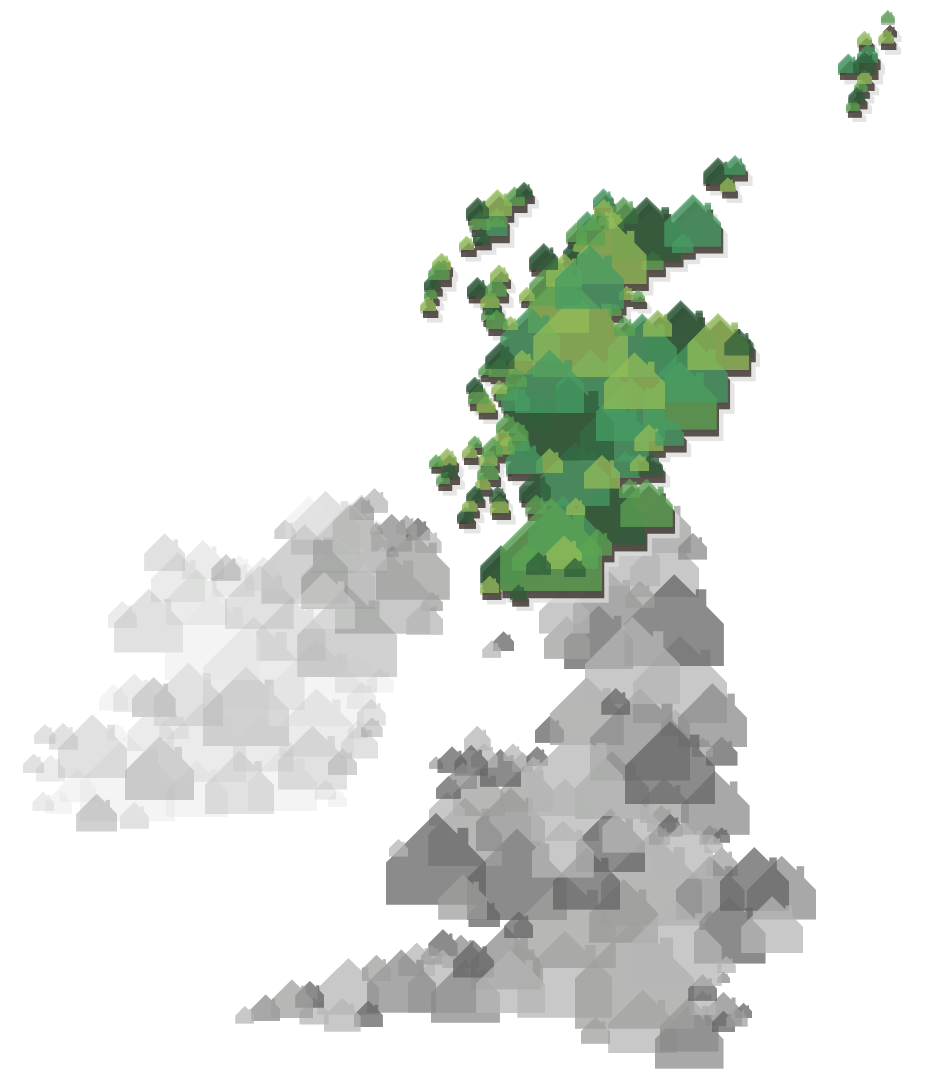
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**Highland Council Short-Term Let Control Area: Supporting Documents**

**Annexes:**

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2. **The Impact of Short-Term Let Licensing on Local Authorities Page 5**
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**Annex 1:**

**HOUSING AND SHORT-TERM LETS IN SCOTLAND: THE FACTS**

**Background**

* Short-term lets are often presented as being a leading cause of Scotland’s housing crisis. However, it is important to place the debate in a holistic context – for instance, noting the number of empty homes in Scotland, demographic changes, and the need to build more homes – while recognising the value of tourist accommodation to the Scottish economy and local communities.
* The ASSC welcomes the opportunity to share data about the holiday let sector which we believe will contribute to a more informed conversation about the appropriate regulatory framework.

**Self-Catering in Scotland**

* Self-catering properties have been a longstanding presence in communities for generations, especially in rural/remote communities, and provide an economic boost for local areas and enhance Scotland’s tourist accommodation offering.
* Latest figures show there are **17,794 self-catering units** on Non-Domestic Rates. These properties generate: **2.4 million visitor nights** per year; **£867.1m** total visitor spend; and support **23,979 FTE jobs**.[[1]](#footnote-1)
* Such self-catering properties are **legitimate, bona fide businesses** whose owners depend on the money generated for their livelihood – it is not a hobby or a way to supplement their income. This is entirely separate from the ‘homesharing’ concept, or those amateur operators who utilise online marketing platforms but are not subject to the same levels of existing regulation.

