

# WELSH GOVERNMENT INTEGRATED IMPACT ASSESSMENT

<b>Title of proposal:</b>	<b>Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill</b>
<b>Official(s) completing the Integrated Impact Assessment (name(s) and name of team):</b>	<b>Jon Roche</b> <b>Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill Team</b>
<b>Department:</b>	<b>Regional Investment and Borders</b>
<b>Head of Division/SRO (name):</b>	<b>Peter Ryland</b>
<b>Cabinet Secretary/Minister responsible:</b>	<b>Cabinet Secretary for Finance and Welsh Language</b>
<b>Start Date:</b>	<b>The Bill is scheduled for introduction to the Senedd in November 2025. If agreed, the provisions of the legislation are expected to come into force no earlier than 2029.</b>

## SECTION 1. WHAT ACTION IS THE WELSH GOVERNMENT CONSIDERING AND WHY?

The Programme for Government 2021-2026 includes a commitment to “Take forward actions to cap the number of second homes, bring more homes into common ownership and license holiday lets”, and this commitment formed part of the Welsh Government’s Co-operation Agreement with Plaid Cymru from November 2021 to May 2024. The Welsh Government aims to support sustainable tourism and local communities, helping to preserve Wales’ natural environment for future generations to enjoy and addressing the impact second homes and short-term holiday lets can have on communities.

The Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill (“the Bill”) provides the legislative basis for a licensing scheme for visitor accommodation. This builds upon the register of visitor accommodation providers, as set out in the Visitor Accommodation (Register and Levy) Etc. (Wales) Act 2025 (“the VARL Act”).

The purpose of the Bill is to promote the development of tourism in Wales. It does this by:

- restating and modernising the Welsh Ministers’ functions of promoting tourism in Wales, while requiring them to have regard to the potential social impact of tourism and its potential impact on the environment and the Welsh language;
- regulating the provision of visitor accommodation in Wales by:
  - o introducing a licensing regime to reassure visitors that accommodation meets the standards they would expect and aligning those standards, in the case of self-catering accommodation, more closely with corresponding standards already applicable to the private rented sector in Wales,
  - o making a standard in relation to the fitness of visitor accommodation a contractual requirement, and

o building on the register created by the Visitor Accommodation (Register and Levy) Etc. (Wales) Act 2025 to establish a visitor accommodation directory for the purpose of providing information to the public about visitor accommodation in Wales.

For the purpose of making Welsh law more accessible, the Bill creates a Code of law on tourism, incorporating the provisions of the Bill itself and those of the Visitor Accommodation (Register and Levy) Etc. (Wales) Act 2025. Subordinate legislation made in due course under the Bill or that Act will also form part of the Code.

The Bill sets out the requirement for regulated accommodation to be ‘fit for visitor accommodation’, for providers to obtain a licence which demonstrates this to visitors, and for accommodation to be advertised in a way which helps visitors understand what is licensed.

The Bill also sets out the conditions visitor accommodation providers must meet. This will include presenting documentation demonstrating they meet relevant requirements and, where relevant, also completing training, which ensures they are aware of their responsibilities as tourism accommodation businesses in Wales.

This Bill is intended to support the visitor accommodation sector across Wales, bringing our regulatory regime up to date in a way which both reassures visitors that accommodation meets the standards they would expect and reassures accommodation providers that those same standards are being met by other providers.

This also reflects the changing relationship between the tourism sector and Government, which we have seen across the world in recent years: seeking still to promote the benefits of a thriving visitor economy; supporting jobs across Wales and sharing and celebrating our culture, language and landscapes; but doing so as part of a sustainable partnership with local communities.

Key stakeholders and sector representatives have been involved in the development of the Bill, including via independent research and survey work, and formal public consultation. Direct engagement with bodies including the Visitor Economy Forum, Regional Tourism Fora, the Professional Association of Self Caterers (PASC), Short Term Accommodation Association (STAA), and other organisations such as Airbnb and Expedia has also taken place. We have also engaged with residents and communities across Wales to understand their perspectives on our proposals.

Consideration has also been given during the development of the Bill to the five ways of working set out in the Well-being of Future Generations (Wales) Act.

