: Person(s). On selling the business, Part A is transferable, Part B is not.
- 45 Allow transfer of licence.
- 46 STL should not be such an umbrella requirement for all accommodation businesses. The impact of remotely rented Airbnbs in big cities on long term rentals and their nuisance factor for residents is vastly different from my situation where I myself live at my B&B and contribute to my local economy where tourism is one of the few possible ways of earning a small income in a very rural location.
- 47 Both of the above
- 48 I don't think it should have applied to small businesses, we only have 3 rooms.
- 49 Removing class 7 premises from future requirements for a license. They should never have been included. Change the rules about relicensing in the event of a sale of a property.
- 50 A requirement on councils to communicate the requirements of the scheme directly to operators and guidance specific to operators in their council area. A requirement on the council to police the scheme and identify unlicensed premises Provide updates on progress of applications eg we are still waiting to hear about one of our licences applications from last August
- 51 Allow the STL to be transferable on sale of the business
- 52 Grow up! Should be consistent across all regions. Provide nominated and fixed cost tradepeople nationally to fulfil the certification requirements. Allow a cool down period if a licence is rejected (ie you need not call people booked already to say they cannot stay with you due to licence rejection). Scale the legislation to the size of the business - I cannot believe any one or two room B&Bs are still trading when you look at costs compared to profits. Their official tourism organisation (Visit Scotland) should not still be advertising business who do not have a licence!
- 53 Scrap it
- 54 help older people who run a b&b and who are not now due to paperwork
- 55 Making the licence transferable, I have a 6 bedroom house3 are let as b&b, my pension is my house which now is effectively worthless as you can't get a commercial mortgage on the property, this isn't a first time buyers home
- 56 Shortening time scales for councils to grant. Applied a month before the cut off and still have heard if granted
- 57 Nationwide standards NOT locally variable standards and costs.
- 58 Scrap it. A waste of time and money.
- 59 We are blocked in East Lothian due to no licence for shared door properties so going to sell up
- 60 Consistent policies and costs across all councils. Rates proportionate to turnover. Standard templates made available for required documentation
- 61 There is big difference between countryside guest house/B&B and hotel. Can't apply the rules for the car parks.
- 62 People should be registered and have the correct safety certificates in place, but the fee the council charges is too high, and the requirements list very long
- 63 Allow licence transfer to new owner if property sold
- 64 The licences must be made transferable. At the moment there is a barrier to selling out of or buying into the sector
- 65 If you are already an established guest house and have been trading for a number of years then I don't believe you should need a licence to trade. I think you should be able to prove to the council you have all the relevant insurance and safety certificates (which all cost us money) and if you are compliant then you should be allowed to trade.
- 66 Maybe a helpline to offer assistance to anyone submitting an application
- 67 Remove businesses who already have class 7 planning permission from the scheme. We already have to have all the legal compliances required.
- 68 Proper guidance to LA's. Grandfather rights to be observed for businesses operating for 10+ years. Removal of B&B's/Guesthouses from the scheme
- 69 Allow license to be passed to new owners when property is sold
- 70 Cut out the bureaucratic nonsense. Stream line it
- 71 Make the licenses transferable

6. Other B&B and guesthouse businesses in your area: which statement below is closest to the truth?



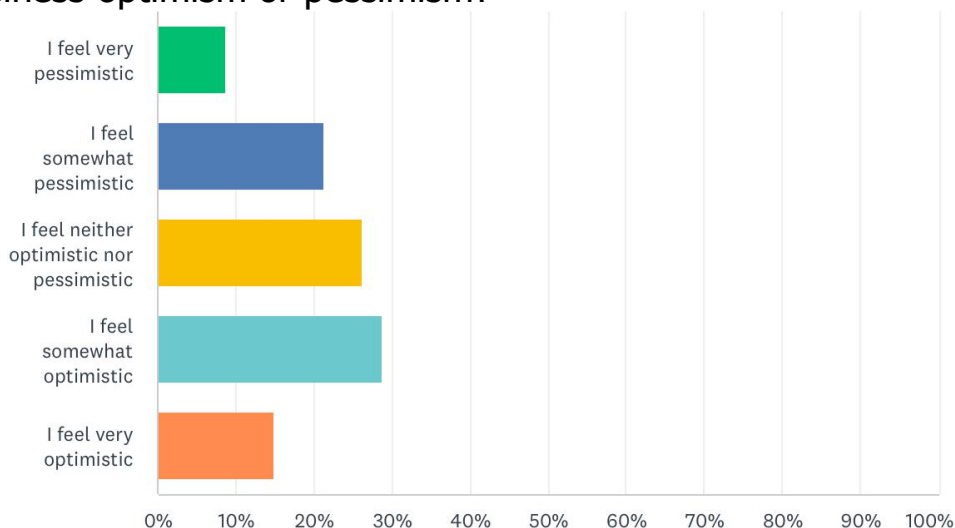
ANSWER CHOICES	RESPONSES
▼ The number of B&Bs & guesthouses in my area has increased compared to before STL Licensing	0.00% 0
▼ The number of B&Bs & guesthouses in my area is about the same now as before STL Licensing	20.78% 16
▼ The number of B&Bs & guesthouses in my area has reduced since STL Licensing came in	79.22% 61
TOTAL	77