**The Need for Robust Empirical Data**

* Underpinning any decision to regulate the short-term letting sector is the need for **robust, empirical data**. Unfortunately, there has been a tendency to focus on scraped data from Airbnb – based on inaccurate information and flawed methodologies – leading to misleading conclusions about the nature of the short-term letting landscape.[[2]](#footnote-2)
* The **ASSC is not averse to regulation and has proactively shared evidence-based policy papers and recommendations**[[3]](#footnote-3) since 2017 about the nature and scale of short-term letting in Scotland but unfortunately this has been ignored by a focus on this unreliable data from one marketing platform.
* The Scottish Government’s draft BRIA for short-term let licensing references research noting that there were approximately 32,000 active listings on Airbnb in May 2019.[[4]](#footnote-4) However, this **does not** mean that there are 32,000 short-term lets which would be readily available on the long-term housing market as many have erroneously claimed.
* **The number of listings on online platforms in any given area is not necessarily an indication of impact on long-term housing**. For example: (a) many of these properties are already the primary residences of individuals involved in ‘homesharing’ who share a room(s), or their entire home while away; (b) each listing does not represent a single housing unit. A property can have multiple listings; and (c) marketing platforms like Airbnb contain a diverse range of accommodation including hotels and B&Bs, as well as unconventional accommodation like yurts, barns, boats, and campervans and one train, which cannot be seen as housing stock.
* Parliamentary answers from the Scottish Government[[5]](#footnote-5) confirm the **BRIA figures were from scraped data provided by InsideAirbnb** (not from Airbnb directly) and that they **could not break this down by property type** – be it a single/shared room, entire property, or unconventional accommodation. This means the estimation there are 32,000 *“short-term lets”* is wholly unreliable. It is also based on pre-pandemic 2019 figures. Moreover, they admit *“****we do not have an estimate of how many short-term lets will return to the long-term housing market****.”*[[6]](#footnote-6)

**A Holistic Discussion on Housing**

The housing challenges facing Scotland are far more multifaceted than the existence and growth of short-term and holiday lets alone. For instance:

* There are currently **47,333 empty houses in Scotland** (of which 7152 are in Edinburgh, 3536 in Glasgow, 2943 in Fife, 2595 Highland).[[7]](#footnote-7) These empty homes could be utilised for far more productive purposes and provide homes for those who need.
* The number of households in Scotland continued to increase in 2020, reaching 2.51 million. This was an increase of 142,800 (6%) since 2010. The growth in the number of households is partly due to an increase in the population, but also because people are increasingly living alone or with fewer other people. More than a third of households are single person households. An estimated 900,000 people are living alone.
* There were 2.65 million dwellings in Scotland in 2020. Of these, 90,500 dwellings (3%) were vacant and 24,500 (1%) were second homes.[[8]](#footnote-8)
* Empty and second homes are concentrated in different parts of the country. For example, remote rural areas have a higher percentage of empty and second homes than urban areas[[9]](#footnote-9). However, **City of Edinburgh is a hotspot for empty homes in Scotland**.
* 172,170 houses were built between 2010-2019 (18,118 in Edinburgh)[[10]](#footnote-10) – and we need many more. Homes for Scotland have argued that Scotland has amassed a housing shortfall of 85,000 homes and that we need to **build at least 25,000 per year** to meet the demands of our population.[[11]](#footnote-11)
* Progress on housebuilding is not fast enough. For instance, the Scottish Government have only spent half of their £25m Rural Housing Fund which aims to build affordable homes in rural areas.[[12]](#footnote-12)
* City of Edinburgh had the largest increase in absolute number of households (17,300), an increase of 8%.[[13]](#footnote-13)
* Over the last ten years, the proportion of dwellings which are second homes has increased in five council areas and decreased in 24 council areas.[[14]](#footnote-14)
* When housing demand and the level of empty housing is set against the number of self-catering units, it suggests self-catering activity is not of a scale sufficient to affect housing supply issues in Scotland. **Ultimately, building too few homes remains the core cause of Scotland’s housing problems, not the holiday let sector**.

**Conclusion**

* Policymakers should not use holiday accommodation as a means to solve housing challenges in Scotland, instead focusing on building more affordable homes and tackling the scourge of empty properties.
* Any short-term let regulations taken forward, either at a national or local level, need to be informed by robust empirical data. Scraped data from online platforms can lead to misleading conclusions about the nature of the short-term letting market.
* The Scottish Government’s BRIA accompanying their licensing proposals states: *“A benefit of licensing will be improved access to affordable rented homes.”* This claim is entirely unfounded and lacks an evidence base.
* Any housing issues in relation to short-term lets should be addressed by the Planning Act 2019 – through the introduction of control zones underpinned by robust quantitative data – and should not play a part in the licensing proposals which are meant to focus on health and safety.
* Small businesses like self-catering, present in communities for decades, should not be used as a convenient scapegoat for wider failures in housing policy.
* The Scottish Government needs to back legitimate professional businesses and our renowned tourism sector as we recover from the effects of Covid-19, allowing visitors at home and abroad to benefit from our unique hospitality and fantastic range of accommodation.

**ANNEX 2:**

**THE IMPACT OF SHORT-TERM LET LICENSING ON LOCAL AUTHORITIES**

**Many local authorities are concerned about the resource implications of the regulations at a time when their budgets are already stretched, as well as the administrative burden and the lack of specific Scottish Government funding for set-up costs.**

Additional burdens will be placed on local authority planning and licensing teams to manage the requirements of a new scheme **at a time when they can least afford it** – despite claims that councils will be able to recoup this later down the line through fees.

Local Authorities are under extreme financial and capacity pressures as a result of austerity compounded by the Covid-19 pandemic. It seems, therefore, that not only is the Scottish Government determined to dismiss the views and data provided by the sector that this will have the most impact on, but pleas from the delivery agents of Licensing are also to be ignored with similar disdain.

**Background**

Legal experts have long since predicted a surge in licensing applications for short-term lets for when the scheme goes live, potentially overwhelming local authority departments.