## SECTION 2. WHAT WILL BE THE EFFECT ON SOCIAL WELL-BEING?

### 2.1 People and Communities

Welsh Government’s ambition is to grow tourism for the benefit of Wales in a way which supports thriving local communities and is sustainable for the environment and people of Wales. The Bill will help support that ambition by providing a legislative basis for a licensing scheme for visitor accommodation in Wales.

Visits to Wales, and their associated economic and social impacts, are spread across the regions of Wales, however, the scale of tourism-related industries can vary significantly between local areas, representing up to 20% of employment in Pembrokeshire and Anglesey, but only 7.5% in Wrexham in 2022. Even at the local authority level, these impacts are not evenly distributed. Listings of properties on Airbnb for example highlight a concentration in mountainous and coastal areas, with some local authorities having listings concentrated in a small number of areas.

This concentration of holiday lets in particular communities can come with benefits, such as the potential to generate additional income and employment in associated industries, as well as cause concerns such as decreasing the availability of housing, causing parking disruption, and contributing to litter and pollution, as highlighted by a study on attitudes to visitor accommodation licensing in 2023 .

The provision of visitor accommodation has changed significantly since the expansion of Airbnb to the UK in 2009 and the participation of other sites such as Booking.com, VRBO and Expedia in the same market, with online booking platforms opening up the visitor accommodation market to a range of new providers, some operating commercially, some very informally or occasionally. There is evidence that changes in the ways in which visitor accommodation is offered are also leading to changes in some communities, with high concentrations of holiday lets and second homes. The way in which short-term lets are geographically concentrated means that these impacts may be much more acute in hotspot communities.

The Bevan Foundation concluded in their 2022 report *Holiday Lets and the Private Rental Sector* that “In Airbnb hotspots it appears likely that the sector is having a direct impact on the availability of rental properties for low-income tenants. And that to maximise the benefits short-term lets can offer to communities, a balance needs to be struck between availability of accommodation for visitors and for people wishing to live in their communities”. There is also a risk that the impacts on communities may become more pronounced if more landlords perceive short-term lets as subject to a lower regulatory burden than long-term rentals.

To address the issues, the Bill will establish a regulatory scheme which builds on the register introduced in the VARL Act to address these concerns, licensing self-catering accommodation in the first instance, to give confidence to visitors about accommodation in Wales; and provide a more level playing field both within the visitor accommodation sector and between short-term and long-term lets of houses and flats. The provisions of this Bill build on the programme of related legislation the Welsh Government has introduced over the course of this Senedd term, including under the Co-operation Agreement with Plaid Cymru, to rebalance the relationship between second homes and holiday lets, and the communities which host them.

## **2.2 Children's Rights**

The outcome of our assessment on children's rights concludes that the impact of the policy is considered to be negligible, but primarily positive.

In rebalancing regulatory incentives, the licensing scheme being introduced by the Bill may complement other Welsh Government measures designed to address the impact that second homes and holiday lets can have on the housing supply, which in turn would benefit children in Wales

A link to our children's rights impact assessment is provided here and includes a more detailed breakdown of our assessment against the UNCRC articles or optional protocols which relate to our proposed legislation.

## **2.3 Equality**

A full Equality Impact Assessment has been undertaken in relation to the Bill. That exercise concluded that the provisions in the Bill are unlikely to significantly affect people with protected characteristics.

During development of the Bill, officials engaged with groups representing individuals with protected characteristics in order to ascertain whether they had any views on impacts, both direct and indirect, which should be considered, and/or would require further engagement. In general, the evidence gathered during that targeted engagement identified some concerns relating to communication of the scheme, and potential impacts should the Bill lead to a reduction in employment opportunities if some accommodation providers chose to leave the sector rather than comply with licensing requirements.

