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Supplementary consultation – summary of response

Statutory licensing scheme for all visitor accommodation providers in Wales

Supplementary consultation stakeholder engagement events

July 2023

Mae'r ddogfen hon ar gael yn Gymraeg hefyd / This document is also available in Welsh
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg / We welcome correspondence and telephone calls in Welsh

Overview

This document provides a summary of the discussion at the Welsh Government's supplementary consultation stakeholder events, which focused on technical elements of introducing a statutory licensing scheme for all visitor accommodation providers in Wales.

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Views expressed in this report are from key stakeholders attending the events, and recorded by the facilitators and not necessarily those of the Welsh Government. This work is a summary of the conversations which took place at the supplementary consultation events held with stakeholders.

Action required

This document is for information only.

Further information and related documents

Large print, Braille and alternative language versions of this document are available on request.

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Additional copies

This summary of response and copies of all the consultation documentation are published in electronic form only and can be accessed on the Welsh Government's website.

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1. Introduction

- 1.1 This document has been prepared by Sglein on behalf of the Welsh Government and provides an independently prepared summary of the discussions at the Welsh Government's supplementary consultation stakeholder events, which focused on technical elements of introducing a statutory licensing scheme for all visitor accommodation providers in Wales.
- 1.2 The Welsh Government has an ambition to establish a statutory licensing scheme for all visitor accommodation in Wales. In July 2022, the First Minister and the Leader of Plaid Cymru announced plans to introduce a statutory licensing scheme for all visitor accommodation in Wales, including short-term holiday lets. The proposal is to make it a requirement for providers to obtain a licence to operate, which would help raise standards across the industry, ensure visitor safety and provide a level playing field for all operators.
- 1.3 Following the initial [13-week consultation](#) on establishing a statutory licensing scheme for all visitor accommodation providers in Wales, which ran from 16 December 2022 to 17 March 2023, the Welsh Government identified that they needed to consult further with key stakeholders from the tourism industry on specific areas of policy development.
- 1.4 Subsequently, 3 in-person consultation events were arranged and took place in north, mid and south Wales between 22 and 26 May 2023. An invitation was sent to 300 key tourism stakeholders, representing national, regional, and local associations and forums, as well as representatives from local authorities, online travel agents and self-catering agencies. 58 key stakeholders accepted the invitation and attended the events. Those that attended represented a significant number of tourism businesses in Wales, with cross-sectional representation of sectors within the tourism industry across Wales.
- 1.5 Training, events and consultancy company, Sglein were procured to provide independent facilitation at the three events. Sglein facilitated 2 breakout sessions during each of the events with a specific focus on 4 policy areas the Welsh Government wanted to discuss in more depth, as detailed in the following report.

- 1.6 Sglein's role as facilitator, was to chair the discussion, posing a series of questions prepared by Welsh Government on these 4 topics and ensure that everyone had an opportunity to contribute. The facilitator was responsible for taking notes at each event, and to provide a summary of the discussions, that are published in this report.
- 1.7 Welsh Government officials were present at each event and breakout session, assuming a clarification role, answering any factual queries or points from participants related to the consultation document or policy.

2. Approach and methodology

- 2.1 Welsh Government commissioned Sglein following a tendering process to independently facilitate at the 3 supplementary consultation events:
- Hilton Garden Inn, Dolgarrog, 22 May 2023
 - International Pavilion, Royal Welsh Showground, Llanelwedd, 25 May 2023
 - Tŷ Melyn, National Botanic Garden of Wales, Llanarthne, 26 May 2023
- 2.2 The aim of the independently facilitated events was to gather further detailed evidence and insight on the proposals and delivery of the scheme. They were attended by 58 key stakeholders representing national, regional and local tourism associations and forums, as well as representatives from local authorities, online travel agents and self-catering agencies.
- 2.3 Each event was designed to ensure stakeholders attending had an opportunity to offer their views and that the discussions were facilitated in order to address the key issues and answer the key questions.
- 2.4 The groups at each event were asked to consider the following 4 topics:-
1. Level of fees to be charged for a licence and the basis of the charge
 2. Frequency of renewal of licence
 3. Enforcement and level of penalties of non-compliance
 4. Requirement for a fit and proper person test (FPPT) to obtain a licence
- 2.5 This was done using a series of questions linked to each topic and these can be seen below.
- 2.6 All groups were given a document outlining what's happening in other countries/areas in terms of registration/licensing/certification and this was referred to during the sessions as a means of stimulating discussions. A copy of the document can be viewed in [Annex A](#).

