



REPORT

Consultation on Statutory Registration

Welsh Government

December 2021



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1. Executive Summary

A scheme is needed	<p>Stakeholders are strongly in favour of a statutory scheme for the following main reasons:</p> <ul style="list-style-type: none">▪ Safety of overnight tourists is currently at risk – anyone can let out anything without adhering to safety standards▪ Level playing field – any operators choosing not to spend what is necessary on safety measures are in unfair competition with those who do▪ Comprehensive platform for policies and communication – any interaction between public and private sector is more difficult when not knowing who is in the sector <p>Some small operators who are not members of an association disagree and see a scheme as an unnecessary burden. However, other stakeholders point out the ‘fear of the unknown’ and that a scheme with reasonable requirements and fees would ‘not be as bad’ as some operators expect.</p> <p>If the costs of meeting basic safety standards are felt to be prohibitive by small operators, some stakeholders question what that says about the standard they are currently operating by.</p>
Who should the scheme cover?	<p>The consensus is that the scheme should cover all tourist accommodation, regardless of frequency and size of operation, for the following main reasons:</p> <ul style="list-style-type: none">▪ Safety of guests is potentially at risk regardless of whether the operator opens for one night of the year or all year round – other laws concerning safety such as driving a car do not make exceptions for infrequent use▪ Would not create a level playing field otherwise▪ From the prospective of changing or introducing policies, it is much easier to apply a policy with a scope that is narrower than scope of the scheme than the other way round <p>The one grey area is whether privately owned caravans which are let on licensed parks would have to register. Currently some licensed parks inspect all caravans on-site, but some are not known to do that.</p>
Registration, not licensing	<p>Licensing is felt to be ‘too heavy’ for what is required. It would be too costly to resource, and many operators could be lost from the sector.</p> <p>But registration that is too soft is felt to be pointless because the system would be easy to cheat.</p> <p>The consensus is that Wales needs a scheme which is somewhere between the two extremes: robust enough to level the playing field for safety standards, but simple and affordable enough to minimise any loss of operators from the sector.</p>

Requirements and enforcement Stakeholders mostly agree that, as a minimum, operators should be asked to upload evidence of valid insurance, fire safety and gas safety upon registering. Other requirements have been suggested too, but these need to be weighed up against the scheme becoming too burdensome.

The administration task of checking documents should be backed up by on-site inspections. A frequency of every few years is thought to be a good balance between robustness and cost.

Some local authorities point out that resource planning needs to include scope for enforcing compliance.

National operation Stakeholders mostly feel that this scheme should be operated nationally, not locally or regionally. One central, efficient, consistent approach across the whole of Wales is desired.

A scheme operated by local authorities is not trusted to be consistent and they lack the resources to take it on.

What about England? Stakeholders with a UK remit would appreciate Wales and England (where a scheme is also currently being considered) aligning their schemes. Having different rules, such as for Covid, is complicated.

Dovetail with grading scheme Some suggest that the Visit Wales grading scheme could effectively become a sub-set of the registration scheme: all operators have to register for basic safety standards and then some can choose to be assessed on quality also.

Possible outsourcing The scheme requirements suggested by stakeholders are very similar to those of other schemes already in operation. Safe, Clean and Legal™ is one example. It may be possible to align with another scheme, or outsource operation to a commercial company already operating similar schemes.

Communicating the scheme How the scheme is communicated is a very important consideration. Stakeholder interviews and our research of practice in other destinations show that Welsh Government must be very clear about the purpose(s) of the scheme and the benefits, especially to operators.

Overall recommendation The scheme should be nationally operated registration which covers the whole sector, with requirements, enforcement and fees striking the balance between robustness and cost.

The main consideration for the next stage is whether the scheme is managed in-house by Visit Wales or outsourced.

2. Background and Method

Why has this research been conducted?

Welsh Government is looking into establishing a statutory registration or licensing scheme for holiday accommodation operators in Wales. There are several drivers behind this:

- Commitment to fulfilling the Welsh Language Communities Housing Plan
- Addressing current concerns over the lack of a level playing field for operating by certain health & safety standards
- Possible revision of the current tax system and/or introduction of a tourism levy

Introducing any policy is difficult without knowing who is in the sector, and this has become harder since the sharp rise in popularity of shared economy platforms (e.g. Airbnb).

Research was needed to answer key questions on what a statutory scheme in Wales should look like in order to support the above objectives.

Key questions

Welsh Government commissioned Strategic Research and Insight (SRI), an independent Cardiff-based research agency, to interview stakeholders representing the public and private sector in Wales and answer the following key research questions:

- Is a statutory scheme needed in Wales?
- What are the perceived benefits of a statutory scheme?
- Who should the scheme cover?
- Should it be registration (not requiring prior approval from an authority) or licensing (requiring prior approval)?
- How should compliance be inspected?
- Should the scheme be designed at national or local level?
- Should the scheme be operated at national or local level?
- Should it align with any existing schemes?

Who are the stakeholders?

Welsh Government provided a database of stakeholders of the following types:

- Relevant Welsh Government departments
- Staff based in relevant local authority departments
- Representative bodies (e.g. regional tourism associations, sector associations) with remit in Wales only or UK wide
- Accommodation operators
- Other destinations which either have or are considering a statutory scheme

How has the research been conducted?

This research has been conducted qualitatively. The purpose of qualitative research differs from quantitative. The aim is to explore issues in depth and understand reasons for having a particular view rather than measure breadth and scale.

We conducted 37 depth interviews and 9 focus groups online or by telephone between September and November 2021.

In addition, Visit Wales sent out an industry e-newsletter to around 20,000 CRM contacts in September which invited any businesses to give their views through their representative body, or directly to us by email if they are not a member of any body. We received 30 emails directly.

As a separate exercise, we also conducted desk research into the practices of other destinations which either have a statutory scheme or are considering one. The destinations covered include:

- Scotland
- Northern Ireland
- Isle of Man
- Channel Islands
- (Others TBC)

What does this report cover?

The aim of this report is to answer the key questions given above. Welsh Government may or may not decide to consult further when concrete plans for its preferred scheme options are devised.

3. Is a Scheme Needed and What are the Benefits?

Is a scheme needed?

In short: yes

- 3.1 Consensus is strongly in favour of the need to do something. Debate is mostly about *what* the scheme should look like rather than *whether* it is needed. There are many benefits, which we discuss throughout this section.

This debate is nothing new

- 3.2 Stakeholders who have been in the industry for some time say that the subject of statutory registration or licensing has been debated before but it has previously not materialised in a mandatory scheme. Recall goes back 5 years, 10 years, 20 years ... one stakeholder has 'trumped' everyone by unearthing a document dating back to 1959:

"We have minutes from a meeting in 1959 documenting people wanting a statutory registration scheme"
Representative body

Industry views have now shifted more in favour of a statutory scheme

- 3.3 Some stakeholders point out that in earlier debates, industry views were mixed, but now views have shifted much more towards being in favour of a statutory scheme. This has been brought about by the sharp rise in shared economy platforms. Stakeholders often use the term 'Airbnb' to refer generically to this type of platform (even though they are not the only such platform).

"There's been a change in views among businesses now ... there's a lack of regulation"
Representative body

Some small businesses not strongly associated with a membership body disagree

- 3.4 As discussed in the Background and Method (Section 2), any operator could email us with their views if they are not part of an association. Views among these respondents are polarised, with some strongly in favour of a scheme, but others strongly against it.
- 3.5 Among those strongly against a scheme, there is an assumption that the scheme will be very costly for them, possibly to the point of it no longer being worthwhile operating.