As part of our equality impact assessment we considered the composition of the tourism workforce, in which young people, women and people from minority ethnic backgrounds are overrepresented. We also know that employment in the tourism sector can be less secure than some other industries, with employees more likely to be hired on a part time or temporary basis

or spend less time working for the same employer. Additionally, those employed in tourism are generally younger, with 38% of tourism workers aged between 16-29 in 2022. Conversely, the age profile of visitor accommodation providers, according to a survey by the Professional Association of Self-Caterers in 2022, suggests that most providers are over the age of 50. Given the composition of the workforce, it is therefore possible that, if the visitor accommodation sector in Wales were to be negatively impacted as a direct result of the provisions of the Bill, individuals with these characteristics may be disproportionately impacted in economic terms.

However, given that the licensing scheme is intended to *support* the tourism sector in Wales, the overall impact for these groups is expected to be positive, and at worst neutral.

According to Age UK, a quarter of people aged 65 and over don't use the internet. Whilst our intention is that the licensing scheme will be a predominantly digital service, and it is anticipated that the majority of providers will be confident in using online services as most marketing and bookings are conducted online, the licensing authority will consider how to support anyone who might need help with IT accessibility - for whatever reason. The principles for designing and creating gov.wales products include ensuring they are as inclusive and accessible as possible, and it is our intention that the scheme be tested for compliance against these standards and principles (including accessibility) during implementation. Similarly, the accessibility of communication campaigns to ensure providers and visitors are aware of the scheme, and are able to obtain additional information to support any specific needs, will be considered as part of our general Public Sector Equality Duty.

Women may be more likely to engage in informal or part-time work, with part-time work significantly more common in sectors including tourism: in Wales, approximately 54% of the accommodation and food service sector workforce are women, whilst earnings in hotels and restaurants tend to be lower than average salaries.

The licensing scheme is intended to support tourism, so as a whole, the impact on the workforce should be positive. However, should the Bill lead to any contraction in the sector it is possible that women may be affected by virtue of their being overrepresented in tourism-related industries.

Whilst these potential impacts have been identified through our application of the equality assessment toolkit, we are confident, on the basis of evidence from similar licensing schemes introduced in other parts of the UK and beyond, that there will not be any significant contraction in the sector as a direct result of this Bill. Nor has the introduction of landlord licensing in the private rented sector in Wales – including requirements around smoke/carbon monoxide alarms and electrical safety certification – led to any discernible reduction in the overall size of that sector in terms of property numbers in the past decade.

Where we have identified potentially negative impacts on particular groups we have also

considered how best to mitigate or minimise these. For example, the licensing requirements will not include accommodation used solely as housing for asylum seekers or homeless people, or for care purposes.

We are also satisfied that the provisions of the Bill are compatible with the European Convention on Human Rights, including Article 1 Protocol 1 (protection of property), Article 6 (right to a fair trial) and Article 8 (right to respect for private and family life).

## **2.4 Rural Proofing**

Tourism plays a major role in the economy of rural Wales. Tourism also impacts rural communities economically, socially, and environmentally, with both positive effects such as job creation and income generation, and negative effects such as increased living costs and environmental damage. In some communities, it is likely that the sector is having a direct impact on the availability of housing for local people, with properties leaving the residential market to become visitor accommodation.

Employment in tourism varies regionally, with Mid Wales having the highest proportion. Rural businesses face challenges like disproportionate impacts of inflation, higher energy and transport costs, and recruitment difficulties. Rural tourism is often family-run and linked to local agriculture, providing an additional source of income for some families.

The Bill aims to support tourism in Wales, which will benefit communities which rely on the sector economically, whilst also better aligning the regulation of visitor accommodation with the regulation of the private rented sector. This will help mitigate the current risk that for some property owners it may seem easier to operate as a short-term let than to offer a long-term tenancy.

The tourism sector is characterised by many small or micro-businesses. The administration associated with licensing may be more burdensome for these businesses, especially those with limited digital connectivity. Our intention is for the licensing scheme to be as straightforward as we can make it for accommodation providers, whilst being robust enough to achieve its objectives, so we expect this effect to be limited. However, we will continue to monitor this as the scheme is implemented, in case issues arise.

Our full rural proofing impact assessment can be accessed [here](#).

## **2.5 Health**

The Bill has no direct health impacts. Secondary impacts are intertwined with broader socio-economic and environmental factors, making measurement difficult. However, positive effects on

accommodation standards, economic conditions and public health communication if necessary are expected to outweigh potential negatives such as pollution and potential environmental damage from increased tourism.