3. Summary of discussion

Level of fees to be charged for a licence and the basis of the charge

Should visitor accommodation providers as proposed in the consultation document pay the same standard licence fee or should licence fees be scaled?

- 3.1 At all three events before the set questions were asked there was consistency in welcoming the scheme, as well as strong vocal opposition to the concept of licensing, with a clear preference for registration. This was because licensing was seen as a means of granting permission to operate as opposed to the creation of a voluntary register of operators. However, the idea of receiving a licence or a registration number to show compliance, was welcomed, as well as being seen as a driver for participation. The preference for the remainder of the discussion was that the proposed change be referred to as the 'scheme.'
- 3.2 Sglein started by asking for a show of hands in response to this question, based on preference for scaling or standard fees. A high majority favoured a scaled approach.
- 3.3 Comments included that it would depend on how low the fee is, that the fee should be reasonable but scaled and that a larger business already has higher outgoings – other taxes etc., so is it fair that they pay more? It was stated that everyone in the sector is delivering to the same standard, whatever the size of business. One idea was to keep it to Bands 1-5 e.g. Band 5 for larger businesses e.g. a large 200 bed hotel, or a holiday village with over 250 lodges down to Band 1 for e.g. a small, 1 cottage business.
- 3.4 If it is scaled, some participants commented that bigger businesses will be easier to identify and penalise and they will become easier targets to fine. Smaller businesses will go under the radar.
- 3.5 Concern was expressed about the level of checks suggested at 1 in 50 operators – the industry would not see this as a reputable scheme and the cost would need to be proportionate to this.

If licence fees are scaled, on what basis should they be scaled (based on the number of rooms or units they have and/or by the type of accommodation on offer or total sleeping capacity)?

- 3.6 Several questions arose in response - how will all the businesses and sizes be identified and are people going to be honest? How will providers evidence what they have to ensure compliance? Is the administrative cost the same for a small business and a larger business to comply?
- 3.7 There was a comment that it should be scaled on property size and why should a 1-bed B&B pay the same as a large hotel? That said, a self-catering business could have the same bedspaces as a small hotel. Also, where would properties that are marketed via online booking platforms, such as Airbnb, Booking.com, Vrbo, local booking systems etc. fit in, as some can earn £7k per week and what would constitute a bedroom as people don't only sleep in bedrooms in all short-term lets? As for farmstays, one comment was that fees should be calculated based on the number of different elements within the business e.g. B&B / Self-catering / campsite. Another suggestion was that fees could be based on the total number of visitors e.g. over the last year / financial year.
- 3.8 It was felt by some that the scheme should be free if you are a Visit Wales Quality Assured property. Sustainability improvements could be a factor to determine the fee and could a more sustainable business have a better/higher level licence? A comment was made that the Wellbeing of Future Generations (Wales) Act 2015 gives Wales a unique selling point over and above other destinations e.g. requirement to meet certain environmental standards – these could be linked to quality standards.
- 3.9 If the fee is too high or the requirement too onerous, businesses could be lost from the sector. It needs to be single, simple, national and not too complicated. Greater complexity will make it harder to enforce.

What is the fairest model – is there a range (low to high) that Welsh Government should consider? As an example, fees in Northern Ireland range from £20 to £2000 depending on size and type of accommodation

- 3.10 There was some reluctance to answer initially from those that didn't want to pay anything and some felt that people won't sign up if there's a fee; however, the contrasting view was that if it is free, then who will pay for it? Shouldn't we be paying for it under the Enhanced Population Grant or why not pay for it from VAT receipts from tourism or business rates paid by the sector? It was acknowledged by many that it must be self-financing (the example of Rent Smart Wales was given) and the level of fee needs to feel worth it, as well as worth enforcing it. A figure of £100 emerged on a few occasions with Direct Debit payments suggested to make it easier. The level of the fee should not be punitive, but be about making the business safe to operate. The cost ethos should be as low as possible, proportionate and appropriate as well as manageable and giving confidence that it is a worthwhile scheme.
- 3.11 Could there be an incentive available to encourage participation – e.g. a kite-mark type of award which would be important for businesses and consumers? There was frustration that bona fide businesses are being targeted and not those in the industry who are working under the radar, and perceived to be hiding from authority. A fee penalises those who invest to grow their business and is unfair for the industry.
- 3.12 If you expect the visitor levy to pay – it's not going to be reinvested in the industry.
- 3.13 It was felt that a clear engagement / promotion and communications approach was needed with more of a focus on the reasons for the scheme, not just on punishment and enforcement.
- 3.14 It was felt that the question on the level of fees should be the last one, once the number of participants and costs are known – sector cannot determine level of fees before it knows exactly what it is buying.