"Registering on websites would be fine but if I start getting told you have to have x, you have to have y etc, I would just sell the property."
Accommodation operator

- 3.6 However, as some stakeholders point out, this was the initial reaction to similar statutory schemes such as Food Hygiene and negative views were

fuelled by fear of the unknown. Now that the scheme is operational, previously sceptical businesses can see that it's 'not that bad' after all.

"This is similar to when with food hygiene standards were introduced. There was huge fear among businesses, but now they can see it's a good thing. Those who fear are the ones who aren't operating safely."

Local authority

- 3.7 Other stakeholders have views about the fees that could be charged to businesses and the implications if they find that unreasonable – see Section 8.

Safety of the tourist

Risk of the unknown

- 3.8 Stakeholders representing industry in particular, but also some public sector stakeholders too, feel that the primary reason for a statutory scheme is to protect the tourist. Some feel that many tourists are unsuspecting of potential safety issues.

"Our number one priority is ensuring guest safety"

Representative body

"We have this misunderstanding in the UK that everything we book is of a certain safety standard and that it's checked, but it's not"

Representative body

- 3.9 Currently anyone can let accommodation to tourists to any kind of health & safety standard without any mandatory inspection. Whilst not operating to an 'official' standard does not necessarily mean that accommodation is unsafe, the point is that no one knows whether it is safe or not. Many believe this is just plain wrong and cannot be allowed to continue.

"I could now let out a room in our house with no checks to say, are we rapists? Are we murderers? Do we have a smoke alarm? There's nothing whatsoever."

Representative body

"Without any form of regulation, it is only a matter of time before someone will die in holiday accommodation in Wales. Too many times on Airbnb I have seen listings that indicate 'You might want to bring your own carbon monoxide detector'. This is shocking and cannot continue."

Accommodation operator

Level playing field

- 3.10 Related to the above points, many businesses feel it is very unfair that they spend money on making their accommodation safe to a recognised standard, while other operators compete for the same market but can do what they like.

"We are aware of one owner who has just spent over £20,000 upgrading the fire safety precautions in two properties and yet we know of another owner who will not upgrade their battery smoke detectors to mains powered detectors, even though that would still leave them well below normal fire safety requirements."

Accommodation operator

- 3.11 Views of unfairness are particularly strong in sectors where many operators have to have a license – such as caravan holiday parks – but ‘pop up’ campsites operating less than a certain amount of time in the year can do anything.

“Why is it that our parks are licensed, have planning permission, insurances, meet fire regulations, and then someone can just throw up a tent with a log burner in it?”

Representative body

Unsafe businesses can make the whole industry look bad

- 3.12 Some stakeholders believe that many consumers do not look at whether the accommodation is accredited to a recognised safety standard or not, and if something goes wrong, the whole industry in that destination could look bad.

“Most tourists wouldn’t distinguish between those who are registered and those who are not. If something goes wrong, it tars the whole sector with the same brush.”

Representative body

Comprehensive platform for many other benefits

- 3.13 In addition to creating a level playing field of safe operators to protect the tourist, a statutory scheme would give a comprehensive database of exactly who is in the industry – a highly useful tool which currently no one has, at least not all in one place. There are many benefits to this, discussed in turn below.

Platform for other policies

- 3.14 There are a number of Welsh Government policy areas related to tourist accommodation, including housing, Welsh language and a possible tourism levy. What these policies should look like is not part of our research; rather, we were interested in whether a statutory scheme is necessary or useful for introducing related policies?

- 3.15 It is clear that any policy related to tourist accommodation which Welsh Government might wish to introduce would benefit greatly from having a comprehensive database of operators in the industry. In some cases such as a tourism levy, it is seen as a necessity.

“For some policies like the tourism levy, we would have to come up with a database of all accommodation operators who should be charging it anyway”

Welsh Government

“You have to have a comprehensive database of who is in the sector before you can help it, control it, or introduce policies. It’s a no-brainer.”

Representative body

“Once you have a register for example of one area with a lot of self catering accommodation that’s causing a problem in that community, getting hold of that data could mean that something could be done in that community”

Local authority

Tidying up who pays which taxes and enforcing existing legislation

3.16 Currently, Welsh local authorities have the power to charge premium rates of council tax on second homes. Some say that businesses can get around this by:

- Meeting the required minimum numbers of nights availability and actual letting so they can qualify for business rates (instead of council tax) and then meet the requirements for small business rates relief, which means in effect they do not pay business rates either. These operators: may or may not have change of use planning permission (if required), 'remembered' to inform the council they are no longer letting the property, or have the right type of insurance for letting activity.
- Claiming that their property in Wales is their usual address, not their second home, while having their usual residence in a region of England or Wales where there are no premium rates on second homes.

3.17 The subject of who should be paying what tax is beyond the scope of this research. However, the relevance here is that a comprehensive database of tourist accommodation providers would make the task of checking up on owners for tax purposes easier for local authorities than it currently is.

"One issue we had during Covid was when people had to vacate holiday parks, a few said that they had nowhere to go. But these people were at these static caravans, paying no council tax because they said they had somewhere else to live, so a permanent residence. But it turned out that they didn't. So it didn't come to light because they were staying quiet about it, as were the holiday park. So this scheme may help in that respect."

Local authority

"The scheme's database can act as a cross-check to make sure we have all the properties in the right category for business rates or council tax – more easily than we can check at the moment"

Local authority

3.18 Similarly, if being registered for a particular tax brings other legal requirements into play for the property owner, such as planning permission, a clean and comprehensive database of operators would make the job of local authorities easier.

"A statutory scheme would make our job much quicker and easier"

Local authority

Platform for communication

3.19 Many stakeholders are keen to use registration to help communicate with the industry in their region or sector in a positive manner, rather than using it in a 'Big Brother' style of checking up on quality, tax payment or planning permission etc. A comprehensive database of providers helps understand the sector and identifies businesses to engage with. Reasons include informing operators about:

- Support that might be available to them
- Events happening in the area
- Advice on best practice or meeting certain standards

“For big events we want to get messages out to festival goers and it’s really useful to do that through accommodation providers”

Local authority

“Having a database of accommodation businesses would be greatly beneficial for making them aware of what support is available, and informing them of trends driving tourism in the area. A major new attraction opened in our area and we wanted to tell accommodation providers they could get business off the back of it.”

Local authority

Tourists could check what they are booking

- 3.20 If the register, or at least the names of the businesses on it, were in the public domain, tourists could check whether the accommodation they are booking is with a bona fide operator meeting their legal requirement to register and meet certain standards.

“The bad actors will get found out because consumers are much more savvy now and will find out the accommodation isn’t registered”

Representative body

Identifying level of stock

- 3.21 There are often reasons why tourism officers would benefit from knowing the level of accommodation stock in their area. Policies might be needed to address situations of significant excess or shortage. This can be particularly relevant when bidding for a major event. Although local authorities conduct bed stock surveys, the task of doing this accurately has become increasingly difficult during the rise of the shared economy platforms.

“Currently to get a handle on what the bedstock is in your area, it’s really difficult, and even what we try to come up with, we know it’s not right because of things like Airbnb, and this year we had the extended 56 day rule for camping [extended threshold below which a license is not required]”

Local authority

“One of the reasons why we won’t see the Champions’ League final again in Cardiff is we can’t provide enough accommodation locally. But if you have this statutory database, we could say there are ‘x’ beds within 20 miles.”

Welsh Government

“We know exactly what our bedstock is [because of having a statutory scheme]. When bidding for major events, we need to demonstrate we can cater for a certain number of tourists in an area. It’s really useful for that.”

Other destination

Issues to consider to reap the above benefits

Any database must be easily accessible by local partners

- 3.22 Whether the scheme should be operated at national or local level is the subject of Section 7. If it is delivered at national level, it is essential that the database of operators can be accessed easily by local authorities and industry

membership organisations. Otherwise the above benefits of a comprehensive platform cannot be realised.