## **2.6 Privacy**

The Bill introduces new data collection and processing of personal and special category data, in particular in the processing of licence applications, recording of licences and making information available to the public about licences awarded, revoked and/or exemptions.

Operational processes for licensing, and publication of the directory of visitor accommodation will be subject to further screening of the impacts on data protection.

The majority of personal data processed for the purposes of licensing will have been collected by the WRA for the purposes of the register created in the VARL Act. However, where VAPs need to provide additional information specifically for licensing, such as in support of a licence application or to demonstrate compliance with licence conditions, the operational data protection assessment will consider processes for managing and safeguarding this data.

An express restriction has been included in the Bill to prevent the publication of the name and home address of a VAP who is an individual (rather than a company, partnership or other entity). Such information can only be published if the person consents, if their name is part of the company name, and/or the address is the address at which they provide visitor accommodation. When developing operational processes, consideration will be given to how to ensure VAPs understand their rights and are able to make an informed decision as to whether to request their information be withheld, particularly for those who have not already consented to that information being published under the procedures in the VARL Act.

The Bill also allows information to be shared by and with other regulators, including the WRA, local authorities and fire and rescue authorities, to support the effective operation of the licensing scheme and regulatory coordination. The data protection safeguards for sharing and processing such information will need to be considered further as operational processes are developed.

The full Data Protection Impact Assessment for the Bill can be accessed [here](#).



### **SECTION 3. WHAT WILL BE THE EFFECT ON CULTURAL WELL-BEING AND THE WELSH LANGUAGE?**

We have considered the Bill's potential effects on the Welsh language and culture.

One of our priorities for the visitor economy is to highlight the distinctiveness of our culture and the Welsh language. We want visitors to feel this and for Welsh culture and language to enrich their experiences. The licensing scheme and associated guidance and training have the potential to promote the Welsh language and culture in visitor accommodation, aiming to enrich visitor experiences and support local communities.

Tourism, culture and language are closely interlinked. In many Welsh speaking communities, the tourism sector provides the accommodation, facilities and infrastructure that enable people to work and gain valuable skills in their local communities.

In Welsh language heartlands, a significant proportion of accommodation and food service workers speak Welsh, with higher percentages in north and mid Wales. Tourism businesses report regular use of Welsh, particularly in North Wales. We will develop systems and content in both languages and work with users to make sure the services are fit for purpose.

The Bill also creates a Code of Welsh law on tourism that will incorporate existing legislation on the development of tourism in Wales, with a view to improving the accessibility of tourism legislation.

A full Welsh Language Impact Assessment has been undertaken, and a copy can be accessed [here](#).

### **SECTION 4. WHAT WILL BE THE EFFECT ON ECONOMIC WELL-BEING?**

Tourism plays a vital role in Wales's economy. Tourism-related industries accounted for 11.8% of employment (159,000 jobs) and 5.1% of GVA in Wales in 2022 (£3.8 billion) in Wales in 2022 .

There were over 69 million visits to Wales in 2023, representing a combined spend of over £4.95 billion in the Welsh economy. 8.65 million of these visits were overnight stays, representing a spend of over £2 billion.

Our ambition is to grow tourism for the benefit of Wales in a way which supports thriving local communities and is sustainable for the environment and people of Wales. The provisions being introduced by the Bill will help support this ambition, although we do not expect to be able to measure the direct economic impact of the Bill.

The overarching purpose of this Bill is to support the visitor accommodation sector across Wales, bringing our regulatory regime up to date in a way which both reassures visitors that

accommodation meets the basic standards they would expect and reassures accommodation providers that those same standards are being met by other providers. Without this scheme, there is a significant risk that the short-term let sector will continue to expand in a way which exacerbates the market distortions already reported, with some accommodation providers unknowingly failing to meet regulatory standards, therefore able to operate at lower cost than providers who understand and invest in complying with the current regulatory regime. This anecdotal non-compliance also poses a risk in and of itself. If it continues to grow, either in perception or in fact, it may start to undermine visitor confidence in accommodation in Wales, damaging our tourism industry and economy. This could be particularly damaging if a perception grows that accommodation in Wales may not meet key standards (fire safety for example), or may not otherwise be fit for use as visitor accommodation. Intervention is therefore important to support the visitor economy in Wales and the effective functioning of our visitor accommodation market.