The **unprecedented scale and resource implications for local authorities** were well summarised in January 2020 by licensing expert Stephen McGowan of TLT LLP[[15]](#footnote-15). Mr McGowan, who is chairman of the **Institute of Licensing** Scottish region, and accredited by the **Law Society of Scotland** as a specialist in licensing law, and member of the Short-Term Let Working Group, explained that the regulation will … have a significant impact on local authorities and other local services[[16]](#footnote-16). He said:

*“Provision will need to be made to deal with the impact of such a magnitude of applications on local authority resources. A massive rush of applications of this order could bring licensing administration to a halt, and have a knock-on effect on reporting obligations with Police Scotland and other authorities such as Fire and Building Standards, who will likely have to comment on each application. This could impact on processing times for other types of civic licence.”[[17]](#footnote-17)*

Mr McGowan also noted the following on the implications of licensing and provided a comparison with changes made to the liquor licensing regime:

*“It has been put to me that councils can “gear up” and bring in temporary staff to help process these applications, but that would only take us so far. There are approximately 32,000 properties in Scotland registered on the successful Airbnb platform alone. By contrast, when the liquor licensing regime changed in 2009 there were around 16,500 applications to process and it was a mammoth task for everyone concerned. The licensing system is supposed to wash its own face and it will be for local authorities to determine a fee for these applications to cover projected costs, but even that is not the full picture. Licensing is a specialist area and the impact of the new regime is not just about the cost of employing temporary office staff to process bits of paper. It’s also about the inspections that will have to occur in order to produce reports that the properties meet the required safety standards. There is also the impact on police resource. Every application will need to be reported on and every person checked for criminal convictions and so on. The police may also be asked to report on evidence of antisocial behaviour. The police will see no percentage of the licence fee, and all of this will be happening on top of the other licensing business that both the council and the police are dealing with. It is not too wild a projection to see how the licensing system itself could creak and create delay and logjam, without the right precautions being taken”[[18]](#footnote-18).*

The Law Society of Scotland also warned on the cost of the regulations and that local authorities may not be ready from a resourcing perspective: “There are unlikely to be resources in place at present in local authority licensing or planning departments to cover such additional and in certain areas, extensive work.”*[[19]](#footnote-19)*

The policy intention is that the fee levels should cover adequately the staff and administrative costs. However, that ignores the considerable cost of establishing the scheme:

“There are often significant infrastructure costs in introducing new schemes, for example new IT systems, which cannot always be fully recovered…We question whether it is proportionate for applicants to be fully liable for costs of establishing a system, including preparing staff to run the scheme. We suggest that it is appropriate to consider this question in the context of balancing the extent of the mischief which the scheme aims to regulate with the potential gain to the wider public of regulation.”

“In addition, there are likely to be practical challenges with this approach. How may each local authority calculate expected numbers of applications be quantified to be able to work out what the costs should be per application? What is the approach to be by local authorities to differing circumstances, for example, those undertaking home sharing versus those undertaking secondary letting? The omission of a BRIA, or partial BRIA, from this consultation make these questions particularly pertinent.”*[[20]](#footnote-20)*

The Licensing Law Committee of the Law Society of Scotland has emphasised the importance of piloting the new licensing scheme ahead of implementing the new powers – but the Scottish Government have no plans to do this.

It is clear that increased regulation will place additional burdens on local authority planning and licensing teams to manage the requirements of a new scheme at a time when they can least afford it. A proper impact assessment of the costs is required urgently as part of the Business Regulatory Impact Assessment process.

**Local Authority Responses to the 2020 Consultation**

The Scottish Government continue to maintain that the fees charged will make the system cost neutral but the local councils clearly state that does not address:

* The initial costs of setting up licensing schemes – are the SG going to fund this?
* The impact of Covid-19 on local authorities from a financial and personnel perspective and how this will be impacted by the additional burden of licensing.

**COSLA**

“It will be necessary to understand the administrative burden that this may place on local authorities and how this will be resourced.”[[21]](#footnote-21)

**Aberdeen City Council**

“We believe that the 12-month lead-in time to establish our Short-term Let regime will be resource intensive and there will be no ability to recruit additional staff when resources aren’t available until licence applications are submitted and fees paid. This poses staffing issues for the council. Consequently, we believe that the Scottish Government should fund the start-up costs.”[[22]](#footnote-22)

**Borders Council**

“…it is considered essential that Scottish Government provide specific funding for additional resources required by LA’s to cover the initial set up costs, including the transitional and compliance elements of the new legislation.”[[23]](#footnote-23)

**Comhairle nan Eilean Siar**

“We have no indication of what the full impact of any COVID-19 fallout will be as the situation is ongoing. Economic recovery may be protracted and we may be dependent on our Tourism Sector to inject life into our economy. Providing us with as much flexibility as possible with regard to regulations would help us in the long term.”

“The evidence gathering, consultation and mechanism to set up a control area will require resourcing, finance and additional staff time to deal with retrospective planning applications where these are required during the transitional period. This legislation will have significant implications for both Development Plans & Development Management, ever diminishing teams against a background of annual budget cuts.

The issue of enforcing regulations and the extra work this will entail is likely to fall on Planning and Licencing staff. In the current climate, the Comhairle is undergoing consultations on cuts that will need to be made to balance support given during lockdown. There is no budget available currently for the recruiting and training of staff and although it is anticipated that potential fees will pay for any staff, there is an initial outlay required, which has not been planned for in budgets. We propose an initial start-up grant or loan from Scottish Government.  
  
Each application would require due consideration and income from planning fees for Change of Use, at current levels, would be unlikely to cover additional staff time for this work.”

