

# CYNGOR GWYNEDD CABINET



## Report to a meeting of Cyngor Gwynedd Cabinet

Date of meeting:	28 March, 2023
Cabinet Member:	Councillor Dyfrig Siencyn
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Title of Item:	Cyngor Gwynedd's response to the Welsh Government's consultation on establishing a statutory licensing scheme in Wales for holiday accommodation

### 1 DECISION SOUGHT

Support for Gwynedd Council's response to the Visit Wales consultation on establishing a statutory licensing scheme in Wales for holiday accommodation.

### 2 THE REASON FOR THE NEED FOR A DECISION

2.1 On 16 December 2022, the Welsh Government announced a consultation to establish a statutory licensing scheme for visitor accommodation providers in Wales and the closing date for a response was 17 March 2023.

The consultation is seeking feedback on the possible options for introducing a statutory licensing scheme for all types of visitor accommodation, including short-term holiday lets that would make a licence mandatory with the aim of raising standards in the Tourism industry. They are seeking opinion on the scheme's form, nature and implementation in addition to the requirements for creating a statutory licensing system here in Wales.

A cross-departmental discussion was held before forming the feedback to the 27 questions that form part of Visit Wales' opinion finding questionnaire. We are seeking the Cabinet's support of Cyngor Gwynedd's viewpoint which is stated in the response to the questionnaire.

### **3. BACKGROUND**

- 3.1 The visitor economy is changing rapidly, and the role of visitor accommodation presents major challenges for communities across Wales. In July 2022, the Welsh Government committed to establishing a statutory licensing scheme for holiday accommodation as part of a package of measures to address the negative impact of second homes and short-term holiday lets on the availability and affordability of housing for local people in our communities. The proposed statutory licensing system could be used to facilitate the process of collecting the levy and help ensure that there is accurate intelligence on all providers of visitor accommodation so that the levy can be applied fairly. Visit Wales already operates a voluntary and free of charge quality grading scheme for visitor accommodation.
- 3.2 During the last year, the Welsh Government has been engaging with stakeholders and has been considering how such a scheme could work in Wales. Stakeholders who participated in the initial scoping exercise and the research for this proposal raised concerns that certain parts of the sector do not meet or comply with their statutory obligations.
- 3.3 A statutory licensing scheme is intended to provide the mechanism to address this by requiring all providers to evidence that they have met certain requirements in order to operate, such as having the correct insurance for accommodation providers, confirmation of planning permission to allow the premises to be let, evidence of a fire risk assessment, gas safety certificate, and proof of electrical safety, to list a few examples.
- 3.4 This scheme will ensure there is a consistent standard (in terms of submitting evidence of those requirements) that all operators must meet.
- 3.5 A statutory licensing scheme would also provide better data and a comprehensive register for the Welsh Government and relevant authorities, which is not currently available. Understanding the scale and nature of the sector will be an important tool in the deployment and development of policies and services, either at a local or national level.
- 3.6 It is proposed that all types of visitor accommodation should be included under this scheme and enforcement steps would include inspections, mainly of documentation and the original evidence to ensure they are valid and accurate. It is recommended that the register of licensed providers should be made public and available to prospective visitors to confirm the compliance of the premises they wish to stay at.
- 3.7 The Council's Planning Policy Service submitted a report accompanied by research on holiday homes to the Cabinet on 15 December 2020. One of the recommendations of that paper was that the Welsh Government should consider setting up a statutory licensing system for holiday accommodation in Wales to ensure better regulation of parts of the sector that are currently unregulated.

- 3.8 The consultation asks for opinion on the Welsh Government's intention to establish a statutory licensing scheme for visitor accommodation providers in Wales.
- 3.9 The Council supports the principle of developing a mandatory registration scheme for holiday accommodation, however it should be noted that some within the sector have voiced concerns regarding creating additional processes for tourism businesses that are already facing challenges in rebuilding their business due to Brexit, Covid and the cost-of-living challenges. Any new registration processes and arrangements must be as simple as possible.