A detailed regulatory impact assessment has been undertaken for the Bill. This sets out the best estimates of the administrative, compliance, and other costs of the Bill and the timescales over which these costs are expected to arise. The positive impacts for the tourism industry in Wales and for communities where the industry is concentrated are also set out. The regulatory impact forms part of the Explanatory Memorandum to the Bill which can be accessed [here](#)

## **Justice Impact**

The Bill creates new offences associated with avoiding the requirements of the licensing scheme, with powers for penalty notices designed to limit the need for recourse to the criminal courts, with prosecution only where this is absolutely necessary to support the integrity of the licensing scheme.

Our intention is to take a ‘stepped’, escalatory approach to enforcement designed to encourage and support compliance, so that in the first instance we would educate providers who commit offences to ensure they are aware of the requirement for a licence, encourage them to apply for a licence and explain the penalties which could apply if they do not.

We expect this to be sufficient to incentivise compliance in most cases. The system is designed to be as straightforward as possible for accommodation providers whilst being robust enough to deter non-compliance and ensure the integrity and thus effectiveness of the licensing regime. This should ensure that in almost all cases VAPs seek a licence rather than face penalties or prosecution. As a result, we anticipate the number of penalties being issued will be low and the number of cases ending up in the courts being extremely low.

A full justice system impact identification exercise has been undertaken in relation to the Bill. This identified a low potential impact on the justice system.

## **SECTION 5. WHAT WILL BE THE EFFECT ON ENVIRONMENTAL WELL-BEING?**

The Bill has been assessed for its potential environmental and biodiversity impacts within the context of sustainable tourism and natural resource policies in Wales. The Bill itself does not directly affect the environment or biodiversity, but it could indirectly influence tourism demand and business sustainability practices, which may have secondary environmental effects. A copy of the full assessment can be accessed [here](#).

## SECTION 6. SOCIO-ECONOMIC DUTY WHAT WILL BE IMPACT ON SOCIO-ECONOMIC DISADVANTAGE?

### 6.1 The Socio-economic Duty.

A socio-economic assessment of the anticipated impacts of the Bill on socio-economic inequalities and disadvantaged communities has been undertaken. This has been challenging given the significant gaps in Welsh tourism data, particularly regarding socio-economic breakdowns of workers and owners, which has limited precise impact analysis.

There are some communities, particularly in rural and coastal areas, which are socio-economically disadvantaged and evidence shows that some are particularly economically reliant on tourism. We also know that the tourism sector features lower median pay compared to the national average, and insecure employment - often seasonal in nature - and that a significant proportion of the workforce are younger workers and women.

Given that the Bill is intended to support Wales's visitor economy, the overall impacts for these communities and groups should be positive.

There may be some visitor accommodation providers who lose additional income streams if they choose to stop operating visitor accommodation rather than engage with the licensing scheme, although we expect such cases to be relatively few, as the scheme is intended not to be overly burdensome so, if a VAP is generating significant income from their visitor accommodation, the incentive would be for them to continue operating. However, we will consider carefully if evidence emerges that licensing is having a detrimental impact on socio-economically disadvantaged people and/or communities.

The Bevan Foundation concluded in their report on holiday lets and the private rented sector in Wales, that in Airbnb hotspots it appears likely that the sector is having a direct impact on the availability of rental properties for low-income tenants. The Bill aims to better align the regulation of visitor accommodation which could be homes with that of the private rented sector, which should help address concerns that for some property owners it may seem easier to operate as a short-term let than to offer a long-term tenancy.

Our full socioeconomic duty assessment is available [here](#).

