

T: 0300 244 4000
E: scottish.ministers@gov.scot

James Dornan MSP
Convener
Local Government and Communities Committee
Scottish Parliament
Edinburgh
EH99 1SP

01 February 2021

Dear James

SHORT-TERM LETS UPDATE

I look forward to attending the Committee on Wednesday when you consider the short-term lets Licensing Order and Control Area Regulations.

Ahead of the session, I thought it would be helpful if I countered some of the misinformation and misunderstanding that is circulating in relation to short term lets, particularly in relation to its impact on tourism sector. I hope this will facilitate the Committee on focusing in on the substance of our proposals.

1. The licensing scheme will help ensure basic safety standards are met, and protect guests and resident neighbours.

Operators already meeting basic safety standards should already meet most, if not all, the mandatory criteria. At the heart of our licensing scheme is a set of mandatory standards which will protect the safety of guests and neighbours in short-term lets across Scotland. Many hosts will already be following these standards as a matter of compliance with existing law or best practice. We do not consider them to be onerous.

2. Issues cause concern to resident neighbours right across Scotland.

As MSPs will be aware from the issues raised by their constituents, there are a number of issues varying in type and intensity when it comes to short term lets and their impacts on residents and communities across the country. During the consultations, in ongoing correspondence, and issues raised by Members on behalf of constituents, we have heard from residents in a range of locations who have highlighted a range of concerns about short-term lets including the impact on local housing supply, and noise and anti-social behaviours.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

Our proposals deliver a balance by achieving national consistency on safety standards, whilst giving local authorities flexibility to tailor the scheme to their local needs.

3. Numbers of short-term lets are significant and concentrations of these can pose problems for communities across Scotland.

Pre-pandemic (May 2019), there were 32,000 short-term lets on Airbnb, of which over 22,000 were active listings for whole property lets. The licensing scheme will improve the data about short-term let activity in future.

Other platforms are also active in Scotland, but Airbnb comprises a very substantial part of this market and this figure is indicative of the scale of activity.

4. B&Bs have always been included.

Guest houses and hotels are distinguished as different from use as a home under planning law and will not require a short-term lets licence. The use of homes as B&Bs will require a short-term lets licence, unless they are already licensed to provide accommodation under the Licensing (Scotland) Act 2005.

B&Bs were included from the beginning in our 2019 consultation and have never been excluded. The use of houses (class 9 in the Use Classes Order) as B&Bs is a form of home sharing and we have always intended to include this activity within the definition of short-term lets. Our 2019 consultation paper proposed excluding “*licensed hotels and B&Bs and self-catering properties on their premises*”.

The Scottish B&B Association responded to both our 2019 and 2020 consultations, highlighting that their members adhered to safety standards and that they were in favour of levelling the playing field between B&Bs and properties listed on platforms such as Airbnb.

5. Average indicative fees are estimated to be in the range £223 and £377 for a three year licence.

The Licensing Order allows local authorities to raise revenue from fees to cover the costs of establishing and running their licensing scheme. The levels of fee are up to local authorities and are likely to include higher and lower tiers, reflecting the scale of the business. Fees will be set by local authorities to cover their costs in establishing and administering the scheme.

Our analysis shows average indicative fees are estimated to be in the range £223 and £377 for a three-year licence. A fee of £377 for a licence would equate to less than £11 per month over three years.

6. There will not be additional work to hosts and operators this year as they have until 1 April 2023 to apply for a licence.

Local authorities need certainty about licensing arrangements now so that they can establish their licensing schemes in time for them to open to new hosts and operators from 1 April 2022.

However, we are very aware of the devastating impact the pandemic has had on the tourism sector, and have listened carefully to concerns raised by business and tourism representatives who called for us to delay our proposals. We have responded by giving certainty to existing hosts and operators that they have until 1 April 2023 to apply for a licence.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

Residents in some areas continue to see issues from short-term lets, and it is right that we are taking proportionate action to give local authorities the powers they need to strike a balance between the economic and tourism benefits of short-term lets, and community concerns.

7. We have consulted extensively to develop these proposals and draft the Licensing Order and Control Area Regulations.

We have held two public consultations. Our 2019 consultation was open for 12 weeks. We held workshops across the country. Officials were available to meet with anyone who wanted to discuss the proposals. We received 1,086 responses to the consultation and, of these: 592 were from affected residents; 323 were from hosts; and 154 responses were received from those who classified themselves as 'other' and 'other business', which included some hosts.

The 2020 consultation was very clear on the scope of the consultation. The consultation report published on 10 December (www.gov.scot/publications/short-term-lets/) details the extensive engagement over a period of four weeks through 20 online workshops and events, reaching over 400 people. The timeline for consultation was compressed from twelve weeks to four weeks due to COVID-19. However, the engagement in person and in writing was comparable with that of the 2019 consultation over 12 weeks. We received 1,086 responses to the consultation (exactly the same number as the 2019 consultation) despite the compressed period of consultation.

This engagement was reflected in a number of changes to our proposals following careful consideration of the consultation responses and issues raised.

8. We are continuing to work with stakeholders to develop guidance and work towards implementation.

In the 2020 consultation on the licensing scheme and control areas, we committed to providing clear, concise and helpful guidance for local authorities, hosts and platforms. We have established a working group to help us develop that guidance. We will work with stakeholders to look at how to make the process of applying for a licence and operating within the terms of the scheme as simple and streamlined as possible.

We have invited a range of stakeholders to join our working group, including stakeholders in the tourism industry representing self-catering and B&B interests and local authorities. The first meeting is scheduled for later in February. We will publish updates on progress with the working group.

I hope the Committee finds this information helpful.

Kind regards



KEVIN STEWART

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot