

VisitScotland update for Dornoch newsletter – August 2021

Short Term Lets

The Scottish Government's Programme for Government 2018-19 made a commitment to ensure that local authorities have appropriate regulatory powers to balance the needs and concerns of their communities with wider economic and tourism interests.

A series of consultations were put in place utilising an Expert panel, Short-term lets delivery group, stakeholder working group, followed by 3 public consultations the last of which closed August 13. The regulations are being taken forward by the Scottish Government's Housing and Social Justice Directorate which includes responsibility for increasing the supply of high quality, affordable homes.

In January 2020 the Scottish Government announced plans to:

- establish a licencing scheme for short-lets
- to give local authorities the ability to introduce short-term control areas
- to undertake a review of tax treatment of short-term lets, to ensure they make an appropriate contribution to the communities they operate in.

14 December 2020 the Licencing Order- control area regulations were laid at Scottish parliament and came into force on 1 April 2021 <https://www.legislation.gov.uk/sdsi/2021/9780111048092/contents>. On 1 Feb 2021 Scottish Government withdrew legislation for a short-term lets licensing scheme to allow for draft guidance to be developed and further consultation to occur (see link above). The guidance, along with recommendations to changes to the SSI were to be drawn up by the Scottish Government's Short-Term Let Working Group. This is the group from which several bodies have recently resigned in protest at a perceived lack of cognisance of sector views.

The latest consultation on the regulation of short-term lets generated over 1,000 responses and due to the concerns expressed by the industry, the Scottish Government have announced that they will delay the laying in Parliament of the Licensing Order until November 2021. This means the approval by Parliament of the regulations will be delayed once again. However, the government still intends on keeping to the implementation timetable where licensing authorities will have until 1 October 2022 to establish a licencing scheme; existing hosts and operators must have applied for a licence by 1 April 2023 in order to keep operating; and all short-term lets must be licensed by 1 April 2024.

The sector continues to have concerns around the potential cost of obtaining a licence, practical implications of compliance including uncertainty for bookings during the renewal process, and the inclusion of overprovision as a reason for refusing a licence etc. The Scottish Government wishes to consider these issues further before proceeding.