“Paragraph 6.4 all local authorities must have a live licencing scheme open to receive licensing applications by 1 April 2022.  
• There are 18 months until this needs to be in place, and probably about 12 months once we know the outcome of this consultation and see guidance in the spring. There are policies to be written, consultations to be carried out with public and stakeholders, committees to seek approval from, staff to be employed and trained etc. We are still working from home and under restriction, and with the best will in the world, 18 (or 12) months to get everything underway, when we don’t know what is happening with our workplace, or indeed the way we are working, seems ambitious.”[[24]](#footnote-24)

**Glasgow City Council**

“It is anticipated that there will be significant resourcing issues for the Local Authority in setting up a licensing scheme. Significant staff resourcing for set of scheme/verification process/carrying out inspections/enforcement etc. would be required.”[[25]](#footnote-25)

**Highland Council**

“The new regulatory responsibility of both licensing and control areas are anticipated to have significant, budgetary and regulatory impacts on the Highland Council; invoking responsibilities in relation to the status and safety of a very large number of properties across a dispersed geographical area…”

Highland Council also estimate that they could receive as much as “10,000 potential applications” on licensing and that while the “scheme permits a phased approach over a 3-year period but this will still present considerable administrative and operational undertaking for dealing with the initial applications. Ongoing resource will then be needed for renewals and new premises.

The workload will necessitate additional staff for the following teams:

• Licensing team - additional administrative licensing staff  
• Planning team – additional full-time posts (professional support officers) for a two-year period. There would still be resource required after this two-year period to cover new and renewed licence enquiries, however this is anticipated to be at a much lower level.  
• Environmental Health additional full-time posts (technical officers) for a two-year period. There would still be resource required after this two-year period to cover new and renewed licence enquiries, however this is anticipated to be at a much lower level.  
• ICT systems – a review of the on-line tools to enable self-service and on-line payments to streamline the application and payment process.”[[26]](#footnote-26)

**North Ayrshire Council**

“Councils are to set up a new system, complete with new conditions and an inspection system involving Housing, Protective Services and Planning by 1 April 2022 at the latest. This would be a substantial task at any time, but it is particularly onerous when Council staff, working remotely, are facing increased demands to provide services to the public due to the coronavirus pandemic and Councils are facing unprecedented challenges, particularly with regard to licensing due to the coronavirus pandemic.  
  
(a) if premises are to be inspected, Council staff must be available for this;  
(b) Council staff are already having to work under pressure as the Coronavirus restrictions are regularly changed. In the case of STLs, where there are objections or representations to Licence Applications, delegated powers are not available to Council officers and the Application must be considered by the Licensing Committee. If there are to be around 327 Applications in North Ayrshire, then a portion of them will need a 'virtual hearing' compliant with ECHR 6. This would place a burden on Licensing Authorities at a time when they are least able to bear it.  
  
2.2. Although Councils will be able to choose when the licencing scheme will start locally, it must be within 12 months after 1 April 2021.  
  
2.3. The new STL system commences at most 18 months away, and Councils have not seen the secondary legislation on which the new system will be based. It will be laid in Parliament in December 2020 and has not been issued in draft. It has not been stated whether Application forms and other documentation will be prescribed, or whether they are to be drafted by individual Councils.”[[27]](#footnote-27)

**South Ayrshire Council**

“…there is an element of concern regarding the proposed lead in time for implementation of a robust licencing regime, the resources this will require and the added pressure to workloads required of staff and services.”[[28]](#footnote-28)

**Stirling Council**

“The implementation, management and enforcement of the [licensing] process is considered particularly resource intensive for local authorities, with little guidance given around who would be expected to lead the process.”[[29]](#footnote-29)

**West Dunbartonshire Council**

“For smaller authorities with fewer short term let premises it may be difficult to fully resource an effective and efficient service without the fees being very high and thereby creating a wide and varying fee structure across the country. There is a concern about the level of Fees that a smaller Local Authority may charge where they are not dealing with a large volume of applications and have limited resources to deal with such applications. The fee structure may not be of a sufficient level to meet resource concerns and the adverse comparisons by the public as to differing fee structures around the country as can happen in Civic Government Licensing.”[[30]](#footnote-30)

**Financial Support from the Scottish Government to Local Authorities to Implement Licensing**

**On 22nd January 2021, the following answer was provided to Finlay Carson MSP:**

**Finlay Carson (Galloway and West Dumfries) (Scottish Conservative and Unionist Party)**: To ask the Scottish Government, in light of the responses from local authority stakeholders to the consultation on short-term lets, whether it will provide grants or loans to councils to assist with the costs of setting up a licensing scheme, and how many have (a) requested and (b) indicated that they might require additional funding. (S5W-34589)

**Kevin Stewart**: Local authorities will be able to charge fees to cover the cost of establishing and running their short-term lets licensing scheme. **The Scottish Government has no plans to provide grants or loans to local authorities to do so.** A total of 23 local authorities responded to the Short Term Lets: Consultation on a licensing scheme and planning control areas in Scotland (14 September 2020); see [www.gov.scot/publications/short-term-lets/](http://www.gov.scot/publications/short-term-lets/) for the consultation paper and report. Three of those responses expressed the opinion that the Scottish Government should provide grant or loan funding to support the establishment of the licensing scheme. Outside of the consultation, no formal requests for additional funding have been received.

**The Impact of COVID-19 on the Financial Sustainability of Local Government in Scotland Consultation**

The Impact of COVID19 on the Financial Sustainability of Local Government in Scotland Consultation[[31]](#footnote-31) responses further illustrate that Local Authorities have neither the funds, or time to spend on implementing a License scheme.