Individual member comments about the change in the number of B&Bs or STLs due to the introduction of STL Licensing:

- 1 I know of small scale guest house/B&B owners - friends of ours - locally who have completely given up letting any rooms due to the licensing, as they felt it was too intrusive and onerous. They would definitely have carried on letting rooms - in an area of the northwest of Scotland where demand for rooms outstrip supply, and where individual, in-home letting rooms are really appreciated by guests.
- 2 In the 9 years I have been here, the number of other guest houses has gone from 11 to 4
- 3 License process is too costly and onerous for small businesses with marginal profits.
- 4 In our street alone we have lost 3 large guest houses including our neighbours.
- 5 Very few businesses operating. Scotland's tourism has been changed beyond recognition. Shameful from this Scottish Government
- 6 At least 6 have closed, this has had a significant drop in visitor numbers to the town. Tourists don't have enough places to stay anymore - it's shameful.
- 7 anecdotally I have been told that 25% of rentals on offer locally have withdrawn from the market but I have no specific evidence of this
- 8 Significant reduction in properties available with more currently trying to sell. I would have gone last year also had my husband not fallen ill (he passed away early Dec 23)
- 9 the reduction of B&B/Guest Houses in this area is wholly due to the red tape of the STL Tourism tax
- 10 I hear on the grapevine that many B&B owners have packed it in.
- 11 The STL licence is certainly one of the factors in this reduction in B&Bs. Small businesses suffer when heavy handed regulation is imposed on them, and as ever the Scottish Government makes no attempt to listen to business concerns.
- 12 Only one guest house shut down but I'm not sure on Self catered premises.

- 13 We are the only remaining traditional B&B in our village. There is a cafe where rooms are let
- 14 I am generally in favour of the STL because it ensures a certain standard is met for the safety of guests. I think the method of application and cost was off putting for many of the smaller B&Bs. Someone letting one bedroom in their home for some extra income had to spend a higher percentage of their income to meet the terms of the licence. The smaller B&Bs may also not have been quite so tech-savvy when it came to the online form. The Government is promoting the Highlands as a holiday destination without ensuring that the infrastructure is there to support it. I am hoping that some of the money raised will go towards this.
- 15 It will have a major impact on tourism in the Islands. Our Island relies heavily on tourism for employment. Loss of tourism will lead to unemployment and, therefore, depopulation. Sad state of affairs. All because Edinburgh has a problem with housing.
- 16 I don't know
- 17 The area has lost over 110 bedroom spaces since the Pandemic. In the main STL has been the final straw for a majority of those lost bedrooms as folks have opted to retire or close.
- 18 Tragic loss to our economy
- 19 Not aware of any major changes - every year 1 or 2 disappear and some have recently converted into aparthotels. 1 was sold to be converted into very expensive flats. There aren't many bnb/guest houses left. STLs definitely affect our opportunities to trade outwith the peak season as too many for the demand
- 20 Many smaller operators have decided not to continue running, others we are aware are running 'under the radar'.
- 21 12 B&B's have closed.
- 22 People I have spoke with are fed up with SG and bureaucracy.
- 23 We have lost a significant number of Bed and Breakfast due to the cost of re-wiring and having to upgrade their properties when they have been trading adequately and safely for a number of years.
- 24 Overall cost to the consumer has gone up, due to a) increased operating costs (STL), increased day to day running costs (food & beverage, energy costs) and finally Supply & Demand.
- 25 See previous comments
- 26 It was forecast and was inevitable. And because of the requirement for any new owner to start from scratch and get a license before they can trade, the businesses that have been lost are unlikely to re-enter the market, in an area that is crying out for visitor accommodation. And the businesses lost have not gone back into the market for locals. They have been purchased as second homes.
- 27 The process was too onerous for some people. A lot of B&Bs have given up. This in itself is affecting tourism into the area
- 28 We have lost about 1/3 of B&Bs locally due to this nonsense.
- 29 People didn't have the money or resources to carry out any upgrade.
- 30 Extra unnecessary expenses and requirements. Not all properties has to be become with commercial look and feel.
- 31 The government must study the effect this has had on overall provision. I think there has been a major contraction in bed provision and a subsequent drop in economic activity
- 32 I don't know the figures for this question
- 33 We have lost 6 or 7 at least and this is a small area 5/23/2024 12:53 PM 34 Many B and B's closed during/after Covid and many of those left decided to sell up due to licensing.