“There should be a common data spine. LAs could chip into the data spine and get data from it or contribute to it.”

Welsh Government

‘We could have done with this during Covid’

3.23 Some point out that having a comprehensive database would have been beneficial very recently when authorities needed to communicate with the industry about Covid measures and support available. It could also have helped identify which businesses legitimately qualified for government financial support.

“Authorities could have dealt with Covid grants more effectively if they had had this data”

Representative body

“During Covid, we had to get information out to businesses – we could do it really easily [using the scheme’s database]”

Other destination

4. Who Should the Scheme Cover?

- 4.1 The scope of any proposed scheme is important. Should the scheme apply to absolutely every provider of tourist accommodation in Wales, regardless of type, size and frequency of use, or should any exceptions be made?

Case for no exceptions

- 4.2 The consensus is that the scheme should apply to all operators of tourist accommodation, even if just operating for one night of the year. We discuss the main arguments for this below.

Risk to safety applies even for one night

- 4.3 Some stakeholders use analogies or examples from other industries to illustrate that infrequent use does not mean that operators should be exempt from meeting certain safety standards on the grounds that the risk is less. The law in other areas does not work like this.

“You can be killed in one night by a fire in someone’s house.”

Representative body

“Nothing should be offered for money that is not safe. There should be no movement on that.”

Representative body

“You can’t drive a car for one day a year and not bother with an MOT”

Representative body

Everyone taking money for a service is a professional

- 4.4 Some communication about tourist accommodation uses terms such as ‘professional and amateur’ or ‘commercial and non-commercial’ operators. However, other stakeholders feel strongly that such a distinction is non-sensical: anyone offering a service in exchange for money is doing so professionally, regardless of frequency.

“If you take money for something, you’re a professional. I can’t say, ‘I occasionally take people in the back of my car [for payment], so I’m an ‘amateur’ taxi driver’. Or ‘I’m an amateur doctor’.

Representative body

Scheme would not be fair if it does not apply to all

- 4.5 The ‘playing field’ that so many businesses refer to would become no more level if there were exceptions to the scheme.

“I feel very strongly about this. If you don’t include everybody, it’s absolutely worthless as a registration system.”

Accommodation operator

Risk of operators trying to exploit loopholes

- 4.6 If there are exceptions to the scheme, this could entice some operators to find a way of getting around having to register.

“Anyone who charges anyone money, even for one night, is a business. Otherwise you’ll have a black market immediately.”

Representative body

“It would have to apply to anyone who is taking income, including just a month doing Airbnb. Otherwise you have grey areas – loopholes to exploit.”

Representative body

Case for making exceptions

- 4.7 Not everyone agrees that a scheme which covers every tourist accommodation provider is the best approach, or at least there could be issues enforcing it.

Hard to enforce the more casual end of the spectrum

- 4.8 While the consensus is that the scheme should cover all operators, those letting accommodation on a very infrequent basis could be hard to police. A lot of resource would be required, and potentially not worthwhile.

“I think you might struggle to enforce at the lower level because resources are limited. If you’re trying to regulate the world and his wife who are letting out for a couple of weeks a year at the bottom of their garden, you’ll never catch up with them anyway. They’ll be shut again by the time you do.”

Local authority

“There is all sorts of Airbnb camping popping up in people’s gardens. But are Welsh Government trying to catch a cat that’s already so far out of the bag?”

Representative body

- 4.9 Some feel that with this in mind, maybe exceptions could be made for very infrequent use. But there is no consensus on what the threshold should be.

Could lose out on stock for major events

- 4.10 A major event coming to an area can put pressure on accommodation stock. Shared economy platforms can address this by temporarily boosting supply. A too onerous barrier to entry might put off many potential operators.

- 4.11 Whether related to an event or not, some infrequent operators may just not bother offering accommodation at all.

“Some only let out their home when they go on holiday for a couple of weeks. If the fee was any more than £50 to £100 then what’s the incentive to operate?”

Representative body

Some operators would have to register twice for different uses

- 4.12 Some property owners rent to assured term tenants and so are registered as a landlord with Rent Smart Wales, but they also sometimes let their property to tourists. One example is student accommodation during the academic year which is let to tourists in the summer. Would the owner have to register with two schemes?

“In university towns, some landlords let out rooms to students October – June then to tourists over the summer. They have a HMO license from their local authority and Rent Smart Wales but now are we asking them to do more?”

Local authority

How does it work for licensed caravan parks with some privately owned caravans?

- 4.13 One of the trickiest areas on who is required to register for this scheme concerns privately owned caravans which are let on licensed parks. The park is responsible for the safety of the guest whilst they are on site outside of the caravan, and also inside it if the park has let the caravan. But if the owner has let the caravan, then they are responsible.

- 4.14 Some licensed parks inspect all caravans themselves, but not all are known to do this. The number of privately owned caravans on parks is thought to be many thousands in some areas of Wales alone. Asking them all to register could increase the burden on resources of enforcing the scheme considerably and duplicate effort where they are already inspected by the park operators. But not asking them to register could leave some tourists in uninspected properties.

“I don’t know how you would legislate to pick up Mrs Smith who is operating caravans in her back garden, but also an owner of a private caravan on a licensed park”

Representative body

“Who has responsibility for privately owned caravans on a licensed park? The park or the owner? If it’s owner, there are many thousands of these in our area alone and it could get messy.”

Local authority

Further considerations

Depends on what this scheme is for – go broader than is thought necessary

- 4.15 Some government and local authority officers say that the scope of which accommodation is covered by the scheme should be determined by the purpose of the scheme. However, if in doubt, it is better to cover too much of the industry than not enough. The latter scenario is messy and could be hard to rectify at a later date.

“This depends on the scope of the tax. At this stage, you need to capture all the businesses you might need when introducing taxes. It’s easier to start broader and apply tax more narrowly than the other way round.”

Welsh Government

5. Registration or Licensing?

5.1 One of the fundamental questions which this research has seeks to answer is whether the scheme should be registration or licensing. We used the two definitions below:

- Licensing requires prior approval from an authority and needs to be renewed on a periodic basis
- Registration does not require prior approval from an authority, although registration could be cancelled by an authority if the operator is later found not to be meeting certain requirements

“Licensing is like guilty until proven innocent, and registration is like innocent until proven guilty”
Representative body

5.2 We discuss the pros and cons of each in turn.

Licensing

General opinion is this goes too far

5.3 Most stakeholders feel that a licensing scheme is too ‘heavy’. It would require a significant amount of resource, and the likely cost of that resource is not considered worthwhile for the issues and benefits that the scheme aims to address.

“Licensing is a 20th century solution to a 21st century situation”
Representative body

“Licensing would be very costly”
Local authority

“We would like licensing but we know it’s unrealistic because the industry has grown so much. So it should be registration.”
Representative body

Some operators would just leave; others would not join in the first place

5.4 A scheme which is too extreme in its requirements would likely cause some operators to leave the industry, and there would be other potential entrants deterred from joining. The extent of the loss of accommodation stock is very difficult to quantify because what operators say they would do is not necessarily the same as what they would actually do. However, stakeholders agree that the ‘heavier’ the cost & time burden of the scheme, the greater the loss of accommodation stock.

“I’m concerned that if it’s too heavy, a lot of farmers won’t bother [offering accommodation anymore] because it’s not their main income. This would mean reduced accommodation stock and tourists might then not come to some rural areas.”
Representative body

“Licensing can be very expensive so those who are only letting for a few weeks a year might not feel it’s worthwhile and will just drop out of the market.”

Representative body

Perceptions that Scotland has gone overboard

- 5.5 Some are aware of the Scottish Government’s plans to introduce licensing for short-term holiday lets. No one who comments on Scotland’s approach believes this would be right for Wales.