**Joint Submission from COSLA, Solace and CIPFA Directors Of Finance**[[32]](#footnote-32)

* COVID-19 has demonstrated that the status quo and fiscal environment is unsustainable, restricting, and unfit for purpose.
* The COVID-19 crisis has presented unprecedented challenges to the whole of the public sector, not least for Local Government across Scotland which serves as the prime anchor for support to communities in need; children, young people and families; local businesses; and for services that enhance physical and emotional well-being. Local Government works with communities every day to affect change and to make the voice of local people heard across all public services. This has not changed during the pandemic, nor will it change as we deal with recovery and renewal.
* COVID-19 has presented extra-ordinary financial challenges across the whole of the public sector, but these have been especially felt by Local Government who continued to provide essential services and vital supports throughout the pandemic. Councils were already under significant financial pressure, and during the crisis committed to considerable expenditure without a guarantee that the additional expenditure would be met by Scottish Government. Nevertheless, key core services continued, *and* new responsibilities were taken on, in order to buffer local communities from the impacts of COVID-19. This is not sustainable and, in the current post-COVID context, demands real and more flexible investment to avoid redundancies and cuts to services.
* COSLA, Directors of Finance, and SOLACE have worked closely to assess the significant financial impacts of COVID-19 on Councils. COSLA coordinated several cost collection exercises, the most recent of which assessed the full- year financial impact (March 2020 to April 2021) of the pandemic, which revealed a **£500m** gap, even after the additional funding from UK consequentials and any cost savings by Councils are taken into account.
* Councils are also contending with significant challenges around loss of income due to the closure of leisure facilities, libraries, schools, museums 􏰅 and many other facilities that support the cultural, learning, and wellbeing needs of our communities. Sales, fees and charges that play a key part in balancing budgets were also, and continue to be, lost 􏰅 for example fees from planning, building control, licensing, trade waste, and parking. Since the beginning of lockdown, initial estimates show that Councils have lost c£423m of income that is critical for the continued funding and delivery of services. These losses will have longer-term consequences for budgets as Councils must balance what the continued provision may look like in the future, with the duty to ensure overall financial sustainability.
* Local Government across Scotland is navigating an extremely challenging financial position, due not only to a rise in demand for services as vulnerable individuals and families require support, but compounded by a sharp loss of income and increasing costs in relation to complying with the relevant public health guidance.
* It is important to re-emphasise that when the COVID-19 crisis began, Local Government was already facing significant financial challenges. The Scottish Budget for 2020/21, whilst providing full funding for Scottish Government policy initiatives, far from closed the financial deficit faced by Local Government and was once again only for a single year (revenue and capital). This makes medium- and longer-term financial planning challenging, something that has been commented on by the Accounts Commission in its recent Local Government Overview Report.
* The Accounts Commission’s Overview Report[[33]](#footnote-33) on Local Government for 2020 highlights that, while Local Government revenue funding increased in 2020/21 by 1.5 per cent (real terms) from the previous year to £10.7 billion, since 2013/14 it has reduced by 3.3 per cent (in real terms). The Report points out that Councils have less flexibility in how they use funding. Funding dedicated to national policy initiatives increased from £1 billion in 2019/20 to £1.5 billion in 2020/21, equating now to 14.1 per cent of council funding from the Scottish Government.
* In addition to the pressures presented by the COVID-19 response, this upcoming year will see significant policy and legislative changes that will have potential substantial implications for Local Government resourcing and delivery, including the introduction of the Redress for Survivors (Historical Child Abuse in Care) Bill; the incorporation of the UNCRC into Scots law; and the implementation of ‘The Promise’, a detailed strategy which arose from the recommendations of the Independent Care Review, to name only a few. Local Government supports these policy intentions, but without real, additional investment across the whole of Local Government - and not just for specific policy initiatives - there is a serious risk that Councils will not be able to deliver on these areas to the best of their ability.

Local Government needs absolute flexibility to manage funding locally and to respond to need, rather than be pressed into areas of specific spend or to be limited to using funding by an artificial deadline or within financial year. The outcomes that were jointly agreed in the National Performance Framework (NPF) should govern how well Local Government’s performance is measured and a much greater focus on how Local Government is achieving over 60% of priorities in the NPF, rather than the current landscape of siloed pots of national funding, with micro-management of each. A more strategic approach is also required to enable Local Government to address the inequalities with our communities in a holistic manner. Ministerial engagement must demonstrate respect for Local Government and for Ministers to trust Councils to get on and do the work they were democratically elected to do[[34]](#footnote-34).