7. Looking forward at the whole 2024 season, how would you best describe your level of business optimism or pessimism?



ANSWER CHOICES	RESPONSES	
I feel very pessimistic	8.75%	7
I feel somewhat pessimistic	21.25%	17
I feel neither optimistic nor pessimistic	26.25%	21
I feel somewhat optimistic	28.75%	23
I feel very optimistic	15.00%	12
TOTAL		80

Individual member comments arising from this question:

- Optimistic due to other B&B closing Les choice for guests so very busy this year but lacking accommodation in future could deter visitors from coming to Scotland
- This is the busiest season we have had so far.
- Even though licensing costs are less between application periods the cost of living crisis means times are tough.
- We have worked hard to try to make this work and are fortunate to be busy over the summer months.
- With all the guest houses leaving the industry there is less competition. Inverness has had 10 days in May where there has been no accommodation available on the day being advertised on booking.com and other OTAs
- I suspect we will close our business cone October. Costs are prohibitive and the ongoing encouragement of 'freeloading' tourism is totally depressing. We have had NO support whatsoever. Costs are prohibitive. It is a very very sad time for Scotland and its Tourism Industry which I have been part of in many different areas mist of my working life. Losing the ATB structure with the hundreds of TICs was the start of this slippery slope. Well done SNP!!
- Our voices have not been heard - what is the point of us mentioning anything to the SG, they clearly have their own agenda and have no forethought for tourism in Scotland, they are a disgrace. I have spent around £7000 for the cost of our licence but the [survey answers] scale wouldn't go that high.
- It is early in the season but both I and the Wedding Venue next door have noticed foot fall is very quiet so far this year.
- Due to the area that I live in, it is extremely popular so I know that I will still receive the business that I expect.

- 10 Business is good except I've had to scale it down to make it manageable for me to operate.
- 11 B&B accommodation is getting in short supply due to taxation 2024 will be a short season due to Easter being in mid March which means April is near flat. As is always the case when Easter is so early.
- 12 Business is down so far. Bookings are a bit sparse.
- 13 The hospitality sector has struggled post -pandemic. It is harder to find motivated staff, costs have sky-rocketed and the imposition of an unnecessary licence feels like a huge slap in the face.
- 14 Our business is at the level we want it to be.
- 15 Long established business and have good reputation so really the new legislation isn't affecting me...yet!
- 16 Tourism in Scotland, which is extremely important for Highlands and Islands economic survival. The Scottish Government seems hell bent on ruining tourism in Scotland.
- 17 We have a niche market so generally unaffected by 'trends'
- 18 The loss of bedrooms has made the rest fill up quicker than normal. There has though been a significant increase in motor homes/campervans this year.
- 19 Sales slightly ahead of last year at this stage, but anything could happen! Feb/Mar/Apr very quiet though. There's an over supply in the market. I always worry when councils are given controls to do stuff. If there had to be a licence, then the same rules should apply across SCOTLAND. We now have 32 schemes with very few licences being issued. What are they doing?
- 20 This sector is still recovering from the triple whammy of Brexit implications, covid-19 pandemic and the cost of living crisis.
- 21 Most B&B's have increased their prices, to cover costs. Which seems to have affected tourist numbers in the area, along with other issues i.e ferry capacity etc.
- 22 Despite the obstacles the SNP government throws at us, we're building our brand and our business.
- 23 We are fortunate with our location and we are an established professionally run quality accommodation provider and therefore have not been unduly affected by the STL Licence. HOWEVER, for those providers who have opted out of the industry and decided not to continue providing accommodation, this will mean a reduction in availability and choice for the consumer. The consequences of this in my view will be less accommodation, creating a greater demand, meaning a significant increase in prices thereby making Scotland a more expensive place to visit. This in turn will deter visitor numbers and subsequently less money being spent in the overall economy and also having a negative impact on associated industries. This will result in overall loss of businesses, a reduction in taxes being paid to the government and an increase in unemployment and associated welfare benefits. Well done the Scottish Government for creating such a bourach - you have excelled yourself!!
- 24 While trade is strong I do not feel optimistic about the ongoing profitability of my business due to increased costs and the overall economic environment.
- 25 The tourist tax will have an impact.
- 26 The SG really do need to listen to the experts in the hospitality industry and the negative impact this has on our tourism
- 27 We are practically fully booked until end October and have been since 1st April when the peak season fully kicked in.
- 28 To make ends meet, we have added a third bedroom to our B&B. This cost a significant amount despite doing a lot of the work ourselves, along with a planning fee of £2,500 to change from Class 9 to 7. I pointed out to Highland Council that this would take me 50 weeks (this while season) of selling the room to recoup this fee. Perhaps next year I'll eventually see a decent profit for all the hours I work.
- 29 It has been a slow start, the quietest April, we have had. The cost of electricity and food prices don't help.
- 30 A lot of my competition has withdrawn from the market, prices have increased as demand exceeds supply, so we are in a better position. However I have no idea whether I will be able to sell as a going concern when I want to.
- 31 When the unfair tourist tax comes in, we are out! It seems this government is determined to support freeloading camper van tourism over all other providers - shame on you. We cannot compete when we are being hit by so many bits of awful legislation so close together. As a lifelong nationalist, the STL and proposed tourist tax has made me decide to vote for another party - there are a lot of people working in tourism who can no longer support this government because of this.
- 32 Due to local B&B's not applying for a license we have found that we are a lot more busy.