Should there be a different fee structure for limited or one-off licences (for example, providers that only offer accommodation once a year – Royal Welsh Show / Eisteddfod)?

- 3.15 It was felt that providers of one-off accommodation should be captured within the main scheme so that they are also contributing to the reasons behind its

introduction – level playing field, visitor safety and raising standards – as customers deserve and expect the same standards at these events. It was commented that we invest a lot in attracting large events into Wales and the accommodation that is offered on a short-term basis should reflect the quality of these events.

- 3.16 Some felt that the event itself should hold the licence as the capacity to be able to deliver and offer accommodation of an appropriate standard is needed across all types of providers (including campsites even though temporary sites offering up to 28 days accommodation are exempt from currently needing a site licence from the local authority.)
- 3.17 However, who checks that these providers only offer accommodation for one-off events and not during the rest of the year? Could it also stop people from renting their rooms out altogether and would this impact on the success of these events? There was also a comment that it could impact on the enforcement powers if exceptions were made. The question was asked whether these one-off events would be required to collect the visitor levy and would this identify more providers who should be part of this scheme?

What about caravan parks that already require site licences to operate – should they be required to pay for a licence under this scheme?

- 3.18 The consensus was that caravan parks should have a licence (even though it was acknowledged that some caravan site owners already spend more than £1200 annually in various membership scheme costs) and if individuals let out their caravans, they should have their own individual licence as well.

Are there any other circumstances where it would not be appropriate to charge a licence fee?

- 3.19 Properties for housing refugees and house swaps were both mentioned. These properties still need to be safe and to a certain standard if people are staying in the properties. Properties used solely for housing refugees should not be considered within scope. House Swaps do have a commercial element e.g. agency costs applied and they should be covered within the licence parameters.

Key themes emerging - Level of fees to be charged for a licence and the basis of the charge

3.20 The key themes were:

1. The industry prefers the word registration to licence
2. The fee should be scaled according to the size of the business
3. One-off providers should be included in the scaled fee structures to ensure consistency of standards

Frequency of renewal of licence

Do you agree that a renewal cycle of 3 years is appropriate or should businesses be required to renew annually to help ensure that information is always up-to-date?

- 3.21 There was uncertainty as to why the period in question was 3 years as for all providers the necessary certificates, insurances etc. are renewed annually. Some would prefer 2+ years to reduce the additional administrative burden.
- 3.22 Several people felt that a self-declaration was more appropriate (currently the case for caravan site owners) to confirm the various requirements were in place. This could be uploaded to a comprehensive dashboard system with individual user access as part of a national scheme to avoid any regional variation. The dashboard could be updated annually and could act as a self-declaration. A question was asked about whether Artificial Intelligence (AI) could help with the system of monitoring – both the initial joining and renewals. Also, is there a way of cross-referencing with a list of planning permissions granted to identify more potential participants?
- 3.23 It was felt that a staggered roll-out would work best in order to avoid pressure on the system from everyone renewing and updating at the same time.
- 3.24 A suggestion was made that the onus should be placed on insurance companies to ensure that certification such as fire/gas safety were in place prior to the renewal of providers' insurance and this can be fed into the

scheme. Currently, no such evidence is requested but the failure to have it could jeopardise any claim.

3.25 In order to ensure the data is kept up to date, the suggestion was made that 'are you still running a business?' reminders be sent out.

3.26 It was suggested that a one-off licence would lack integrity and ownership.

3.27 The question was asked about how the scheme will make enough money if it's a one-off fee to cover the ongoing costs? Also, that the fees to set up the scheme are going to be extremely high – along with the cost of enforcement.

Should it just be a one-off licence and providers only re-apply if there is a change in ownership or a change in circumstances? (a one-off licence would cost less to operate but this may risk undermining the aims of the scheme).

3.28 The idea of a one-off registration fee with a reduced ongoing annual fee thereafter was popular with a payment plan option by Direct Debit also suggested.

3.29 It was felt that providers needed a prompt to remind them to update and that if there is no focus, there is a danger that standards slip. Others felt that not all licenses give a reminder to renew.

3.30 A benefit of the scheme would be to raise awareness of what is required to run a compliant and fully protected business both initially and on an ongoing basis.

Should there be a 'refund' if businesses cease trading within a licence period?