**Submission from Argyll & Bute Council[[35]](#footnote-35)**

* With regards to the commentary provided by Argyll and Bute Council for input to the Advisory Group Economic Recovery (AGER) report, there were a number of suggestions on how the Scottish Government could provide support to local economies going forward. These are reiterated and added to below:
  + Engage with the Scottish Government and its agencies, for a greater level of public sector decentralisation to fragile rural, remote rural and island communities.
  + Continuation of NDR relief to businesses, particularly those in the tourism, hospitality and food & drink sectors that are going to be acutely impacted on by the pandemic for some time to come (as noted on page 50 of the Benny Higgins report).
  + Within the tourism and hospitality industry there may be a need to have more flexibility in allowing extensions of licences for the operation of their business into public realm areas or within the grounds of their premises/land holding to enable them to deal with social distancing requirements; this could also mean a relaxation in planning requirements too; it should be noted that extension of licensing hours should not form part of this flexibility for premises servicing alcohol to minimise incidents of anti-social behaviour.
  + Overall, the Economic Recovery report recommendations need to provide more focus on not just a regional approach, but a local placed-based approach to recovery, which recognises the challenges of rural, remote rural and island communities and how opportunities such as the decentralisation of public sector activities could assist areas, such as Argyll and Bute, with dispersed and complex geographies.
  + The biggest and most visible economic impact faced in Argyll and Bute has been in connection with the tourism and hospitality industries that form a major element of Argyll and Bute’s private sector. Prior to COVID-19 the 2020/21 tourism season was looking very promising with significant bookings being reported back and while the industry faced some very real and ongoing challenges in terms of intense competition, the future availability of staff and rising costs of operation, the industry looked set to expand further in Argyll and Bute.
  + The prospects of delivering economic growth in a number of accessible rural, remote rural and islands communities will be hugely challenging in the months and years ahead. There is now an opportunity to reassess what is achievable in these communities and change the emphasis not solely focused on economic growth, but on an approach to support and enhance community resilience and wealth building.
  + Economic recovery from the situation we now find ourselves in will take an enormous international, national and local effort sustained over many months and years. A place-based approach, led by Local Government, in collaboration with other public, private and third sector organisations, is required to develop an inclusive sustainable economy going forward. Collaboration is the key, together with additional fiscal and policy support at a national level to tackle the issues pertinent to each region of Scotland. The economic recovery in Argyll and Bute has already started in line with the Scottish Government’s road map to recovery. Our local businesses are starting to operate again, construction has re-started on many sites, visitors are returning to Argyll and Bute and new funding has been attracted to assist with the recovery process. Support will have to continue however into the next winter period as the level of income generated over the remaining part of the visitor season is likely to be insufficient for many businesses, including the supply chains that support these businesses.

**Additional Concerns from Local Authorities**

**West Lothian Council:**

On 9th October 2021, West Lothian Council released a press release stating that STL licensing will *“add needless workload to council staff who have seen a 3000% increase in their caseload since the start of the pandemic”****.[[36]](#footnote-36)***

*“They have urged licensing lawyers to ask questions of the Scottish Government why legislation designed to tackle a problem in cities - where lets have caused very obvious problems - is needed in areas such as West Lothian.*

*“It outlined the size of the workload generated by changes needed to licensing laws because of Covid regulations.*

*“There is now a-six month backlog in applications going before the Licensing Board when historically there was none.*

*“In her draft response Audrey Watson, the council’s Licensing Solicitor questioned why the proposed licensing should be mandatory rather than optional for local authorities.*

*“She said: “The licensing schemes which are mandatory involve public safety issues such as knife dealer and skin piercing and tattooing licences but public safety is not likely to be a factor in most applications for short term let licences.*

*“Fellow Conservative Alison Adamson branded the proposed legislation as a piece of* ***“centralised control freakery.”****”*

**Highland Council:**

Highland Council’s Medium-Term Financial Plan- Update[[37]](#footnote-37) “provides an update on the approach to medium term financial planning for the Council, a key element of good financial management as required by the CIPFA Financial Management Code”. This outlines a £50million budget deficit in 2022/23, rising to £124million in 2026/27. **This does not include the financial burden of short-term let licensing or planning control zones.** To expect Highland Council to front load the development and administration of licensing (to be in place by October 2022), when applications are not to commence until April 2023 puts the local authority at a funding disadvantage. It may result in impact on core funding activities across the region.

### Highland Council passed the following motion on Thursday 28th October 2021[[38]](#footnote-38):

*(4) Council strongly urges the Scottish Government to drop its proposed licensing scheme for short-term holiday lets and instead adopt the registration scheme proposed by the Association of Scottish Self Caterers. This would be far less costly for operators and less onerous for the Highland Council to administer, whilst providing proven health and safety protection. The proposed scheme is not appropriate for the Highlands.*

**Conclusion**

The short-term letting and wider tourism industry has repeatedly called for the Scottish Government to listen to expert industry concerns and to opt for a more flexible, proportionate, and business-friendly registration scheme.

Scottish self-catering is a vital part of the country’s world-famous tourism offering and Scotland is well-renowned as having some of the most stunning and welcoming places to stay.

If licensing is brought in, especially in the context of the COVID-19 pandemic which has decimated the industry, there is the real possibility that many small businesses may see their livelihoods threatened.

**New licensing schemes appear to be the last thing that local authorities need in terms of financial resource or manpower.**

**A one size fits all approach is not supported by local authorities.**

**Local Authorities should not be additionally burdened at this time or in the foreseeable future.**

**ANNEX 3:**

**SHORT-TERM LETTING AND THE HOUSING CRISIS**

In recent times, the self-catering and short-term letting sector has been used as a convenient scapegoat for longstanding failures in housing policy. However, the challenges facing Scotland are far more multifaceted than the existence and growth of short-term and holiday lets alone.

There have been concerns raised over the impact of increasing tourism and the growth of short-term lets on the housing market, particularly on some communities within City of Edinburgh Council and Highland Council areas. In response, the Scottish Government has announced proposals to regulate short-term lets, including the introduction of a licensing regime.

In taking forward measures to regulate the sector, the ASSC argue that any policies must be based on accurate, reliable and empirical data given the importance of tourism to the Scottish economy. That has always guided our approach.