33 I work down south & overseas and use the apartment when I come home so holiday let's suited perfect as a long tenant can't be moved out so now I shall have to sell my home and invest my money somewhere else
34 It's called - nobody cares, work harder. I don't any of you know how much effort, energy, time, money people invest in these tiny businesses. It's is not comparable for working 9-5
35 We are in an area that is high traffic for tourists so we are busy
36 We wish to exit the sector, but haven't as yet found a buyer. Licensing seems to be an issue for new entrants
37 If we did not have American tourists this year, would be struggling.

This document was issued by the Scottish Bed & Breakfast Association (SBBA) on 1 October 2024.
The SBBA's contact email is: info@scottishbandbassociation.org

Short Term Lets Licensing Implementation Update Report 2024 Scottish Government – Call for Views, South Lanarkshire Council

I refer to the email in the above from the Scottish Government of 12 September, in which a call for views was issued.

In short, the views sought are concerned with the following questions, and I provide answers alongside each question in turn below:

Q1. Did you know that the Scottish Government was gathering views on the operation of the short-term let licensing regime? If so, did you submit views to the Scottish Government?

A1. No, it was not known that views on the scheme's operation were being gathered, and so no views were submitted.

Q2. Has this review addressed any fundamental concerns you have about the design and operation of the short-term let licensing regime? If not, what issues should any future review consider?

A2. There are no concerns at this stage fundamental to the design and operation of the regime.

Q3. The report sets out a series of relatively minor changes to the licensing regime and other "next steps", notably the establishment of an Expert Group. Do you have any comments on these proposed changes and next steps?

A3. For now, only to note that the Expert Group would benefit by including representation from the licensing authorities in addition to government agencies and the tourism industry.

Q4. Whilst it is difficult to draw firm conclusions about the short-term lets licensing scheme at what remains a relatively early stage, what impact do you think it has had on:

- Visitor numbers in Scotland;
- The number of short-term lets;
- The safety and quality of short-term lets; and
- The experience of communities living near short-term lets.

A2.

- It is too early for this local authority to give view towards the wider Scottish experience in terms of the impact the scheme has had on national visitor numbers.
- Similarly, it is too soon to gauge the impact of the scheme on the number of short-term lets.
- In terms of safety and quality, the regulation required and applied under the scheme is believed to have been positive.
- Save in respect of individual representations received from the community, it is too early to provide feedback on the community experience of living near short-term lets.

Iain Strachan
Head of Administration and Legal Services



**SCOTTISH
TOURISM
ALLIANCE**

Your voice in tourism matters

Scottish Tourism Alliance Submission to Local Government, Housing and Planning Committee (1 October 2024): Short-Term Let Licensing Implementation Update Report 2024

About us

[The Scottish Tourism Alliance \(STA\)](#) is the largest and overarching trade body for the tourism and hospitality industry in Scotland.

Its core membership comprises of over 250 trade associations, tourism and hospitality facing businesses, destination groups and other business organisations with an interest in tourism, including many from the critical supply chains that support the sector, food, drink, finance, transport, and training providers.

The STA's Council membership includes The Association of Scotland's Self-Caterers (ASSC) and the Scottish Bed & Breakfast Association (SBBA).

In total, an estimated 15,000+ businesses are connected to the STA from across all regions of Scotland.

Introduction

The Scottish Tourism Alliance (STA) thanks the Local Government, Housing and Planning Committee for the invitation to submit written evidence on Short-Term Let (STL) Licensing Implementation Update Report 2024.

The operation of the STLs licensing scheme continues to cause significant concern for our sector, negatively impacting not just on our valuable accommodation providers but also the wider tourism and hospitality ecosystem.

The availability and blend of price and types of overnight accommodation goes hand-in-hand with ensuring that we can meet the needs of our visitors and support the wider events, festivals and cultural offering that makes Scotland an attractive place to visit, alongside meeting the accommodation needs of those working in the tv and film industry to support opportunities to showcase the country to the world on our screens.

We support the asks of both of our Council members ASSC and SBBA to amend the STLs licensing regime as an urgent priority to separate the link between licensing and planning and focus on delivering better regulation of the sector.