“In Scotland, there are housing issues in Edinburgh, so I feel they are now using a sledgehammer to crack a nut”

Representative body

“There should be powers in Wales to stop those who don’t comply, but don’t go to licensing. It’s effectively retrospective legislation – Scottish businesses may now have to get planning permission to get a license.”

Representative body

“Not licensing because in Scotland there is now uncertainty if operators are booked up long in advance and they don’t know if they can legally trade”

Local authority

Licensing is not best practice internationally

- 5.6 Stakeholders with experience of destinations outside the UK say that registration, not licensing, is the best way forwards.

“We’ve seen licensing come into play in other destinations and it can be problematic ... in the ‘Mitte district’ in Berlin, a licensing scheme got introduced but then the council wasn’t giving out licenses”

Representative body

“The European Commission is looking at registration”

Representative body

Arguments in favour of licensing

- 5.7 A few officers in local authorities feel that registration is ‘too soft’ to achieve certain scheme objectives:

- Raising standards
- Supporting second home policy
- Enforcing correct categorisation for tax (council tax or business rates)

- 5.8 But there are question marks over whether licensing would necessarily achieve certain aims either.

“My feeling is that registration on its own doesn’t have any teeth”

Local authority

“Licensing or registration is another hurdle, but it won’t stop second homes much”

Local authority

“If the goal is to understand how many holiday lets we have, and to ensure we don’t have more of them, then a licensing scheme may be better. It has worked with HMOs.”
Representative body

“This licensing scheme must not be introduced just as something to stop or try to stop property sales to second home owners or the belief it will stop the sale. What will happen instead is it creates expense and cost to businesses in tourism areas.”
Representative body

Registration

- 5.9 As licensing is mostly not favoured, attention therefore turns to registration and its pros & cons.

Registration can’t be too soft – there would be no point in it

- 5.10 At the most lenient extreme, a process which simply asks operators to register their details with no evidence of operating safely or enforcement is felt to be pointless. Aside from generating a database, it would not ensure safety standards or create a level playing field.

“You either do this properly or you don’t. Soft registration would come with soft rules ... what are you going to do? Fine me 20 quid? Who cares?”
Representative body

“We need a scheme but it has to be more than just filling in a form, otherwise it can be scammed”
Representative body

“Soft registration is pointless”
Representative body

‘Robust’ registration is therefore needed

- 5.11 The question of registration or licensing is therefore not black and white, it’s not a question of one extreme or the other. Instead, the consensus is that there is an optimum level somewhere between the two extremes which strikes the right balance between robustness and cost.

“We’re about 60% along the bar going towards the tougher extreme”
Representative body

“Registration is ok if they upload documents. I’m conscious of keeping burden off the operator, but it needs to have some teeth. However licensing is too costly.”
Representative body

- 5.12 This is a difficult balance to get right. Too soft, and it’s too easy to get around and doesn’t achieve the aims of the scheme. Too hard and it will cause too many operators to leave the industry or not join it.

- 5.13 We discuss enforcement and what is asked of businesses in more detail in section 6.

Further issues to consider

Some operators could leave – is that a good thing or a bad thing?

- 5.14 The more stringent the scheme, the more operators are likely to leave the industry or not join it. But how should we view that? Some stakeholders feel strongly that any loss of accommodation providers is not desirable as they add a lot of value to local economies.

“It’s important to understand the economic benefits – tourists spend money in the local neighbourhood where they are staying”

Representative body

- 5.15 But others disagree. If some operators are put off by reasonable requests to operate safely, what does this say about how they are currently operating?

“If you’ve got good and bad wood and shake it, the bad wood falls out. Why are some frightened of regulation? Is this because they’re not doing things safely and properly?”

Representative body

“Meeting the requirements of the scheme could cost £200. It’s less than a week’s takings. If some won’t spend this, it suggests they don’t want to do things properly.”

Representative body

“If this scheme reduces bedspace in Wales, so be it. It’s a powerful proposition if in Wales we can say that all accommodation meets a minimum standard.”

Representative body

Many businesses already meet the likely requirements

- 5.16 The debate over what the scheme should look like does not start from a position of no operators being regulated at all. Many already meet basic legal and safety requirements by being a member of some form of accreditation scheme or association. Some are even already licensed (caravan parks) or have licenses for some aspects of their operations (e.g. hotels with a wedding license, alcohol license, etc).

- 5.17 So some stakeholders question whether these businesses would have to register and provide details as part of this scheme when they already meet the demands of other regulatory authorities. Welsh Government needs to consider how to minimise any duplication of effort and expense.

“Will some be exempt from certain parts [of the process] because they already prove it to obtain other licenses?”

Representative body

“How does this work for caravan parks which are already licensed?”

Local authority

6. Scheme Requirements and Enforcement

What should businesses be asked for upon registering?

- 6.1 As the most popular view is that the scheme should be registration, but with a degree of robustness, our attention turns to what registering businesses should be asked to do or provide.
- 6.2 Stakeholders suggest that registration should be completed online, and businesses should be asked to upload certain documents.

Insurance certificate

- 6.3 This is felt to be one of the most fundamental requirements. According to some representative bodies and local authorities, some operators apparently do not have the right kind of insurance for their holiday letting activity. Having the right insurance in place can also help to cover off some of the other basics because not operating safely could invalidate it – some say that operators should be made aware of that.

“I used to be an insurance broker. Uploading a public liability insurance certificate is good because the operator has to jump through hoops to get the insurance in the first place at a particular price, like they have to prove they have fire extinguishers. Insurance companies do spot checks. Failing this can mean loss of some aspects of cover or increased premiums.”

Representative body

“Some holiday lets only have property insurance but if letting out, that’s not enough”

Representative body

Fire safety plan

- 6.4 Operators should be able to demonstrate they have conducted some form of fire risk assessment and put any necessary fire safety measures in place. Stakeholders generally regard fire as one of the biggest safety risks for tourists staying in accommodation. Some quote the fire service as saying that people are more risk of fire when staying in someone else’s property than in their own.

“The fire service say that you’re more at risk of fire in someone else’s house – you’re less familiar with the environment, the equipment, you start lighting candles, you’re in holiday mode”

Representative body

Gas safety certificate

- 6.5 Alongside fire, risks relating to gas are also considered essential to mitigate, and operators should be asked to upload a gas safety certificate.

“This should cover gas safety – carbon monoxide”

Local authority

Further requirements and considerations

6.6 Further requirements mentioned include the following (– some representative bodies already ask their members for evidence of these when joining):

- Evidence of electrical safety, e.g. PAT testing of equipment
- Food hygiene certificate, if serving food
- Safe water supply

6.7 Some have mentioned Legionnaires' disease and hot tubs, as improper maintenance have been the source of complaints to local authorities.

“A lot of places have hot tubs and people have had rashes because of poorly maintained hot tubs. We have had a lot of complaints.”

Local authority

6.8 How far to take the scheme requirements depends on striking the right balance between ensuring safety and avoiding a process which is too onerous and causes some to leave the industry.

“Where do you draw the line on this?”

Representative body

6.9 Differences between types of property should be considered because the requirements of one type may not apply to another, or may be unrealistic.

“It’s about being proportionate. If we’re asking people who are just letting out the one room for a couple of weeks a year to go through the same process as a 100 bedroom hotel, I can see there being significant backlash on that. I think some would just not bother registering and it would be hard to enforce.”

Local authority

“If it’s just a room on Airbnb, they’re not going to have a fire escape so you could be asking the impossible”

Local authority

6.10 The cross-over with other legislation also needs to be considered.

“When other legislation has been introduced in the past, it hasn’t always matched existing legislation and contradicts.”

Local authority

How should operators be checked?