In February 2020, the ASSC launched a paper: **Short-Term Letting and the Housing Crisis**, which builds on our commitment to ensure that housing challenges are viewed in a balanced and holistic context. Our paper highlights the following:

* The number of self-catering units registered on the Business Rates Roll compared to those on the Council Tax Register in two key areas, or indeed ‘hot spots’: Edinburgh and Skye.
* Data from Airbnb, the industry leader in terms of accommodation platforms in Scotland, who have provided background on their number of listings.
* Finally, information on the number of second and empty homes in Scotland.

As the leading trade association for the traditional holiday and short-term let sector, the ASSC values the opportunity to engage in holistic and evidence-based discussions about housing in Scotland.

The ASSC supports sustainable tourism and the managed growth of the short-term letting sector in Scotland. Short term rentals are not new and have a long history in Scotland but recent political and media scrutiny has been almost exclusively negative in tone and does not provide an accurate picture of our sector and the role it plays in the tourist economy.

As our research has demonstrated, there are almost five times as many empty homes than self-catering units across Scotland and Airbnb represents only 1% of the housing stock in Scotland. There is a lack of quantitative evidence demonstrating that short-term lets are a significant or primary driver of increased rents, are affecting housing supply, or are pushing up house prices. When housing demand and the level of empty housing is set against the number of self-catering units, it suggests self-catering activity is not of a scale sufficient to affect housing supply issues in Scotland.

Overall, the ASSC maintains that more needs to be done to address the problem of empty homes in Scotland when policymakers focus on tackling Scotland’s housing challenges. Ultimately, building too few homes remains the core cause of Scotland’s housing problems, not the holiday let sector.

Read the full paper: [Short Term Letting and the Housing Crisis](https://www.assc.co.uk/wp-content/uploads/2020/02/Short-Term-Letting-and-the-Housing-Crisis-1.pdf)

**ANNEX 4:**

**ECONOMIC IMPACT OF SELF-CATERING SECTOR TO THE SCOTTISH ECONOMY**

The *‘Economic Impact of Self-Catering Sector to the Scottish Economy’* report showed that in 2019 the 17,794 traditional self-catering properties across Scotland not only generated £672million in economic activity but encouraged visitors to spend £867million, thereby benefiting other related businesses in tourism and hospitality.

The report, carried out by the specialists at Frontline and commissioned by the Association of Scotland’s Self-Caterers (ASSC), also found that short-term letting in Scotland supports 23,979 full-time equivalent jobs.

Figures were taken from 2019 in order to understand how the sector, which has been battered by the COVID-19 pandemic, performs under normal circumstances.

Self-caterers have faced significant financial problems throughout the pandemic, with many operating at hugely reduced capacity and others facing the prospect of having to close their businesses entirely.

In 2020, due to Covid-19 restrictions, there was a £253 million plunge in guest spend and a drop in the total economic contribution the sector made of around a third (29%).

This underlines the need for government and local government to support small businesses as they seek to recover from Covid-19.

Read the full paper: [Economic Impact Study–Scotland](https://www.assc.co.uk/wp-content/uploads/2021/09/Economic-Impact-Study%E2%80%93Scotland.pdf)

