



**SCOTTISH
TOURISM
ALLIANCE**

Your voice in tourism matters

**Scottish Tourism Alliance Submission to Local Government, Housing and Planning Committee (29 May 2024):
The Civic Government (Scotland) Act 1982 (Licensing of Short-term Lets) (Amendment) Order 2024**

Introduction

The Scottish Tourism Alliance (STA) welcomes the invitation from the Local Government, Housing and Planning Committee to provide written comments on The Civic Government (Scotland) Act 1982 (Licensing of Short-term Lets) (Amendment) Order 2024.

We appreciate that these new regulations have been introduced by the Scottish Government in response to concerns that have been raised by self-catering and bed & breakfast operators. They are a positive first step in addressing some of the issues that have emerged since the introduction of the STLs scheme.

However, it remains the case that a far more significant review of how the Short-Term Lets (STLs) Licensing Scheme is operating in practice is needed if we are to safeguard these businesses and to protect and enhance the visitor accommodation offer that people can access when they stay in Scotland.

Meeting visitor expectation and delivering a world-class experience encourages our visitors to stay longer throughout the year, see more of Scotland and spend more during their visit. This is all key to achieving the ambition of our national tourism strategy, Scotland Outlook 2030, to be the world leader in 21st century tourism.

Concerningly, since STLs regulations came into power in October last year, the STA continues to hear from across different parts of the tourism and hospitality sector that there is increasingly a knock-on impact on the wider visitor economy – with a noticeable shift in the availability and different types of accommodation on offer, and a significant rise in overnight stay prices.

We have shared some of the concerns from the wider tourism and hospitality sector in this response, along with recent survey data on the ongoing pressures on self-catering businesses.

2024 Amendment Order

The STA welcomes that the Scottish Government has introduced the following instruments after engagement with operators and the wider tourism industry. These will begin to address some of the loopholes in the original regulations that have caused problems for STL providers and will help to support the continued provision and availability of visitor accommodation across Scotland.

- Temporary licence exemptions

The ability for hosts to apply for a maximum of three licence exemptions totalling six weeks in a calendar year will importantly support major events and festivals in Scotland in providing accommodation options for visitors, performers, sports people, and crew and events staff during some of our busiest and most prosperous visitor periods.

This will help to ensure Scotland can continue to be held up to the world as a must-visit destination and that the local visitor economy can fully benefit during these peak visitor times, supporting the vision and ambitions of Scotland's National Events Strategy to be the "Perfect Stage for Events".

As you'll see later in our response, the events industry has shared concerns with us that they have struggled in recent times to find enough accommodation for visitors and for staff supporting major events.

This legal provision would help towards addressing that issue, although this must be accompanied by continuing to have in place permanent self-catering, B&B and guest house accommodation that visitors can reliably depend on for availability and quality when there is high visitor demand.

- Provisional licences for newly build STLs

Once again, the STA welcomes the introduction of this amendment to allow prospective hosts building a new STL to apply for a provisional licence before construction is complete, as this will support and encourage accommodation providers to grow and enhance the quality of Scotland's accommodation offer to visitors.

However, we have concerns that further legal provisions are needed to address the issues experienced by some self-catering businesses in meeting the asks of financial lenders, since these operators are not yet allowed to take bookings or deposits before having a permanent licence approved.

We would also recommend that the amendment be extended to cover conversions of properties, in recognition of the importance of improving the quality and availability of visitor accommodation, especially when businesses are helping to bring unoccupied and empty buildings back into use – supporting a key policy of the Scottish Government.

- Transfer of licence to new host

We appreciate that the Scottish Government has introduced an amendment making it possible for licences to be transferred to a new host, addressing this loophole. This will support continued and uninterrupted provision of this type of visitor accommodation during the transfer of ownership and property sales.

Importantly, it means that existing accommodation bookings will not need to be cancelled, avoiding causing disruption and unnecessary concern for visitors, particularly for those visiting remote rural and island communities that may have fewer alternative places to stay.

We would seek further clarity whether the licence term stays the same or whether a new licence term begins at the point of transfer.

- Licence for multiple accommodation on a single premises

We welcome that the Scottish Government recognises that applying for multiple STLs licences where there is more than one property based on a single premises causes an unnecessary time and cost burden on businesses. It is a positive step that the amendment means that local authorities will not need to reject an entire STLs licence application for multiple properties on the basis of a single accommodation unit not meeting requirements.

However, we believe that the wording of the amended legal provision proposed still leaves the issue open to misinterpretation at local authority level and needs further clarification in the legal text drafted to avoid unintended consequences for accommodation businesses.

Wider impact on the tourism and hospitality sector

As part of our regular sector check-in calls and quarterly meetings with our STA Council members and Destination Forum, we continue to hear mounting evidence about the detrimental impact that the STLs licensing scheme is having on the availability and different types of visitor accommodation across all parts of Scotland, along with the rising cost of visitor accommodation.

The Scottish Passenger Agents' Association (SPAA) has begun to hear reports that inbound conferences are deciding to hold their events outside of Scotland due to cost considerations – with those looking to host medium-sized conferences, particularly in Edinburgh and Glasgow, citing accommodation cost as a main barrier.