1. Did you know that the Scottish Government was gathering views on the operation of the short-term let licensing regime? If so, did you submit views to the Scottish Government?

The STA was aware that the Scottish Government was gathering view on the operation of the STLs licensing regime. Although we did not submit our views directly, we support the regular dialogue that the ASSC has had with the Scottish Government, which highlights the continuing concerns and issues faced by accommodation providers across Scotland.

We have previously submitted evidence to the Scottish Parliament's Local Government, Housing and Planning Committee on The Civic Government (Scotland) Act 1982 (Licensing of Short-term Lets) (Amendment) Order 2024.

2. Has this review addressed any fundamental concerns you have about the design and operation of the short-term let licensing regime? If not, what issues should any future review consider?

Unfortunately, no. There continues to be significant issues around the linking up of planning and licensing concerning STLs. We are continuing to hear from ASSC members that the most significant barrier to achieving a STLs license is the different planning requirements being put in place by individual local authorities.

Along with updating guidance to give greater clarity to licensing authorities to avoid different interpretation of the legislation, further legislative action is needed to separate the relationship between licensing and planning to ensure the successfully delivery of a STLs licensing regime that is focused on delivering improved safety, quality, and standard of STL accommodation.

We support the calls of ASSC to ensure that any future STLs review take into detailed consideration an evidence-based approach concerning the unintended consequences that have resulted from the legislation and whether it is meeting its original policy objectives.

This should be backed by data from across all Scottish local authority areas to demonstrate if the introduction of the STLs regime has resulted in any measurable difference to the availability of affordable housing, safety improvements for guests, and reduced antisocial behaviour.

At the same time, it should capture self-catering, B&B and guest house closures and associated local visitor economic data, and tourism data to capture accommodation availability, range of options, pricing, and as a result any negative impact on local visitor numbers.

A future review must also capture if lack of accommodation options has had a direct impact on loss of business, including hosting of tour groups, conferences, events and festivals, along with local accommodation for film crews.

The STA urges the Scottish Government to accelerate a review of how the STLs regime has worked in practice to avoid unintended consequences for the tourism and hospitality sector and ensure any necessary changes are introduced quickly.

3. The report sets out a series of relatively minor changes to the licensing regime and other “next steps”, notably the establishment of an Expert Group. Do you have any comments on these proposed changes and next steps?

As set out in our answer to question 2, the STA believes that the creation of an expert group should be focused on capturing and measuring the wider impact that the STLs regime is having in real-time to identify the changes necessary to improve the licensing regime to avoid unnecessary business closures and loss of business, which have a knock-on impact across the tourism and hospitality ecosystem.

Careful consideration is also needed about getting the right mix in an expert group. The Visitor Levy Scotland Expert Group, chaired by VisitScotland, is an excellent model for effective engagement with Scottish Government, industry, and local authorities.

We remain concerned that failure of the Scottish Government to take more immediate action to address the shortfalls of the STLs regime will result in job losses, a knock-on impact on local visitor economies, and the loss of visitor accommodation options in many parts of Scotland, particularly in rural and island communities.

The right blend of visitor accommodation is key in achieving the shared ambition of our national tourism strategy, Scotland Outlook 2030, to be the world leader in 21st century tourism.

4. Whilst it is difficult to draw firm conclusions about the short-term lets licensing scheme at what remains a relatively early stage, what impact do you think it has had on:

- **Visitor numbers in Scotland;**
- **The number of short-term lets;**
- **The safety and quality of short-term lets; and**
- **The experience of communities living near short-term lets.**

Please see the [previous evidence that we submitted to the Local Government, Housing and Planning Committee](#) on the wider impact of the STLs licensing scheme.



STAA response to Scottish Parliament Local Government, Housing and Planning Committee Call for Views - September 2024

The UK Short Term Accommodation Association (STAA) is the trade association for the short-term rental sector in the UK, with membership encompassing a wide range of businesses in Scotland's short-term rental and tourism economy. We exist to represent the industry to policymakers, improve standards through education and stakeholder engagement, and drive growth opportunities for our members by creating a community of like-minded businesses. Our aim is to support the sustainable growth and continued development of the sector. We are committed to fostering a balanced regulatory environment that ensures the safety and comfort of guests, the welfare of communities, and the viability of the short-term accommodation and tourism industries.

The STAA appreciates the opportunity to provide feedback on the Scottish Government's update report on the implementation of the short-term lets licensing scheme. The implementation of this scheme has directly affected a significant portion of Scotland's tourism economy, including our members, and the wider community.

This submission aims to address the specific questions raised by the Committee, provide our perspective on the operation and impact of the scheme, and offer insights on potential future improvements.

1. Did you know that the Scottish Government was gathering views on the operation of the short-term let licensing regime? If so, did you submit views to the Scottish Government?