## SECTION 7. RECORD OF FULL IMPACT ASSESSMENTS UNDERTAKEN

- Children's Rights
- Equality

- Socio-economic
- Rural Proofing
- Health
- Privacy
- Welsh Language
- Economic/RIA
- Justice
- Biodiversity
- Climate Change
- Strategic Environmental
- Habitat Regulations

## SECTION 8. CONCLUSION

### 8.1 How have people most likely to be affected by the proposal been involved in developing it?

Key stakeholders and sector representatives have been involved in the development of the Bill, including via independent research and survey work, and formal public consultation. Direct engagement with bodies including the Visitor Economy Forum, Regional Tourism Fora, Professional Association of Self Caterers (PASC), Short Term Accommodation Association (STAA), and other organisations such as Airbnb and Expedia has also taken place. We have also engaged with residents and communities across Wales to understand their perspectives on our proposals.

### 8.2 What are the most significant impacts, positive and negative?

This integrated impact assessment is based on existing research, commissioned studies, consultation feedback, and stakeholder input.

Our expectation is that the Bill will help rebalance the relationship between second homes and holiday lets, and the communities which host them, addressing impacts on communities with high concentrations of holiday lets and second homes. Impacts on those employed in the tourism sector - in which young people, women and people from minority ethnic backgrounds are overrepresented - is expected to be positive, and at worst neutral. A better-regulated visitor accommodation sector will be beneficial to the tourism industry in Wales and support the continuing trend of sustainable growth in visitor numbers.

### 8.3 In light of the impacts identified, how will the proposal:

- **maximise contribution to our well-being objectives and the seven well-being goals; and/or,**
- **avoid, reduce or mitigate any negative impacts?**

Bringing our regulatory regime up to date in a way which both reassures visitors that accommodation meets the standards they would expect and reassures accommodation providers that those same standards are being met by other providers, will support our ambitions for greater sustainable tourism in Wales; which balances the interests of visitors, local communities, and visitor accommodation providers alike. As evidenced in the preceding sections of this document, the Bill will support all seven of our well-being goals, but of particular relevance in the context of this legislation are the *Prosperous Wales*, *A Wales of cohesive communities*, and *a Wales of vibrant culture and thriving Welsh language*. The Bill has been developed in accordance with the Wellbeing of Future Generation Act Five Ways of Working, and implementation will be taken forward on the same basis.

We have sought to avoid, reduce or mitigate any negative impacts by taking a relatively light touch approach to regulation. When introduced, the impact of the provisions will be monitored over time. We will also continue to work with stakeholders to understand potential impacts, including carefully considering evidence submitted from sector representatives and others during scrutiny of the Bill, and, if necessary, amendments to the Bill will be considered to address these.

#### **8.4 How will the impact of the proposal be monitored and evaluated as it progresses and when it concludes?**

The Welsh Government will conduct a post implementation review no later than five years after the legislation has come into force. It is expected that the formal review process will commence once the scheme has been in place for a year.

The objectives of the review will include:

- assessment of the effectiveness of the licensing scheme introduced by the Bill in achieving its objectives;
- completion of a comparison of the costs and benefits set out in this Regulatory Impact Assessment, and the realised costs and benefits;
- an evaluation of the impacts of the Bill; and
- an evaluation of the measures taken to implement the Bill and their effectiveness in achieving the objectives of the Bill.
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Full details of the review are to be determined. We will work closely with key stakeholders to design and develop the post implementation review of the legislative changes, as well as a review of the delivery of the statutory licensing scheme. Our delivery plan will include a framework for monitoring and evaluation. We will work with stakeholders to develop appropriate methods for collecting evidence to enable evaluation and will report on progress.

This evaluation will include a review of the integrated impact assessment. The review will consider whether there have been any identifiable impacts on the tourism sector, and assess whether amendments are needed to any guidance supporting the implementation of the Scheme.

It is important to note the limitations of any post implementation review in the context of a sector which has been subject to several recent interventions, as well as operating against the backdrop of world events and wider economic and market forces. Any review will be necessarily limited insofar as the wider economic, political and social context in which the legislation is operating. It is

likely to be extremely challenging to attribute any impact on the visitor accommodation sector to any specific intervention.



## SECTION 9. DECLARATION

### Declaration

I am satisfied that the impact of the proposed action has been adequately assessed and recorded.

Name of Senior Responsible Officer / Deputy Director: Helen John

Department: EEP

Date: 30 Oct 2025