3.31 Across all events, no-one felt that a refund was necessary and the fee should be covered within the running costs of a business year by year.

Key themes emerging - Frequency of renewal of licence

3.32 The key themes were:

1. An annual system was preferred as several current standards/regulations are already renewed annually
2. There was a desire for a simple system that allowed providers to update their information digitally onto a dashboard

3. Focus is maintained if checked regularly as opposed to a one-off scheme

Enforcement

Where would enforcement and/or revocation of a licence be appropriate? Or what issues do you think should incur a penalty?

- 3.33 It was felt that enforcement was needed and that non-compliance should be targeted but that it should differentiate between accidental and deliberate acts. Where accidental, operators need support and reminders and where deliberate, serious enforcement is required.
- 3.34 If there's been an incident at a property which is outside compliance with the requirements, they should have their licence revoked.
- 3.35 The word enforcement was also seen as very strong/harsh – the scheme should be shown as an incentive to be in the industry – do something that rewards people and is a terrific marketing opportunity. Need to work proactively with businesses to up their game.
- 3.36 The request was for the scheme to be kept simple and that a world of appeals and claims was best avoided as dealing with appeals, assessing ability to pay etc. means a lot of human involvement and therefore additional cost. Enforcement could massively increase the cost of the fee and of the scheme more widely.
- 3.37 It should be a basic registration scheme where if you fail to upload documents, there is a 3-stage warning system, an email sent, then after 28 days a letter sent, followed by a third warning – a '3 strikes and you're out' approach. Another suggestion was that an improvement notice should first be issued (with time to rectify), followed by a prevention notice and then fines.
- 3.38 Repeat offenders / those not engaging or causing harm need to be excluded for a period from the scheme and therefore from trading. This would prevent repeat offenders from paying a fine on multiple occasions and continuing to trade.
- 3.39 Enforcement could mean revoking a licence number / potential closure as an endpoint to enforcement. Operators should get reminders if their certificates

are due to expire and people are more likely to participate if registration feels lighter and more accessible. Training / education / guidance are required before introduction of a scheme – operators can't be expected to comply with something that isn't understood.

- 3.40 There needs to be clarity not just on the minimum requirements but the quality standards to aim for and the scheme needs to be sold as a positive, with benefits listed for both providers and customers. A balance is needed between enforcement and support / encouragement and disincentive. Need to be careful not to scare people out of the industry and for the scheme to be seen as a threat. There needs to be consumer awareness of any scheme and enforcement should not create an industry of administration. It needs to filter out those trying to go under the radar – the ones between the 16,500 known about and the 30-40,000 that aren't.
- 3.41 It was felt that LAs do not have the resource/manpower to enforce (e.g. not enough resources to deal with ongoing major planning complaints) and national enforcement would lessen the pressure on them, especially as they've been nominated to collect the visitor levy.
- 3.42 What resource (finance and human) will be required to undertake enforcement and what about the pressure on the legal system and courts across Wales? Operators could also seek a judicial review. Welsh Government need to resource this properly – what is the model of resourcing for enforcement?
- 3.43 It was asked whether there is a case for Welsh Government and Visit Wales to be the main authority on adherence but that the Police or HSE should be involved for law-breaking? If a law is broken, it must be dealt with.
- 3.44 Enforcement powers are already there in many cases and fines aren't needed as this would require an appeals system and add to the costs of operators.
- 3.45 How will those operators where enforcement is required be identified? If someone isn't registered how will they be known about? Local Authorities only have a rough idea of bedstock and no longer have financial support, only support in terms of methodology from Welsh Government to carry out bedstock surveys.

- 3.46 Deliberate offenders need to be targeted with warnings, fines and injunctions/revocation of licence. It was felt that fines need to be more than the cost of a licence otherwise there would be no incentive to comply.
- 3.47 Spot-checking 1 in 50 was seen as too little enforcement. However, if everyone has uploaded the documents, participants thought that a digital system should be able to check this – Local Authorities should then go out and enforce those who haven't registered.

In view of examples elsewhere, do you have any views on the level of fines or penalties (including temporary/permanent revocation of a licence) that would be appropriate?