The STAA was aware that the Scottish Government was gathering views on the operation of the short-term let licensing scheme. Most recently, on 16 May 2024, the Local Government, Housing and Planning Committee notified the STAA that the Civic Government (Scotland) Act 1982 (Licensing of Short-term Lets) (Amendment) Order 2024 had been laid before the Scottish Parliament. The STAA was invited to provide input on this instrument, which was laid as part of a broader update the Government had committed to delivering on the implementation of the licensing scheme.

2. Has this review addressed any fundamental concerns you have about the design and operation of the short-term let licensing regime? If not, what issues should any future review consider?

The STAA acknowledges and welcomes the Scottish Government's ongoing efforts to refine and improve the short-term let licensing scheme, including establishing a framework for ongoing monitoring and consultation through the Implementation Update. However, we also believe there are still fundamental concerns with the scheme that remain unaddressed, both in terms of the design of the scheme and the way in which the regulations are interpreted by local authorities. We continue to advocate for a comprehensive review of the licensing regime to ensure that it achieves its intended goals without



placing unnecessary burdens on hosts and operators, or damaging the fragile tourism recovery in Scotland. Below we have explained our key concerns with the scheme.

Need for clearer guidance to avoid conflation of licensing and planning

One of the key issues we believe future reviews should address is the need for clearer guidance on the distinction between licensing and planning requirements. Planning and licensing are two separate processes, but this is often unclear for operators. We believe licensing authorities should not impose a blanket requirement for planning permission prior to issuing a short-term let licence in short-term let control areas, or draw up short-term let planning policies that are extremely onerous, as this creates confusion, duplication and unnecessary administrative burdens. In short-term let control areas, existing hosts are not legally required to meet any new conditions introduced through planning policies related to a control area if the host has been operating prior to the control area coming into effect. This position has been established through a ruling of the Court of Session. Clarifying this would ease the process for operators and ensure that only those properties requiring material changes of use are subject to planning approval. We appreciate the Government's commitment to consider how it might improve the drafting of licensing legislation to make its policy intentions clearer.

Local authorities' ability to impose additional licensing considerations

The STAA remains concerned about the ability of local authorities to impose additional licensing conditions. These additional requirements are often disproportionate, introduce blanket restrictions on short-term lets, and increase costs for hosts without enhancing safety. A comprehensive review should prohibit local authorities from adding unnecessarily disproportionate conditions or, at a minimum, provide clearer guidance as to what additional conditions are appropriate. We would welcome an expansion on the current guidance which requires local authorities to take note of Lord Braid's judgement [in relation to the judicial review brought against Edinburgh's licensing policy] and to have due consideration as to whether their additional conditions are 'relevant, proportionate and justified to the use of the accommodation'. It would be useful to have examples of additional conditions which do not meet these criteria (for example, this could be blanket requirements to have carpeted floor, even in detached and ground floor flats).

Cost of licensing

The STAA strongly believes that there should be a cap on licensing fees to ensure consistency and fairness. Fees currently vary widely across local authorities. To give an example, in Edinburgh a licence for a secondary let that can accommodate 6 guests costs almost £2,500 and only lasts for one year.¹ In Glasgow, a licence for the same property would be around £470. Some hosts are facing unexpected and high costs that far exceed the administrative burden involved in operating the licensing process (which is what they should cover under para. 15 of schedule. 2 to the 1982 Act). Setting a maximum fee would provide greater transparency and help hosts plan for these expenses. We also believe the Scottish

¹ City of Edinburgh Council short-term let licence [application fees](#), 2024/25



Government should set a minimum period for which licences are valid, and this should be set at three years. Requiring annual renewals, as Edinburgh currently does, is costly and burdensome and creates great uncertainty for operators about whether they will be able to accept guests or honour existing bookings in the future.

Provisional licences

We support the introduction of provisional licences for new constructions. We believe they should be available for the renovation/redevelopment of existing buildings too given the expense in time and money of bringing such buildings back into use.

Temporary licences

While we support specific changes included in the statutory instrument such as the transferability of licences and greater flexibility around temporary exemptions, we believe that more needs to be done to make the temporary licence and exemption regimes work better. As it stands, the process for obtaining a temporary licence or temporary exemption is almost as onerous as obtaining a permanent one, which undermines their main benefit (the ability of destinations to quickly scale up accommodation to meet spikes in demand around major events). On the principle of fairness, temporary exemptions should be offered by all local authorities. The Government should provide clearer guidance to local authorities on expediting temporary licence and temporary exemption applications, particularly for events such as the Edinburgh Festival Fringe or the upcoming Oasis concerts, where the demand for short-term lets fluctuates significantly. Where a short-term let control area is in place, the Scottish Government should publish guidance to clarify that planning permission is not needed for a temporary licence or temporary exemption for secondary lets, home shares or home lets, and that the ability to temporarily host for only 6 weeks in the year does not constitute a material change of use.