Checking documents

6.11 The first stage of verifying that registered businesses meet the requirements of the scheme is to check the documents they upload on registering. This could be a very time-intensive task initially, but once the scheme has been running for some time, the ongoing checking becomes more about making sure that operators keep their documents up to date.

6.12 If outsourced, some scheme operators already have the software to check a lot of documents automatically. Some manual checks should then be done in addition.

How often should there be on-site inspections, and on what basis?

6.13 There is a trade-off between a robust well enforced scheme and a running cost which is acceptable. The two extreme ends of the scale are thought to be non-starters:

- Having no inspections at all would make it too easy to get away with inadequate safety standards
- Inspecting every business regularly (e.g. every year) would potentially make the cost running the scheme too high

6.14 So the consensus is to aim for somewhere in between. Some cite the fire service as following up causes for concern that have been brought to their attention, and then on top of that conducting random spot checks. This kind of approach could work here too.

“The fire service can’t get round everyone so they do spot checks and put fear into people, threatening prosecution for the bad boys”

Representative body

“Random checks are enough as owners wouldn’t take the risk of not being safe if they know their insurance would be invalidated”

Accommodation operator

“It’s a hard balance to get right. It needs to be none-burdensome but it has to be meaningful. You wouldn’t want a situation where a business has been registered for four years but has never had a check”

Representative body

6.15 Some suggest that spot checks should focus more on operators who are not part of a membership body, as those who are may well already be checked.

“Spot checks need to target those operating freely and not through a membership body because we do those checks on our members anyway”

Representative body

6.16 Whereas others say it is not black & white that graded / accredited businesses are automatically the ‘good guys’ and those who are not are the ‘bad guys’.

“There is a view that graded businesses are the good guys, but if you start scratching beneath the surface, certainly in England, there are many guesthouses that haven’t had a fire assessment in years”

Representative body

Customer reviews do not do away with the need for inspection

6.17 Some stakeholders point out that in contrast to some beliefs, the tourist accommodation industry does not self-regulate for safety. Customer reviews influence booking choices over time, but a good set of reviews (or the absence of many negative reviews) does not mean a property is safe.

“You don’t see anyone writing on TripAdvisor ‘lovely fire inspection”

Representative body

“We just tick boxes [on the marketing platform] to say what we have but they never check. How could they? They don’t even know we exist to be honest – we could be one big scam.”
Accommodation operator

Inspectors can only inspect what they are qualified to do

- 6.18 There is overlap between checking safety aspects for this scheme and what is (or in theory should be) already inspected by other authorities. The scheme should consider how to avoid duplicated effort and also avoid putting inspectors in the position of verifying safety in areas they are not qualified for.

“We went through an audit and we were told we were advising businesses on areas we weren’t qualified to advise on – we’re not fire officers for example. So we don’t get into enforcing other statutory bodies’ legislation. Our legal responsibility is to make sure the owner is aware of their statutory responsibilities and that they know they have to be compliant with other bodies”

Other destination

Who should inspect privately owned caravans on licensed parks?

- 6.19 As discussed in Section 4, this is a tricky area. Some parks inspect all caravans on their site, but some are not known to do so. Welsh Government will need to come to an arrangement with the park operators as to who inspects so that efforts are not duplicated, but at the same time properties do not fall under the radar of inspection.

“This could be a bit similar to Rent Smart Wales with the agent and the owner and who is responsible for renting – maybe some responsibility on both”

Local authority

How should non-compliance be enforced?

- 6.20 Any legislation relating to this scheme should allow easy enforcement where an operator is either registered but complying with the requirements, or not registered at all. It is not automatically the case that non-compliant operators can be dealt with swiftly and easily.

“We would look at enforceability [if designing the scheme again]. It’s a very lengthy process to take action against operators running without registration. There’s a lot of cost of going through solicitors, and then the operator could just simply take down their listing off Airbnb and we have incurred hundreds of pounds in costs.”

Other destination

Contingency in resourcing to enforce

- 6.21 Some local authorities point out the need to allow contingency for enforcement when planning resources for this scheme. Administration and inspections are only two of the three resource components: enforcement of non-complying operators is an inevitable but sometimes overlooked third component of resourcing.

“You have the administrative side and then you have the inspection side, and in addition to that you would have the enforcement side. It’s those three parts that would have to be factored into any new scheme.”

Local authority

“We would need the capacity not only to police and inspect but to follow up issues and incidents – there needs to be contingency in the system”

Local authority

Penalty for not complying should be sufficiently high to make it not worth the risk

6.22 If it costs operators to meet the requirements of the scheme, some might weigh this up against the penalty and probability of being caught for not complying. The penalty and probability need to be sufficiently high that few are tempted to take the risk.

“There needs to be a significant enough number of checks that operators wouldn’t take the risk of not complying”

Representative body

“The fine for not being registered should be severe enough that it’s not worth taking the risk compared to the cost of registering”

Representative body

7. National or Local Set-up and Operation?

- 7.1 The scheme could be set up nationally (by Welsh Government) or locally (by local authorities) in terms of who designs the scheme and decides the scope and the rules. It can then be operated on a day-to-day basis nationally or locally.
- 7.2 Consensus is that the scheme should be set up nationally. It would be far too chaotic leaving local authorities to decide their own rules, and Welsh Government is the organisation that wants this scheme, with specific purposes in mind.
- 7.3 Closer attention is needed to decide whether the scheme should also be operated nationally, or whether the day-to-day aspects could be operated at local authority level. We discuss the pros and cons of each below.

Case for national level operation

- 7.4 General opinion is that the scheme should be operated nationally. We discuss the main reasons below.

Consistency is needed

- 7.5 National level operation is felt to be the best approach for consistency across Wales. Some point out that local authorities interpreted rules during Covid lockdowns in different ways and this caused some issues. Welsh Government, or a national body, is trusted more to deliver this scheme and do it consistently across Wales.

“It’s always open to interpretation if councils deliver this, even if the rules are set nationally. We’ve seen that during Covid lockdowns – different information was required to claim grants, and it caused a lot of problems.”

Representative body

“It should be national. There are too many LAs plus national parks – it’s difficult to ensure consistency. There would be cross-border problems because of differences in how zealous or lax they are. We would need an arbitrator in Welsh Government to ensure consistency.”

Representative body

“LAs will interpret definitions in different ways and the whole data will be ‘rubbish in, rubbish out’”

Representative body

Local authorities don’t have the resources

- 7.6 Trade bodies feel that local authorities don’t have the resources to operate the scheme, and local authorities themselves also say this. They are very stretched already. Having a task like this handed to them without considerable extra resource will likely mean that it does not get prioritised.

“We’ve got a backlog of complaints to follow up. Even before Covid we were cut to the bone. Unless we have additional resource, there is nothing more my team could do. We can’t even fulfil our current workload.”

Local authority

“We’re having work thrown at us left, right and centre by Welsh Government and we can’t manage it ... we don’t want any more work”

Local authority

“I really don’t see what benefit there’s going to be to this unless there is a standard set and there is an agency put forward who’s going to enforce that standard. Because if Welsh Government is hoping the local authority is going to pick that work up, that ain’t going to happen”

Local authority

Complicated for sharing data if locally operated

- 7.7 A national approach is considered best for having one clean, central database. If data is collected at local authority level, it could become messy – some local authorities say their internal databases can already be difficult to use.

“Having 22 systems in one country makes it difficult for compliance ... data sharing in future is much easier if there’s just one entity that others approach”

Representative body

More costly and inefficient if split 22 ways

- 7.8 There is an economy of scale when managing the whole scheme centrally. Having resources spread across 22 local authorities does not appear to be the most cost-efficient approach for anyone.

“There are people who own properties in England, Wales and Scotland. We should be trying to make it easy to operate in this space, not complicated. The more operations there are at national level or local level, the harder it is.”