- 3.48 There was a reluctance to commit to actual amounts as there is uncertainty about the scope and extent of the scheme which has been the challenge from the outset.
- 3.49 It was felt that they should be at a level to encourage providers to register, should be reasonably substantial; in the case of a larger provider they should be proportionate to their size. Some large businesses won't be worried about fines if they are too small.
- 3.50 There were contrasting views on basing fines or penalties on annual profit, with some agreeing with this and wanting proof by HMRC, whilst others said it isn't a good idea as businesses can choose to declare themselves unprofitable.
- 3.51 Northern Ireland model of enforcement seems fair.
- 3.52 Fines or penalties should be enough to discourage non-compliance and should not be related to trading income.
- 3.53 Don't fine – an operator should simply lose their licence number – but this will only work as long as Online Travel Agencies (OTAs) comply. Over time, customers will ask why this business hasn't got a licence number.
- 3.54 The penalty should simply be that you don't get your licence.
- 3.55 We need to look at how and if these schemes are working for other countries/areas and how they have landed with the industry. This information needs to be shared with the industry. Welsh Government officials added that these conversations are taking place.

3.56 Also need to look at who is being fined – the owner, those that sub-let, short-term lets and other agents? Should not be slapping fines on businesses – those that don't meet standards should instead be offered training opportunities.

Should there be a scale of fines/penalties depending on the severity and/or number of instances of non-compliance?

3.57 There were a range of views – including that there should be a range of fines – depending on the scale of property and/or on turnover and different fines for first time offences compared to persistent offenders. One question was whether there will be a list of offences linked to fines?

3.58 Others felt that fines should be scaled based on the seriousness and number of offences and that they should be fair, proportionate, appropriate and tiered.

3.59 There was a feeling that having an external fines mechanism is very complex and that gradual warnings leading to fines e.g. 3 stages with administration charges applied for each reminder so that legitimate businesses who are complying don't have the cost passed onto them would be preferable.

3.60 Some suggested fines should be proportionate to the success of the business but should be applied as a last resort.

3.61 It was also felt that there needs to be a clear, independent appeals process.

Are there other considerations in terms of dealing with non-compliance? For example, would a points-based system be appropriate? A provider would need to reach a certain amount of points before fines/penalties apply?

3.62 A points-based system was not favoured as it was seen as resource-heavy and too complex.

3.63 There was concern over the resource required to pursue operators who only operate for 1 or 2 nights.

Could non-payment of the visitor levy (if/when introduced) be a reason for revoking a licence?

- 3.64 It was generally felt that non-payment of the levy should mean revocation of licence – ensconced in legislation as with payment of other taxes. Others felt that fines for non-payment of the visitor levy should depend on who is responsible for remitting the payment, whilst some felt non-payment of the visitor levy should not be a reason for revoking a licence as the operator may not be the person to collect it e.g. where agencies are used.
- 3.65 There was also concern that operators can only collect the visitor levy from the number of declared guests (guests can lie) and can't guarantee how many will be in the property (as long as they don't exceed the maximum number for the property) – this shouldn't apply to the property owner; the onus should be on the guest.
- 3.66 Providers can only collect the visitor levy honestly based on what they've been told – e.g. self-catering booked for 6 people might mean different people arriving at different times during the booked period.
- 3.67 The operator cannot be responsible for the visitor levy return – if it is later proven to be wrong, it is not their fault, therefore it shouldn't be connected as it is difficult to administrate for the business - e.g. how do they know that the OTA has definitely paid the levy?
- 3.68 Operators cannot be responsible for levy returns unless they are given names and addresses of guests and as operators have many sources of bookings, at the year end, they would remit to whoever collects the levy and OTAs/PTAs (Physical Travel Agencies) remit to whoever they're told to.
- 3.69 Don't connect these two things as we don't know what it is or how it will be done – we don't have any scope.

Key themes emerging – Enforcement

- 3.70 The key themes were:
1. A cut and dried approach is needed – with providers unable to operate without a licence
 2. Needs to be on a national level to ensure consistency and needs to be adequately resourced

3. Enforcement was seen as very strong terminology – need to look at encouraging, supporting and incentivising

Fit and Proper Person Test (FPPT)

Do you think it is appropriate for a fit and proper person test to be included as part of any licensing scheme for visitor accommodation providers?