In summary, whilst the update has introduced some beneficial technical changes the STAA believes that further work is needed to address these broader, structural concerns. A more comprehensive and holistic review of the short-term let licensing scheme would ensure that it is effective, fair, and conducive to Scotland's tourism sector, while still maintaining high standards of safety and quality.

3. The report sets out a series of relatively minor changes to the licensing regime and other “next steps”, notably the establishment of an Expert Group. Do you have any comments on these proposed changes and next steps?

The STAA welcomes the Scottish Government’s proposal to establish an Expert Group. We appreciate that the formation of this group demonstrates a commitment to updating and refining the existing guidance. This is a positive step towards addressing some of the challenges that operators and hosts have encountered during the implementation of the scheme. We would welcome transparency about the formation of the Expert Group, including information on participants and selection process.

However, we strongly urge the Government and the Expert Group to consider the issues we have raised in our answer to the previous question, which we believe are yet to be fully addressed. Specifically, we hope that the Expert Group will review the ongoing concerns related to the conflation of licensing and planning requirements, the imposition of additional licensing conditions by local authorities, and the variability of licensing fees. These are critical issues that impact the effectiveness and fairness of the current regime, and we believe they should be prioritised in any future updates or revisions.

We look forward to engaging further with the Expert Group and providing input to ensure that the regulatory framework is balanced, proportionate, and supportive of Scotland's thriving tourism economy.

4. Whilst it is difficult to draw firm conclusions about the short-term lets licensing scheme at what remains a relatively early stage, what impact do you think it has had on:

- **Visitor numbers in Scotland;**
- **The number of short-term lets;**
- **The safety and quality of short-term lets; and**
- **The experience of communities living near short-term lets**

Visitor numbers in Scotland

The STAA is concerned that, over time, the short-term lets licensing scheme may reduce visitor numbers in Scotland. A glimpse of this issue was already evident during the Edinburgh Festival Fringe in August 2024, where licensing requirements contributed to higher short-term let prices, leaving many performers and staff unable to afford accommodation². This could deter future performers and visitors from attending Scotland's key events, reducing tourism revenues and the vibrancy of cultural festivals like the Fringe.

Supporting this, the Office for National Statistics (ONS) reported the biggest decline in guest nights booked in Scotland between Q3 and Q4 of 2023³. Airbnb also found that hotel rates in Edinburgh surged by 9% in 2024 compared to 2023, forcing potential visitors to reconsider their trips⁴. This shows that licensing changes could inadvertently drive up costs and discourage visitors, which could ultimately harm Scotland's tourism industry.

The number of short-term lets

The full impact of the licensing scheme on short-term lets is difficult to quantify given its early stage. However, Scottish B&B Association and other short-term let associations have reported a decline in membership since the scheme began⁵. An analysis from Key Data found that 5% of short-term lets in Scotland (as high as 55% in Edinburgh) exited the market earlier this year following the introduction of the scheme. In May 2024, *The i* reported growing concerns that Edinburgh would face a shortage of

² *The Scotsman* [article](#) and *The i News* [article](#) on Edinburgh Fringe Festival

³ ONS [statistical bulletin](#) on short-term lets through online collaborative economy platforms (Q4 2023)

⁴ Airbnb [report](#) on the impact of Scotland's short-term let rules

⁵ ASSC [response](#) to article by Urban Big Data Centre

accommodation during the Fringe Festival, with operators struggling to comply with new licensing rules⁶. The Scottish Government's latest update report found that, at the end of December 2023, that there were at least an additional 9,000 unvalidated applications (applications that have not been reviewed or are incomplete) across 23 authorities who supplied data to the Government, compared to 14,539 applications that have been validated across all 32 local authorities⁷. This backlog and the length of time between application and being granted a licence may impact whether operators choose to continue operating in the market because the property is in 'limbo' all that time.

Safety and quality of short-term lets

The STAA remains concerned that many of the licensing conditions imposed by local authorities in Scotland are not directly related to enhancing safety or quality. In fact, we have observed that local authorities often set their own conditions, many of which have nothing to do with health and safety and which can vary significantly and lack consistency across different regions. For example, Edinburgh City Council's introduction of requirements to provide specific flooring (e.g. carpets) was deemed "unlawful" in a court ruling⁸. This has created a regulatory patchwork that increases costs for hosts without necessarily improving safety outcomes for guests. We have seen no evidence that health and safety has been enhanced by the licensing regulations, and would encourage the Local Government Committee to ask the Scottish Government what matrixes they are using to measure this. We would also encourage the Committee to ask the Scottish Government what evidence and data was used to determine that there was an issue with the safety and quality of short-term lets in Scotland which warranted such a disruptive and expensive intervention as the licensing regime in the first place.