1. <https://www.assc.co.uk/wp-content/uploads/2021/08/Economic-Impact-Study-%E2%80%93Scotland-Report.pdf> [↑](#footnote-ref-1)
2. This is evident in both the Scottish Government’s BRIA accompanying their licensing proposals, as well as City of Edinburgh Council’s plans for a short-term let control area. [↑](#footnote-ref-2)
3. For instance, see ASSC*, Far More Than Just Houses: The Benefits of Short-Term Rental in Scotland* (2018). Url: <https://www.assc.co.uk/wp-content/uploads/2018/06/MoreThanJustHouses.pdf>; and ASSC, *Forward Together: A Collaborative Approach to Short-Term Letting* (2020). Url: <https://www.assc.co.uk/wp-content/uploads/2020/12/2020_ForwardTogether.pdf> [↑](#footnote-ref-3)
4. <https://www.gov.scot/binaries/content/documents/govscot/publications/impact-assessment/2021/06/short-term-lets-licensing-scheme-planning-control-area-legislation-draft-business-regulatory-impact-assessment-bria/documents/short-term-lets-licensing-scheme-planning-control-area-legislation-draft-business-regulatory-impact-assessment-bria-consultation/short-term-lets-licensing-scheme-planning-control-area-legislation-draft-business-regulatory-impact-assessment-bria-consultation/govscot%3Adocument/short-term-lets-licensing-scheme-planning-control-area-legislation-draft-business-regulatory-impact-assessment-bria-consultation.pdf> [↑](#footnote-ref-4)
5. Parliamentary answer to S6W-02111. Url: <https://www.parliament.scot/chamber-and-committees/written-questions-and-answers/question?ref=S6W-02111> [↑](#footnote-ref-5)
6. Parliamentary answer to S6W-02109. Url: <https://www.parliament.scot/chamber-and-committees/written-questions-and-answers/question?ref=S6W-02109> [↑](#footnote-ref-6)
7. <https://goodmove.co.uk/empty-housing-hotspots/> [↑](#footnote-ref-7)
8. Vacant properties include those classified as: long-term (six months or more) empty (47,300, 1.8% of all dwellings); unoccupied exemptions (43,200, 1.6% of all dwellings) such as new homes yet to be occupied and dwellings undergoing repair or awaiting demolition. See: <https://www.nrscotland.gov.uk/files//statistics/household-estimates/2020/house-est-20-publication.pdf> [↑](#footnote-ref-8)
9. <https://www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/households/household-estimates/2020> [↑](#footnote-ref-9)
10. <https://www.gov.scot/publications/housing-statistics-for-scotland-new-house-building/> [↑](#footnote-ref-10)
11. <https://yourviews.parliament.scot/session-5/local-gov-sustainability-covid/consultation/download_public_attachment?sqId=question-2020-06-10-3171498657-publishablefilesubquestion&uuId=866941340> [↑](#footnote-ref-11)
12. <https://www.thecourier.co.uk/fp/politics/scottish-politics/2493715/snp-ministers-under-fire-over-failure-to-spend-25-million-rural-housing-fund/> [↑](#footnote-ref-12)
13. <https://www.nrscotland.gov.uk/files//statistics/household-estimates/2020/house-est-20-publication.pdf> [↑](#footnote-ref-13)
14. <https://www.nrscotland.gov.uk/files//statistics/household-estimates/2020/house-est-20-publication.pdf> [↑](#footnote-ref-14)
15. Stephen McGowan is the author of Local Government Licensing Law in Scotland (2012), the only legal textbook on the Civic Government (Scotland) Act 1982 – under which the new licensing schemes will be adopted. [↑](#footnote-ref-15)
16. <https://www.assc.co.uk/potential-flood-of-licensing-applications-for-short-term-lets-in-glasgow/> [↑](#footnote-ref-16)
17. <https://www.scottishlegal.com/article/licensing-expert-warns-of-flood-of-short-term-let-licences-1> [↑](#footnote-ref-17)
18. <https://www.lawscot.org.uk/members/journal/issues/vol-65-issue-02/system-overload-licensing-short-term-lets/> [↑](#footnote-ref-18)
19. <https://www.lawscot.org.uk/media/363183/19-07-19-plan-lic-short-term-lets.pdf> [↑](#footnote-ref-19)
20. <https://www.lawscot.org.uk/media/369667/20-10-16-plan-lic-consultation-short-term-lets-regulations.pdf> [↑](#footnote-ref-20)
21. <https://consult.gov.scot/housing-services-policy-unit/short-term-lets-licensing-scheme/consultation/view_respondent?_b_index=900&uuId=552786991> [↑](#footnote-ref-21)
22. <https://consult.gov.scot/housing-services-policy-unit/short-term-lets-licensing-scheme/consultation/view_respondent?_b_index=480&uuId=738532527> [↑](#footnote-ref-22)
23. <https://consult.gov.scot/housing-services-policy-unit/short-term-lets-licensing-scheme/consultation/view_respondent?show_all_questions=0&sort=submitted&order=ascending&_q__text=borders&uuId=648059965> [↑](#footnote-ref-23)
24. <https://consult.gov.scot/housing-services-policy-unit/short-term-lets-licensing-scheme/consultation/view_respondent?_b_index=780&uuId=458288928> [↑](#footnote-ref-24)
25. <https://consult.gov.scot/housing-services-policy-unit/short-term-lets-licensing-scheme/consultation/view_respondent?_b_index=900&uuId=52867059> [↑](#footnote-ref-25)
26. <https://consult.gov.scot/housing-services-policy-unit/short-term-lets-licensing-scheme/consultation/view_respondent?_b_index=840&uuId=880423694> [↑](#footnote-ref-26)
27. <https://consult.gov.scot/housing-services-policy-unit/short-term-lets-licensing-scheme/consultation/view_respondent?_b_index=780&uuId=560815682> [↑](#footnote-ref-27)
28. <https://consult.gov.scot/housing-services-policy-unit/short-term-lets-licensing-scheme/consultation/view_respondent?_b_index=900&uuId=900902345> [↑](#footnote-ref-28)
29. <https://consult.gov.scot/housing-services-policy-unit/short-term-lets-licensing-scheme/consultation/view_respondent?_b_index=900&uuId=465853950> [↑](#footnote-ref-29)
30. <https://consult.gov.scot/housing-services-policy-unit/short-term-lets-licensing-scheme/consultation/view_respondent?show_all_questions=0&sort=submitted&order=ascending&_q__text=West+Dunbartonshire+Council&uuId=124670121> [↑](#footnote-ref-30)
31. https://yourviews.parliament.scot/session-5/local-gov-sustainability-covid/ [↑](#footnote-ref-31)
32. <https://yourviews.parliament.scot/session-5/local-gov-sustainability-covid/consultation/download_public_attachment?sqId=question-2020-06-10-3171498657-publishablefilesubquestion&uuId=804853480> [↑](#footnote-ref-32)
33. <https://www.audit-scotland.gov.uk/report/local-government-in-scotland-overview-2020> [↑](#footnote-ref-33)
34. <https://yourviews.parliament.scot/finance/scotlands-public-finances-22-23-and-impact-covid/consultation/download_public_attachment?sqId=question-2020-06-10-3171498657-publishablefilesubquestion&uuId=1017974980> [↑](#footnote-ref-34)
35. <https://yourviews.parliament.scot/session-5/covid-19-economic-recovery/consultation/view_respondent?sort=excerpt&order=ascending&uuId=368969193> [↑](#footnote-ref-35)
36. https://www.edinburghlive.co.uk/news/holiday-home-licensing-branded-control-21900975 [↑](#footnote-ref-36)
37. Medium Term Financial Plan- Update 28th October 2021: <https://www.highland.gov.uk/download/meetings/id/78893/9_medium_term_financial_plan_-_update> [↑](#footnote-ref-37)
38. <https://www.highland.gov.uk/meetings/meeting/4504/highland_council/attachment/78888> [↑](#footnote-ref-38)