- 3.71 There were varying views on this, with some feeling that a light touch could be a possibility. However, most people did not feel the test is practical and is not present in other areas of customer contact. Several comments were made about the justification for including a FPPT – what will it achieve and what is it trying to prevent / ensure will happen? What is the problem we're dealing with that requires this / what is the issue we're trying to address? What is the definition of Fit and Proper?
- 3.72 Is it self-policing? In order to advertise an operator needs a licence number; if someone has a complaint then the authority would deal with it (e.g. Visit Wales or Local Authority) and if something inappropriate was happening they would get the police involved or remove the licence.
- 3.73 What other visitor economy sectors must go through a FPPT? It is not proportionate to the scheme and is adding layers
- 3.74 The comment was made that FPPT isn't consistent with a registration scheme as it seems to add further workload and unnecessary layers – this isn't keeping it simple. It would require an appeal process and the establishing of an administrative process, training etc.
- 3.75 Perhaps a Fit and Proper Host would be more appropriate.
- 3.76 It's for the courts to decide who is fit and proper, not Government
- 3.77 It was felt that other authorities (e.g. police) deal with issues arising and that an FPPT would not cover this, but would add another level of regulation. The comment was made that there is validity in the Safeguarding element, but that a Disclosure and Barring Service (DBS) check is only really of value on the day it was issued. It was seen as an unnecessary, additional hurdle to recruit staff and would add pressure on the checking authority (DBS). However, it could possibly be useful for B&Bs where people are in your own

home. There would be an element of duplication as DBS checks are already in place for some providers.

If so, who should it apply to? (e.g. in Scotland the application for a licence has to name the host/operator, owner, any company directors/partners, those involved in day-to-day management (family, friends, agent etc.) and all are subject to a fit and proper person test)?

- 3.78 The Scottish model was seen as excessive and very stringent (closer to the level applied in Wales for running a care setting / working with vulnerable adults and children) and not reflective of the nature of the industry – would the FPPT apply to ad-hoc or staff employed very short-term? What if an agent/cleaner is changed – would this require registering again with new individuals subject to FPPT? What about owners who reside in England but have no day-to-day interaction with guests? It was felt that FPPT poses a lot of questions – one option for registration could be safeguarding courses (not necessarily mandatory) to up the quality and instil confidence in the visitor experience.
- 3.79 If someone has done the FPPT through Rent Smart Wales, would they have to do it again?
- 3.80 Can't imagine why it would be needed for self-catering properties.
- 3.81 People are already vetted in the holiday park / holiday home sector (this is related to long-term letting, though)
- 3.82 Providers have different levels of skill/responsibility/training so FPPT needs to be tiered on type of accommodation and shouldn't necessarily be about the person.
- 3.83 There was a concern that the additional legislative burden might mean providers drop out of the industry – this is already being seen with owners/providers of long-term lets being replaced by short-term lets. A recent Swansea visitor survey showed an increase in the popularity of self-catering, with 80 short-term lets marketed on popular online platforms in Mumbles alone. A number have left the visitor accommodation industry following the classification change for self-catering accommodation, which also resulted in the industry losing trust in the consultation process.

3.84 FPPT should not be applied to the operator of the visitor levy – don't connect FPPT to mechanisms for paying taxes.

Do visitors using accommodation on a short-term basis need the same levels of protection as those renting their primary residence on a long-term basis? (e.g. how much contact would visitors have with the provider? Often smaller short-term lets have self-check-in and/or key collection boxes. Those using hotels would rarely interact with the provider)

3.85 FPPT should not be introduced based on the level of interaction – can be very short-term or not at all. In the case of most short-term lets, the owner isn't on the premises.

3.86 Application of FPPT probably differs depending on the accommodation offered. Self-catering owners might not even see their guests and in e.g. a large hotel, there would be a management team to contact if issues arise.

In summary, there are 3 options that could be considered. What are your views:

- **Do nothing – what are the potential implications?**
- **Light touch – by asking providers to self-certify and follow up if required?**
- **Full process - asking providers to undertake a DBS and upload the certificate?**

3.87 The light touch approach was very clearly preferred.

Are there other options that Welsh Government could consider?

3.88 No further options were suggested for Welsh Government to consider in relation to FPPT.

Key themes emerging - Fit and Proper Person Test (FPPT)

3.89 The key themes were:

1. What is the problem that FPPT is seeking to address/solve?

2. Any system needs to be simple without unnecessary requirements and supported by training/guidance
3. A light touch approach was preferred

Additional question: What are the benefits of introducing a scheme?