Representative body

Responsibility crosses over different departments

- 7.9 One of the arguments for local level operation prior to this research was that local authorities are already set up with structures to operate a scheme like this. Some local authorities themselves say it is not clear-cut which department would be responsible for this, with some smaller LAs having people who have responsibilities cutting across different functions. Some pointed out that resourcing and organisational structures/capacity vary between LAs, which do not all have an existing system that this scheme could just ‘drop into’.

“LAs across Wales are set up differently – there are different resources for tourism or visitor economy services etc. I have multiple roles. Other LAs have larger teams.”

Local authority

Case for local level operation

- 7.10 Not everyone agrees that the scheme should be operated nationally. We discuss the main reasons below.

Different issues and concentration of tourism by area

- 7.11 One argument for operating the scheme locally is that some of the issues driving it (second homes, Welsh language) only apply in some areas.

“North and south Wales as very different so I’m not keen on a national approach”

Representative body

“The issues in our area are nothing like the issues on the [west] coast. I would like to see this administered centrally but overseen by counties because stock levels and desired stock levels are different.”

Representative body

Local knowledge of compliance

- 7.12 Some local authorities feel that they should be involved at least to some degree for this scheme to work because they have local knowledge of their patch that is crucial.

- 7.13 For some, this is knowledge of compliance (or lack of). While they do not want full responsibility for operations to be handed over to them, they do not want to be excluded either. They do however reiterate that their involvement would require more resource.

“If we come across a company that should register, we could support them to register, but that application should be made centrally”

Local authority

“There is local knowledge around compliance, so LAs could manage that side of it”

Welsh Government

“Local knowledge is often said to be better – fine, but resource it”

Local authority

Existing systems

- 7.14 While some local authorities feel they are not structurally set up for this, others say they are – providing responsibility would come with additional resource.

“If this went down the path of only registering and no standards set or regulatory plan put in place then Visit Wales could run this. But if it needs to be regulated then it has to sit within the housing section of the council, with the correct resources.”

Local authority

Membership organisations to operate the scheme?

- 7.15 During the research, a few membership organisations have said they would like to operate the scheme for their members. Part of their offering to members would be to handle their registration and take responsibility for compliance.

“We feel in the right place to take this on. We could develop centres of excellence in regions on Wales with public and private sector working well together.”

Representative body

“We could sort registration for our members – it’s an added value service we can offer”

Representative body

“Registering with an association should be compulsory – operators should have to tick a box when registering to say which association will inspect them”

Representative body

Others see significant issues with that approach however

- 7.16 The idea is not well supported by other stakeholders. Some question the motivation of membership organisations to suggest this approach. They could use it to try and attract more members, which whilst understandably is in the best interests of the organisation, it is not necessarily what is best for Wales.

“Tourism associations would want to do this so they can get more members. They would have their own agenda.”

Representative body

“If this landed on us then we would see the benefit of using it to attract more members, but we want to do what is best for the sector ... if you go to membership organisations to do the job, it’s not the right way to go ... it’s more complicated and that means more costly”

Representative body

Would be even more inconsistent than local authority operation

- 7.17 Some stakeholders are not even comfortable with the idea of local authorities operating the scheme, but at least local authorities have clearly defined geographical boundaries. Membership organisations can be based on geography or sector, with considerable overlap. Some businesses are members of more than one.

“I don’t even agree with the 22 local authorities doing it individually with the resources required. It could get very messy very quickly. Many businesses are members of multiple associations. Who would take precedence? I think it’s a bonkers idea.”

Representative body

- 7.18 One stakeholder suggests responsibility being at regional level – i.e. the four regions of north, mid, south west and south east Wales. This is not widely supported by others however.

Alignment with England

- 7.19 Many stakeholders, especially those with a remit in England as well as Wales, feel that Wales should not even be operating a different scheme from England, let alone consider the idea of handing over responsibility to 22 local authorities. Different Covid rules between England and Wales during the past two years have caused a lot of confusion.

“My biggest plea is that whatever is introduced, it is aligned between England and Wales. With Covid, having to work with two different systems [England and Wales] was so hard for us operationally”

Representative body

- 7.20 A consultation process on a statutory scheme is currently taking place in England.

8. What Will this Cost and Who Should Pay?

Costs

Nationally operated registration scheme covering all operators

- 8.1 The research points towards this as the best approach. There are two main options for delivery:
- In-house delivery by Visit Wales to align closely with the grading scheme
 - Outsourced to a commercial operator with experience of running similar schemes
- 8.2 In costing these two options below, we make the following assumptions:
- 14,000 new registrations from businesses not already part of Visit Wales' grading scheme (who would not have to register twice). This estimates the size of the sector at around 20,000 properties. Visit Wales' most recent verified estimate is 14,240 but work is underway to revise this, as the true figure is felt to be much higher. (The fact that the true figure is so hard to estimate is one of many reasons why a scheme is needed).
 - Inspection on average once every four years for non-graded businesses (graded businesses would continue on a biennial cycle but would not receive duplicate inspections).
 - Welsh Government would come to an arrangement with licensed holiday parks about the inspection of privately let caravans on their premises, as the resources required for Welsh Government or the contractor to inspect all of these would be unrealistic and could easily duplicate effort.
 - Newly recruited Visit Wales inspection staff would be based in different parts of Wales to ensure efficient coverage across all regions.
 - Costs do not include promoting the scheme or taking legal action against non-compliance. These costs will need to be factored in but are not needed for comparing the two options as they would presumably be the same for both.
 - Inflation is excluded

Option 1 – operated in-house by Visit Wales

Additional annual resource required	Cost (£)
Staff (<i>see accompanying spreadsheet for full details</i>)	530,000
Expenses and non-staff overheads	110,000
Total additional annual cost	640,000

One-off set-up costs	Cost (£)
Recruitment of staff	99,000
IT set-up	95,000
Total one-off set-up cost	194,000

8.3 Option 1 would work out at around £45 per business per year on average, excluding the one-off set-up costs.

Option 2 – outsourced

Additional annual resource required	Cost (£)
Admin to conduct desktop checks	840,000
Inspections	525,000
Total additional annual cost	1,365,000

One-off set-up costs	Cost (£)
Amends to existing IT system	20,000
Total one-off set-up cost	20,000

8.4 Option 2 is based on around £98 per business per year on average, excluding the one-off set-up costs. This is split £60 to cover admin costs and around £38 to cover inspections (around £150 every four years). These are the costs provided by one possible contractor.

Who should pay?

Free for businesses; government should pay

8.5 One view is that businesses should not have to pay anything to register. They have just endured two very uncertain years of lockdowns, restricted operating capacity and in some cases borrowing to remain in business. They are also currently enduring rising operating costs. The timing for giving them additional cost is not good.

“The timing of any change, such as the introduction of registration, is really not at all good. We have had two very difficult years with Covid 19 ... it has been very challenging and stressful. As a business it is essential to be able to plan ahead with pricing and advertising, probably at least two years in advance, and the constant threats of change and uncertainty make this very difficult and unsettling. Some stability is required for businesses to thrive.”

Accommodation operator

“Operators are just coming through Covid hardship, they have rising costs and staff shortages”

Representative body

But most accept that businesses will probably have to pay something

- 8.6 Most do not expect Welsh Government or local authorities to bear the full cost of the scheme and are prepared for some costs to come the way of businesses. If businesses are to be charged, it is important that the benefits of the scheme are communicated to them clearly in a positive manner.

“If businesses have to pay, they will want to know what they get out of it. If it costs more than what they perceive they get, they won’t want it.”

Representative body

“How this scheme is communicated to businesses is very important. It’s about safety and fairness. It’s easier to ask them for a fee then.”