The experience of communities living near short-term lets

Unintended consequences of the licensing scheme, such as a reduction in available accommodation, are likely to have negative economic impacts on local communities. An Oxford Economic study in 2024 highlighted the importance of flexible accommodation supply for destinations during periods of high demand, with money spent on bookings through short-term let platforms going back into the community and supporting local businesses⁹. An earlier study by Oxford Economics¹⁰ in 2021 also showed that the short-term let industry contributed £3.8 billion to Scotland's GDP and created 66,880 jobs. A contraction in the short-term let market will lead to fewer visitors (who increasingly wish to stay in self-catering accommodation), decreased footfall for local businesses, and lost economic opportunities for residents who rely on tourism for supplementary income. Rather than resolving community concerns, this market contraction could harm the long-term sustainability of Scotland's tourism economy and the livelihoods of those who depend on it.

⁶ *The i News* [article](#) on Edinburgh Fringe Festival.

⁷ Scottish Government [report](#) on the implementation of short-term let licensing

⁸ *The Independent* [article](#) on court case over short-term let licensing plan

⁹ 2024 [research](#) by Oxford Economics, commissioned by Airbnb

¹⁰ 2022 [report](#) by Oxford Economics, commissioned by Sykes Holiday Cottages

Local Government, Housing and Planning Committee:

Short-term Let Licensing Implementation Update Report 2024 – call for views

With thanks to the Committee for the opportunity to contribute to the call for views on the recent Short-term Let Licensing Implementation Update Report 2024 published by Scottish Government.

We welcome the publication of the implementation update as it will help us understand the short-term let landscape in Scotland post-implementation of the STL legislation. It should be noted that it will remain challenging to get a clear picture of the impact that the legislation may have on the sector due to the lack of baseline data on the sector before the legislation was introduced.

1. Did you know that the Scottish Government was gathering views on the operation of the short-term let licensing regime? If so, did you submit views to the Scottish Government?

Scottish Government engaged with VisitScotland and the Industry Advisory Group around the development of the implementation update.

2. Has this review addressed any fundamental concerns you have about the design and operation of the short-term let licensing regime? If not, what issues should any future review consider?

VisitScotland has been encouraged by Scottish Government's ongoing engagement about the design and operation of the short-term licensing regime. The implementation update identifies several ongoing concerns, and where they have not yet been resolved, we welcome efforts to continue to identify workable solutions.

3. The report sets out a series of relatively minor changes to the licensing regime and other "next steps", notably the establishment of an Expert Group. Do you have any comments on these proposed changes and next steps?

The small accommodation sector is a key contributor to both the Scottish economy and to the sustainable growth of the tourism industry; we remain committed to helping both new and existing business understand how the licensing scheme applies to them. We therefore welcome the opportunity to continue engaging with the implementation process through the proposed Expert Group which will look to suggest updates to the Scottish Government's guidance.

4. Whilst it is difficult to draw firm conclusions about the short-term lets licensing scheme at what remains a relatively early stage, what impact do you think it has had on:

- **Visitor numbers in Scotland;**

There are a variety of factors that can influence change in visitor numbers to Scotland, and it would be difficult, even with a complete data set, to disaggregate any impact of STL licensing on that.

Throughout 2023, existing businesses with an application for an STL license were able to continue trading in line with transitional arrangements put in place. It is therefore unlikely that any material impact on visitor numbers would have been picked up in [2023 figures](#).

- **The number of short-term lets;**

As noted in our introduction, it is difficult to quantify the impact STL licensing has had on the number of short-term lets operating. This is primarily due to the lack of baseline data.

We expect to be in a position to understand how many properties have been granted a licence since the legislation was first introduced during the first Quarter of 2025, and whilst this will give us an accurate indication of those properties that have been licensed since the legislation was passed, it will not accurately show us how many properties have left the sector.

Monitoring the number of businesses that have left the sector will come from a number of sources, namely;

- Local authority data, including registers, which will identify businesses which have not had successful applications. This will not pick up businesses that were previously operating but which decided not to apply or that could not meet the requirements
- Trade body engagement – trade bodies can advise on the number of members that have left the sector citing STL regulations and/or other factors
- Individual business engagement – we get occasional contact from individual businesses in relation to STL regulation, including from those who are considering withdrawing from the sector
- Our own listings – we are engaging with businesses who currently make use of our listings to establish where they are in the STL application journey. In time, we will identify through this process, which businesses have not received an STL licence and will no longer be able to trade

- **The safety and quality of short-term lets; and**

We note the implementation update comments about businesses working with local authorities and taking the time to ensure compliance with the mandatory safety standards. We want to ensure that visitor accommodation in Scotland is of the highest possible standard and we therefore welcome this.

- **The experience of communities living near short-term lets.**

At this stage, communities should be able to benefit from understanding which properties are operating in the STL accommodation sector at this point in time. We consider this will be a helpful baseline of information for communities.