The STA has heard from the inbound tourism sector that the international tour operator community is now struggling to locate available accommodation in certain destinations, increasing the likelihood of people taking their business elsewhere. They have reported a lack of a blend of accommodation being available, both concerning the variety of types of places to stay and price options.

The Scottish Inbound Golf Tour Operators' Association (SIGTOA) has seen a number of STL properties that its members regularly used being removed from the market following the introduction of STLs legislation. This has been particularly acute in remote and rural areas, where golf clients visit to access some of Scotland's most spectator golf courses.

With limited accommodation options for both clients and the drivers who escort them across parts of Scotland, SIGTOA has raised concern that visitors will choose to book their golf holidays in other destinations, such as Ireland or other parts of the UK.

The Scottish Independent Tour Operators Association (SITOA) has raised concern that the cost of accommodation for tour guides is rising, while the National Outdoor Events Association (NOEA) has recently reported difficulties finding accommodation to host crew at an event in Fort William and that generally people are struggling to find places to stay to attend events across Scottish towns and cities.

Both the Scottish Bed and Breakfast Association and the Association of Scotland's Self-Caterers (ASSC) have separately reported each losing 5% of their membership since the STLs regulations came into force last October and they expect this number to continue to rise.

Based on Scottish Assessors data between 2019 and 2024, the ASSC has estimated that there has been at least a decrease of 1,000 self-catering units on Non-Domestic Rates due to STL regulations.

We are further concerned that Airbnb's 'Six Months On: An update on the impact of Scotland's short-term let rules' warns that the scheme is "harming" the tourism industry and limiting accommodation options for guests.

The closure of self-catering and B&Bs businesses has a further knock-on impact on the wider tourism ecosystem of shops, cafes and restaurants, pubs and bars, visitor attractions and activities, tour guides, etc. For more remote rural and islands communities, it also effects the livelihoods of the cleaning and maintenance staff, suppliers and other key parts of their local economies.

Self-catering survey data

As part of the Regulation Improvement Advisory Group's recent work to identify existing Scottish regulations that should be considered for review, the STA was invited to gather feedback from our Council members.

A survey conducted by the ASSC in April had overwhelming feedback from the self-catering sector that urgent action is needed to amend STLs regulations because of the damage they are inflicting on businesses and Scotland's wider tourism accommodation offer.

There continues to be a strong consensus among self-catering businesses that 'The Civic Government (Scotland) Act 1982 (Licensing of Short-Term Lets) Order 2022' and 'The Town and Country Planning (Short-Term Let Control Areas) (Scotland) Amendment Regulations 2022' are failing to deliver on their original policy intention and therefore need revisited.

The ASSC survey, carried out a survey between 11th and 16th April 2024, was completed by 531 respondents – representing approximately 7,045 bed spaces and over 2,000 properties across Scotland's tourism sector.

77% of survey respondents reported a negative or extremely negative impact on business operations because of STLs regulations. Self-catering businesses highlighted that the regulations had led to significant administrative burden (92%), stifling of innovation (86%), and reduced competitiveness (72%). Concerningly, nearly two-thirds (64%) said the regulations had adversely impacted how their business was perceived by the public.

Self-catering providers highlighted that there continues to be large inconsistencies in fees charged for STL licences across different parts of Scotland, while the total cost of complying for licensing applications was reported to be as high as £9,000. Asked about the financial burden on their businesses due to STLs regulations, 82% of respondents described it as 'detrimental' or 'significantly detrimental', with a further 12% saying it was 'devastating'.

As well as the damage being inflicted on self-catering businesses, along with bed and breakfast accommodation providers, the survey results strongly indicate that the original policy rationale for introducing the STLs regulations is not being fulfilled.

Almost half (46%) do not consider that the underlying policy objective of licensing to improve health and safety has been met, while 70% responded that the regulations had failed to address anti-social behaviour and residential amenity. Significantly, 88% said that they did not believe that the regulations had resulted in more housing stock being transferred to residential use.

Instead, 92% of self-catering businesses supported the creation of a simple, cost-effective self-certification registration scheme, with mandatory health and safety compliance.

Bed and breakfast survey data

The Scottish Bed & Breakfast Association (SBBA), the national trade association for B&Bs, guesthouses and small independent hotels in Scotland, conducted a snap survey of its membership between 23rd and 27th May 2024 to gain feedback on the STLs licensing and application process. Around one in five of SBBA's members responded to the survey.

Around three-quarters (76%) of survey respondents said that the actual costs of STLs licensing to them have impacted their business revenue or affected the viability of their business. The average actual total cost of STL licensing per B&B or guesthouse was reported by SBBA members to be £2,147 - the equivalent of £498 per guest bedroom. One respondent reported that the costs has been as high as £7,500

The onerous process and time taken to obtain a STL licence was reported by 41% of survey respondents to be damaging to their businesses.

Worryingly, 79% of SBBA members responded that there are now fewer B&Bs in their area since STLs Licensing was introduced.