Welsh Government

- 8.7 Some feel more strongly it’s right that businesses do pay on the grounds that they should take responsibility for safety.

“I think the businesses should pay because they need to take responsibility for safety”

Representative body

Government should fund inspections

- 8.8 Some suggest that costs are shared. Businesses could pay for their registration, and Welsh Government could fund the inspections.

“With inspections, the scheme could get expensive, so we feel the government should bear that cost”

Representative body

Tourism levy could fund the scheme

- 8.9 One stakeholder suggests that introducing a tourism levy could fund the scheme.

“If the scheme is closely aligned to a tourism levy then it should be relatively self-supporting”

Local authority

How much should businesses pay?

- 8.10 Before looking into what would be reasonable price(s) for businesses to pay, we first discuss some key considerations raised.

Be careful not to lose businesses on a large scale

- 8.11 Any fee could inevitably deter some operators from remaining in or joining the industry, but many stakeholders are keen to see that the loss is kept to a minimum. In some areas there is a perceived shortage of accommodation, and reduced supply lessens consumer choice. Some also point out strongly the value that accommodation operators can add to their local area.

“It lessens choice if operators drop out”

Representative body

“Tourism is enormously important to the economy in my area and surely it is very important to encourage and support rather than discourage small businesses like mine? My guests ... support local businesses, attractions and restaurants, thus providing jobs for local people ... I employ local people to clean, garden ... jobs could be lost if holiday accommodation is closed.”

Accommodation operator

Too high a price could send some businesses ‘underground’

- 8.12 An alternative to being deterred from operating is that some businesses could be tempted to operate illegally. The authorities may then struggle to find the resources to crack down on such activity.

“As long as scheme is simple and not costly, most businesses should be happy to embrace it. Otherwise, businesses may go ‘underground’”

Representative body

Some businesses may not renew their membership with an association

- 8.13 The fee charged may not amount to a lot, but when viewed alongside other fees such as being a member of one or more associations, some may decide their membership fee is one too many. Associations can bring a significant amount of support to a sector or region of the industry, and their continued existence could come under threat.

“I fear that some would not renew membership as it’s one payment too far”

Representative body

Licensed parks should not have to pay twice

- 8.14 Some businesses already adhere to strict regulation, most notably licensed holiday parks. They already pay for a license and it seems unfair to charge them twice.

“Licensed parks shouldn’t have to register or pay twice”

Representative body

Flat fee or different levels depending on size of business?

8.15 Most feel that there needs to be some degree of proportionality to the fees. A very small operator should not have to pay the same as a large hotel. However, larger businesses are adhering to the same standards and so some feel that any stepped fees should be scaled up moderately, not excessively.

8.16 So the pricing needs to be fair, but it is hard to come up with the right levels.

“Some sort of system where those doing it more pay a bit more. But it’s hard to be fair and come up with thresholds”

Representative body

“We accept that larger businesses should pay more, but without drastic price level differences”

Accommodation operator

Acceptable fees cited range between about £25 and £150

8.17 The lower end of opinion is around £25 to £50 per year. Some say up to £150 is affordable as it is still less than a week’s takings.

“A fee of maybe £25”

Representative body

“£50 maximum would be about right”

Representative body

“Businesses could pay about what the grading fee used to be: £75”

Representative body

“If you are a business, a £150 fee is not that much”

Local authority

8.18 Based on this feedback, the in-house operated option would fall within the acceptable range for businesses to pay, if the set-up costs are borne elsewhere.

8.19 The option of outsourcing operations could also be acceptably paid by businesses if the pricing is tiered and the inspection costs are borne elsewhere.

8.20 In our best practice report, we look at how much other destinations with a registration scheme charge.

9. Alignment with Existing Schemes

Visit Wales grading scheme

- 9.1 Visit Wales operates a voluntary scheme based on quality and facilities. Participants are inspected and receive a star rating in accordance with meeting certain criteria for their accommodation category. Businesses used to pay a fee to be a member, but since January 2021, participation is free.

Registration scheme would dovetail well with this

- 9.2 Existing members of Visit Wales' grading scheme may well already meet the requirements of what will be asked for in the registration scheme, and they already receive inspections. The thinking therefore is that a combined registration and grading scheme could have two tiers:

- Mandatory basic tier based on meeting safety standards
- Voluntary higher tier based on quality and facilities as is run currently

- 9.3 Businesses opting for the higher tier would not have to register twice and would receive one inspection covering both tiers.

"This should sit in the same department – grading – just a basic category where some choose not to have a star rating"

Local authority

"Dovetail the two schemes. Registration should be more about safety than quality, which should be left for grading."

Local authority

'Listed' rating could be starting point for registration requirements

- 9.4 One of the current options in the grading scheme is not to receive a star rating but volunteer to be assessed on basic quality requirements. One stakeholder suggests that the criteria for the 'listed' category could be the starting point for deciding the criteria for registration.

"Visit Wales have a 'listed' part of the grading scheme. That should be the starting point for what is required here."

Representative body

This could strengthen the profile of Visit Wales

- 9.5 Some stakeholders who have been in the industry for a long time have seen membership of the grading scheme decline over time. They feel that by dovetailing registration with the grading scheme, Visit Wales could play a more prominent role in the industry again – a role which some feel has weakened with declining membership.

"This scheme should align with the Visit Wales grading scheme because we think it will help the rental style properties give a better experience to tourists."

Accommodation operator

“If linked to the grading scheme, this would also strengthen Visit Wales. It enables them to know where the product is and develop marketing strategies.”
Representative body

Rent Smart Wales

- 9.6 Rent Smart Wales is a scheme for those who let or manage rental properties in Wales – it assists them to meet their legal obligations. Rent Smart Wales does not inspect properties; rather, it provides training. Landlords who own a rental property must register, and if they manage the property themselves, they require a license from Rent Smart Wales. If an agent is used to manage the property, the agent needs a license.
- 9.7 The scheme is national and is operated by Cardiff Council on behalf of the other local authorities in Wales.

Case to learn from rather than scheme alignment

- 9.8 Rent Smart Wales is more relevant to the smaller end of the industry in certain sectors such as self catering – some property owners already let to both assured term tenants and tourists. Rent Smart Wales already has an IT set-up which handles an administration process similar to what may be used for the registration scheme.
- 9.9 However, stakeholders are more of the view that Rent Smart Wales is a case to learn from rather than a scheme which the registration scheme should align to. Views are mixed on how successful the scheme has been in improving standards, with comments made on the lack of inspection and enforcement. The scheme also requires property managers to apply for a license – an aspect which is not generally supported by stakeholders for tourist accommodation.

“With Rent Smart Wales, it’s useful to know where properties are but what has it achieved? I feel the exercise [to raise standards] hasn’t necessarily worked.”
Local authority

“We should look at Rent Smart Wales and their experiences. How many landlords do they have? What are their compliance rates and what do they charge?”
Welsh Government

“This scheme would not work if it’s like Rent Smart Wales, as that’s not fit for purpose. It’s not firm enough.”
Representative body

Safe, Clean and Legal™

- 9.10 The Safe, Clean and Legal™ scheme is operated by Quality in Tourism. As the name suggests, it accredits tourism & hospitality businesses on safety, cleaning to a professional standard and meeting legal obligations.

- 9.11 This scheme has been mentioned because it assesses businesses on essentially the same requirements as are being suggested for the registration scheme. It is approved by Cornwall Council under primary authority partnership.
- 9.12 A registration website with some automated checks on uploaded documents already exists. The operator employs a team of inspectors, and businesses are assessed on a pass / fail basis against a list of criteria.
- 9.13 Some have suggested that Welsh Government looks at how the Safe, Clean and Legal™ scheme operates, or even considers aligning its registration scheme with what already exists.