### **Response**

- 3.10 As part of the consultation process, 27 specific questions are asked to facilitate the process of responding. The draft prepared in response to these questions can be seen in **Appendix 1**. The following is a summary of the main points made in the draft response to the consultation:
- 3.11 The Council supports the principle of establishing a statutory licensing scheme for accommodation providers in Wales. The mandatory system will offer a fair system for all accommodation providers. It is considered that the licensing scheme is one of a range of necessary mechanisms needed to seek control over the use made of houses as holiday accommodation. Therefore, the Council fully supports the principle of the proposal and its obvious related advantages.
- 3.12 It is emphasised that it will be necessary to ensure that appropriate training and resources are available to ensure the success of this control measure. If there are plans to transfer the responsibilities for enforcement and ensure standards related to this licensing scheme to Local Government, there is significant concern regarding the resources required to complete and ensure the success of any scheme.
- 3.13 It is believed that a mandatory licensing procedure is required as a means of regulating the sector. There is currently a lack of a regulatory mechanism along with a mechanism to ensure that the expected standards are met and complied with (health and safety). Furthermore, a mandatory licensing system would have the added advantage of being a pool of information (type, quality and location) that will assist in getting a better understanding of the current provision.
- 3.14 It is believed that operating a licensing system would ensure that everyone who provides holiday accommodation operates to the same requirements therefore ensuring a level playing field and consistency.
- 3.15 There would be a need to agree on the evidence required and the standards needed to be achieved as this may entail significant work.
- 3.16 We emphasise the need for the Welsh Government to create a national list of visitor accommodation to ascertain who is operating in the industry. This is of crucial importance to improve an understanding of the tourism sector's performance locally and to assist in forming relevant strategies and policies in the future ensuring an effective platform of communication between the Welsh Government and local Authorities and visitor accommodation providers in Wales.

- 3.17 Due to the cost implications, the Council disagrees with the question of processing on a national level and enforcing locally through Local Authorities. The Council does not have the capacity to operate the enforcement element. Many additional resources will be needed to deliver this especially in the areas where there is a higher level of holiday accommodation such as in Gwynedd. There is a need to ensure that licensing arrangements etc. are used rather than duplicating for mandatory licensing.
- 3.18 We draw attention to the consideration of obtaining a restricted licence for one-off or annual events. There is concern that the requirements linked with letting holiday accommodation for this type of use, thus having to correspond with all the associated requirements, may be a burden given the provision period. Is there a more flexible and less burdensome approach that could be taken?
- 3.19 It is agreed that visitor accommodation providers should provide the information / documentation and that they should be required to provide evidence/confirmation that they are compliant with the requirements.
- 3.20 We concur with the principle that non-compliant visitor accommodation providers should face enforcement measures. Without appropriate enforcement measures in place, the exercise and the requirements will be worthless, but this will require significant additional resources, and this should be implemented on a national level.
- 3.21 The Authority agrees with the need to set a standard fee. We concur with the principle subject to the level of the intended fee. That is, if the cost related to the fee is small in comparison, it may be easier and acceptable to set the same fee. It is also believed that it is contingent on the implications of potential inspections of visitor accommodation.
- 3.22 In terms of the frequency of renewal it is recommended that renewal should be based on the frequency needed to renew associated documents and that the licence number be displayed by the accommodation provider and on any third party digital promotional platform.
- 3.23 It is recommended that an element of the licensing fee or visitor levy be used to highlight and promote the Welsh language and culture within different areas.

#### **4. THE RATIONALE AND JUSTIFICATION FOR RECOMMENDING THE DECISION**

- 4.1 We welcome the desire and motivation that has prompted the Government to undertake this consultation to establish a statutory licensing system for visitor accommodation providers in Wales. It is intended to submit the Council's feedback for the Welsh Government's further consideration in developing structures to introduce a statutory licensing system for holiday accommodation providers in Wales.

#### **5. NEXT STEPS AND TIMETABLE**

- 5.1 Cyngor Gwynedd's response to the consultation will be confirmed with Visit Wales.

#### **ANY CONSULTATIONS UNDERTAKEN PRIOR TO RECOMMENDING THE DECISION**

Monitoring Officer's Observations:

*"No observations to add in relation to propriety"*

Observations of the Head of Finance Department:

*"The decision sought does not create a financial commitment. I have no objection to the contents of the response from the perspective of financial propriety."*