- 3.90 As a result of the discussions at the first two events, at the third event, Sglein asked a specific question on the benefits of the scheme to initiate discussion, hear opinions and get everyone's voice in the room before starting.
- 3.91 The scheme was broadly welcomed and its benefits were seen as numerous. These included levelling the playing field, raising standards, better communication with the sector and developing an increased awareness of the size and scope of the industry, so that the scheme gives an accurate picture of all providers.
- 3.92 Raising standards and developing/safeguarding the sector's reputation was talked about in reference to an increase in complaints in Pembrokeshire – the scheme was seen as potentially helping the industry raise standards, address poor visitor satisfaction and limit reputational damage. The sector is worried about those individuals that bring its name into disrepute and see the scheme as a means of addressing this. Bona fide providers will comply, others will be shown up. Customers need to be encouraged via advertising to look for the licence number when booking.
- 3.93 The scheme was seen as complementary of various membership associations who already require similar information.
- 3.94 Comparison was made to Rent Smart Wales (RSW) which has resulted in landlords that did not meet the standards being obliged to leave the scheme. However, a consequence of this has been that some of these landlords have become providers of casual short-term lets. The proposed scheme should ensure that short-term lets join the level playing field, allowing visitors to expect higher, consistent standards. The subject of motorhomes was also raised with respect to the need for their inclusion in the scheme.

- 3.95 It was noted that Local Authorities (LAs) don't know what they have in terms of bedstock and that a scheme could address this data gap. Furthermore, LAs could use the collected data to pull together useful support packages for the sector. LAs currently have to trawl the web and other sources to get a picture of the current accommodation offer and this is expensive and time-consuming. The point was also made that the impact on LAs of introducing a scheme needs to be considered as they are currently struggling in terms of staffing and budgets.
- 3.96 Collectively, the public sector currently has access to most of the information that would be gathered through the scheme, although there are still gaps in data and information – e.g. LAs don't know whether those paying council tax are business or residential. That information needs to be drawn together – e.g. HMRC, Valuation Office Agency.
- 3.97 Another perceived long-term benefit of any scheme was increased customer confidence, similar to what has been seen with the Food Hygiene Rating Scores on the Doors scheme.
- 3.98 It was felt that the scheme needs to be created in order to be appropriate for Wales, rather than copying what other areas/countries have done. The experience in Scotland was mentioned repeatedly and was consistently seen as negative and very stringent.
- 3.99 A suggestion was made that Welsh Government and UK Government work together to understand each other's schemes or ideally have a similar or identical approach.

General comments made during the 3 events

- 3.100 The most regularly and strongly voiced comment across all three events was that people are in favour of registration, but against a licensing scheme.
- 3.101 Concern was voiced by organisations representing their member-providers about the extra paperwork and charges that a licensing scheme would bring. Additionally, there was a feeling that the principles of any scheme would need to be understood and agreed on. It was suggested that the scheme should be combined with the Visit Wales Quality Assurance scheme and that

clarity about the size of the industry is needed in order to set the scope ahead of creating legislation.

- 3.102 In terms of the nature of any scheme, the recurring request was for an all-Wales approach that is simple, integrated and consistent without being punitive. A question was asked about the motivators to ensure those that currently work under the radar comply and get a licence.
- 3.103 The enforceability and enforcement of the scheme came up, with the point made that Local Authorities are having to subcontract staff to enforce other schemes including Scores on the Doors (food hygiene ratings). Additionally, there was concern that there might be duplication of roles if the scheme leads to multiple teams enforcing identical standards across different schemes.
- 3.104 Concerns were voiced about the nature of the consultation process and that despite groups and individuals sharing their views and suggestions, Welsh Government continue with their original intentions. This has resulted in lost faith within the industry. There were different views around the level of responses to the initial consultation, with some feeling that 1500 was low considering the number of providers and others feeling that this figure compared favourably with other consultations. A comment was made about the lack of political representation at the supplementary consultation events to ensure political ownership.
- 3.105 What is the 'legal ownership / responsibility' on Welsh Government, if they issue the licence, are they responsible if things go wrong?
- 3.106 It was noted that a pilot should be run first to establish the benefit.
- 3.107 The comment was made that the industry wants a Statutory Registration Scheme without cost. The main message was that this could be a huge benefit and that it provides a fantastic opportunity to show the economic force of the industry.
- 3.108 The idea of a sticker in the window to show that a licence is held was popular.
- 3.109 Comparison was made to the scrap metal licence introduced some 15 years ago and how this had affected the sector – free registration identified several businesses but a fee meant hardly any signed up thereafter.