“Inspections could be linked to existing schemes, but not necessarily just the Visit Wales grading scheme. ‘Safe, Clean and Legal™’ for example – it’s less prescriptive on picky furniture issues but more so on cleanliness.”

Representative body

10. Further Issues to Consider

Clarity on purpose

Be very clear what this scheme is for

- 10.1 Some stakeholders are keen for Welsh Government to communicate very clearly why this scheme is being introduced. It will be more successful if the industry naturally wants to get behind it, and for that, they need to know the benefits and the purpose.

“If a scheme is imposed without industry support, it won’t work. It needs buy-in at all stages and they will self-promote it.”

Other destination

“Any regulatory change needs to be considered in the context of what it’s trying to achieve ... we need to be very clear about the purpose of the scheme – what problem is it trying to address?”

Representative body

Some cynicism over the purpose

- 10.2 Without clarity on the purpose, businesses are left to circulate rumours among themselves – sometimes of a cynical nature. This can result in begrudged cooperation before the scheme has even launched.

- 10.3 One of the common negative views currently circulating is that Welsh Government is introducing this scheme as a platform for its proposed tourism levy. Whilst it is beyond the scope of this research to discuss whether a levy should be introduced or not, it is important for Welsh Government to know that this is a common view among the trade, and clarity is needed.

“There’s a huge amount of cynicism as businesses feel this is the start of the government taking control, introducing a tourism levy”

Representative body

“There are concerns from businesses that this is the pre-cursor for a tourism tax.”

Representative body

Wording in legislation about what this covers

What is ‘tourist accommodation’?

- 10.4 As one destination operating a registration scheme has found, legislation can become outdated when innovative forms of accommodation are introduced into the market, and legislation can take time to amend at a later date.

“Our scheme was set up to apply to all operators. However a weakness of our legislation is that there is now accommodation like glamping that is exempt because it wasn’t around at the time the legislation was written.”

Other destination

- 10.5 The caravan & camping sector is particularly vulnerable to loopholes in legislation about what defines 'accommodation'. For example, a campsite operator allowing temporary accommodation structures on their field does not strictly speaking provide 'accommodation'; rather, they provide the land for it. If the scheme is to cover tents, touring caravans, motorhomes, yurts and any similar innovative non-permanent structure which comes along in future, legislation needs to be carefully worded now to avoid loopholes.

"A campsite provides the grass. It doesn't provide 'accommodation'. The accommodation arrives in the customer's boot. Or a motorhome, or a touring caravan. 'Pop-up' campsites should be in the legislation. They're not providing accommodation, but they are accommodating accommodation."

Representative body

11. Recommendations

Implement a scheme Plans to implement a statutory scheme for tourist accommodation providers in Wales should progress to the next stage. The initiative is strongly supported by stakeholders.

Communicate clearly the purpose of the scheme and the benefits Welsh Government needs to communicate clearly why it wants to implement this scheme and the benefits to operators, which are:

- Level playing field in meeting basic safety standards
- Communication from authorities on support for the industry

Experience of other destinations shows that it is very important to work with the industry to create a scheme which they perceive as acceptable and beneficial.

Include all operators, regardless of size and frequency of operation The scheme should cover all operators offering tourist accommodation in Wales. This includes two types for which some question their inclusion:

- Infrequent shared economy self catering style properties
- Infrequent 'pop up' campsites

The arguments for including both of the above outweigh the arguments for excluding them:

- Safety of guests is potentially at risk regardless of whether the operator opens for one night of the year or all year round – other laws concerning safety such as driving a car do not make exceptions for infrequent use
- Operators not subject to any form of inspection may choose to operate safely, but they may not, and if they do not, their cost base may be lower than that of businesses which spend on meeting safety standards – yet they compete for the same market and so the competition is unfair. Customer reviews are not sufficient alone to regulate the industry on safety because some dangers can be hidden.

The one grey area is whether owners of private caravans let on licensed parks should have to register. If the park already inspects them, it would be a duplication of effort, but Welsh Government will need to come to an arrangement with licensed park owners who do not currently inspect privately owned caravans let on their premises.

The wording of any legislation needs to be carefully thought through with respect to:

- Non-permanent structures provided by the customers such as tents, touring caravans and motorhomes
 - Innovative forms of accommodation which may emerge in the future
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**Registration, not
licensing**

From best practice in other destinations, registration is the way forwards. Licensing would be too burdensome on resources and could cause too many operators to leave the industry or not join it in the first place. It would heavily restrict shared economy platforms from responding to the need to boost accommodation stock, such as for major events.

**But registration needs
to be backed up by
robust inspection and
enforcement**

As a couple of stakeholders put it: a registration scheme 'needs to have teeth'. The absence of requesting and checking insurance and safety certificates and/or inspections would render the scheme useless in terms of creating a level playing field for safety standards.

As a minimum, operators should have to provide evidence of:

- Valid insurance
- Fire safety
- Gas safety

Other items could be requested also, but Welsh Government must weigh this up against the threat of losing too many operators from the industry.

Properties should be inspected – the frequency depends on finding the right balance between robustness and cost. Every few years on average seems appropriate.

Welsh Government should work with other regulatory bodies (e.g. in fire service, food hygiene) to deliver the scheme and ensure legal compliance.

For Welsh Government to inspect privately let caravans on licensed parks, this would require a considerable and quite possibly unrealistic amount of resource. An arrangement needs to be made with park owners who currently do not inspect private caravans.

Legislation needs to be strong enough to allow authorities to take action against non-compliant operators as efficiently and cost-effectively as possible.

Welsh Government may need to accept that in reality, it is not going to keep up with every single non-complaint operator. However, it is easier to start with legislative scope which covers the whole sector than start too narrow and end up with loopholes. The same applies for if and when tax policies are changed or introduced.

National operation

The scheme should be set up and operated nationally. This is much more likely to result in an efficient and consistent operation compared to giving responsibility to local authorities or membership organisations.

Local authorities do not have the resources to operate this scheme, and it would seem inefficient and costly to give them the resources compared to resourcing one central team. Local authorities and

membership organisations can still contribute in ways such as promoting the scheme, informing on known cases of non-compliance etc but the onus should be on the central team to operate the scheme. Local authorities and membership organisations will need access to the central database to be able to contribute and communicate with operators in their area.

Align with England if objectives allow

Stakeholders with a UK-wide remit would appreciate Wales and England deciding to have the same rules. This will depend on how the respective governments view the purpose of the scheme and whether they can agree on a scheme design which allows both countries to meet their objectives.

Charge to businesses should minimise loss of providers

Inevitably some operators will be lost if they are asked to pay, and a free scheme would be a fairly substantial burden on public finances. Stakeholders accept that operators will have to pay something, but the balance between covering costs and keeping operators in the industry / attracting new ones needs to be found.

It is beyond the scope of this research to determine concrete values of how much operators should pay because it depends on how Welsh Government decides the scheme should look. Further consultation in the context of a concrete proposal is needed to determine what to charge.

Welsh Government should consider contributing to some of the scheme's running costs in order to minimise the loss of operators.

Dovetail with grading scheme

The registration scheme and the grading scheme should be part of the same two tiered system: all operators have to register, and over and above that, some can decide to be assessed on quality also and receive a star rating.

Discussion needed on outsourcing operation of the registration scheme

There are already commercial firms operating schemes which seem to mostly match how stakeholders say Welsh Government's scheme should operate. Outsourcing is more costly, but the ease of set-up if using a company already operating a similar scheme means the option is at least worth considering.

Welsh Government would have to consider how this option fits with the grading scheme, which is operated in-house. A solution would be needed which avoids duplication of effort for graded businesses and keeps one central database (not two).

A pilot of the scheme could help to clarify the best option before rolling out to the whole sector.