- 3.110 Resourcing is an issue for Local Authorities in enforcing – they’ve already submitted figures of what they think those costs will be. Enforcement needs a budget and a national approach – less bureaucratic and prevents different LAs from subjectively applying the schemes differently.
- 3.111 The point was made that bona fide operators did not want to pay for the inspections and enforcement of those who don’t register. However, some saw this as the cost to businesses to achieve a safe and legal level playing field.
- 3.112 There was concern that the scheme will result in increased costs for operators on top of the visitor levy. Visitors need to see the benefit of coming to Wales in comparison with other competitor destinations.
- 3.113 The comment was made that don’t want to see the licence scheme give powers to Local Authorities to shut down a provider without the proper authority.
- 3.114 Comparison was made with private landlords where it’s clear if a landlord is compliant – there is no process for the casual renting out of properties.
- 3.115 Comparison was also made with other enforcement by e.g. Local Authorities – some are delegated from the CEO down and some are committee-based functions. This involves getting people together for the appeal and training them to be able to deal with the appeals process.
- 3.116 Points were raised around enforcement and OTAs/any marketing bodies/booking agencies – will the enforcement be solely on the business or also on the platforms promoting them if they have no licence? There should be some responsibility on OTAs/third parties/agencies to ensure operators without a licence number are not displayed/listed.
- 3.117 What if a business has stopped trading but still appears on a site or in a brochure? OTAs are known for not taking operators’ details down after they’ve ceased trading.
- 3.118 There was also concern that the licence (e.g. not having it renewed) could prevent the sale of an existing business. Is it the property or the person who is being licensed? Concern was also raised about the potential capping of properties, where licences weren’t renewed in order to reduce/cap the number of operating properties.

4. Annex A

Country/Area	Proposals or confirmed scheme	Scheme starts/last updated (year)	Mandatory or discretionary	What properties are registered?	Who/what is registered?	Are there exclusions?	Registration type (permit/licence/certification etc)	Fee	Evidence required	Standards	Registration term	Scheme framework administered	How is compliance monitored?	What is the enforcement action?	Is the information publicly available?
Republic of Ireland	Proposed	Q1 2024 (tbc)	Mandatory	Any properties offered for accommodation for periods of up to and including 21 nights	Per unit (room/flat/boat etc)	Lets over 21 days	Registration	Yes, likely to be per unit	Self declaration	Depends on the type of accommodation	Annual	National	National	Civil - financial penalty	Probably but tbc (other registers they own are available to download)
England	Proposed	2024													
Scotland	Enacted	2022	Mandatory	Short lets	Per unit (room/flat/boat etc)	Aparthotels, bothys, licenced for caravans, licenced for alcohol	Licence	Set by each LA	Certification of safety of water, fire, gas and electrical services, safety/repairing standards, building and public liability insurance etc	Set out in the required evidence	Three years	LA	LA	Suspension or revocation of the licence	Yes, LA level SG is collecting data from LAs and considering frequency, scope and format of an official statistical publication
Guernsey	Enacted	2017	Mandatory	All visitor accommodation	Per unit (room/flat/boat etc)	No	Permit	£9.35 per person accommodated (permanent) £55 per home (short term/private)	Self declaration	Set out in statutory guidance	Annual	National	National	Cancellation, suspension or variace of any or all of the conditions of a permit	Unable to find evidence that the register is connected to the tourism website
Isle of Man	Enacted	2016	Mandatory	All visitor accommodation / temporary event accommodation	Per campsite / hotel / guesthouse / home	No	Certification	Starts at £25 per year depending on the property	Advisory visit and self declaration	Set out in statutory guidance	Annual or biennial	National	National	Cancellation, suspension or variace of any or all of the conditions of certification	Yes, registered business advertised on tourism website
Northern Ireland	Enacted	1992 / 2011	Mandatory	All visitor accommodation	Per unit (room/flat/boat etc)	Any aircraft, ship, train or motor vehicle in which sleeping accommodation is provided not permanently affixed to, or moored in any place	Certification	£20-£45 per unit, to a maximum of x10 - The level of Fee depends on the category of accommodation being inspected	Self declaration and inspection	Set out in regulation	Four years	National	National	Revocation of the certificate	Yes, registered business advertised on tourism website
Jersey	Enacted	1990	Mandatory	Tourist accommodation used as a hotel, guest-house, self-catering unit, campsite	The property	Educational establishments and any premises in which lodging for reward at any one time is provided for 5 persons or less	Certification	£2 plus £4.39-£7.88 multiplied by the number of persons who can be lodged on the premises	Inspection	Set out in legislation	Annual	National	https://www.jersylaw.je/laws/current/Pages/05.850.aspx	https://www.jersylaw.je/laws/current/Pages/05.850.aspx	Unable to find evidence, other than a list of campsites - https://www.jersey.com/places-to-stay/listings/