Agenda – Economy, Trade, and Rural Affairs Committee

Meeting Venue:
Committee room 5 – Tŷ Hywel
and video conference via Zoom
Meeting date: 13 November 2025
Meeting time: 09.15

For further information contact:
Robert Donovan
Committee Clerk
0300 200 6565
SeneddEconomy@senedd.wales

Hybrid

Private pre-meeting

09.00 – 09.15

Public session

09.15 – 12.50

1 Introductions, apologies, substitutions, and declarations of interest

09.15

2 Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill: Evidence Session 4

09.15 – 10.30 (Pages 1 – 29)

Councillor Huw Thomas, Leader of Cardiff Council, and Spokesperson for Economy and Energy, Welsh Local Government Association (WLGA)
Heidi Neil, Directors of Public Protection Wales's Licensing Lead, Welsh Local Government Association (WLGA)

Bethan Jones, Operational Manager, Rent Smart Wales and Chair of Environmental Health Wales's Housing Expert Panel, Welsh Local Government Association (WLGA)

Attached Documents:
Research brief
Evidence paper - Welsh Local Government Association (WLGA)

Break

10.30 - 10.40

3 Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill: Evidence Session 5

10.40 - 11.40 (Pages 30 - 37)

David Chapman, Executive Director, UKHospitality Cymru
Rowland Rees-Evans, Chair, Wales Tourism Alliance
Dr Llŷr ap Gareth, Head of Policy, FSB Wales (Federation of Small Businesses)

Attached Documents:
Evidence paper - FSB Wales

Break

11.40 - 11.50

4 Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill: Evidence Session 6

11.50 - 12.50 (Pages 38 - 52)

Glenn Evans, Chair, North Wales Tourism
Charlie Reith, Co-Chair of Policy Working Group, Short Term Accommodation Association
Katherine Squires, Director of Policy & Public Affairs, British Holiday and Home Park Association

Attached Documents:
Evidence paper - North Wales Tourism
Evidence paper - Short Term Accommodation Association
Evidence paper - British Holiday & Home Parks Association

5 Papers to note

12.50

5.1 Future of Welsh Steel: Follow-up information after evidence session on 9 October 2025

(Pages 53 - 56)

Attached Documents:
Letter from the CEO, Tata Steel UK - 31 October 2025 (1)
Letter from the CEO, Tata Steel UK - 31 October 2025 (2)

5.2 Inter-Institutional Relations Agreement

(Pages 57 - 59)

Attached Documents:
Tourism Inter-Ministerial Group meeting - Letter from the Cabinet Secretary for Economy, Energy and Planning to the Chair of the Legislation, Justice and Constitution Committee - 31 October 2025
Inter-Ministerial Group for Environment, Food and Rural Affairs meeting -

Letter from the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs - 5 November 2025

5.3 Holyhead Port storm damage and closure: Freight and Logistics

(Pages 60 - 61)

Attached Documents:
Letter from the Chair to the Cabinet Secretary for Transport and North Wales - 3 November 2025

5.4 Future of Welsh Steel: Trade Defence

(Pages 62 - 63)

Attached Documents:
Response from the Cabinet Secretary for Economy, Energy and Planning - 4 November 2025

5.5 Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill: Invitation to provide written evidence

(Pages 64 - 67)

Attached Documents:
Letter from the Chair to National Residential Landlords Association - 4 November 2025
Response from the National Residential Landlords Association - 4 November 2025

5.6 Agricultural Support Regulations

(Pages 68 - 93)

Attached Documents:
Letter from the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs - 4 November 2025

5.7 **Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill: follow-up to evidence session - 5 November 2025**

(Pages 94 - 107)

Attached Documents:
Letter from the Chair to Scottish Tourism Alliance and Association of Scotland's Self-Caterers - 5 November 2025
Evidence paper - Association of Scotland's Self-Caterers and the Scottish Tourism Alliance - 6 November

5.8 **Future of Welsh Steel: Transition Board**

(Pages 108 - 109)

Attached Documents:
Response from the Secretary of State for Wales - 5 November 2025

5.9 **Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill: Statement of policy intent**

(Pages 110 - 137)

Attached Documents:
Letter from the Cabinet Secretary for Finance and Welsh Language - 5 November 2025

6 Motion under Standing Order 17.42(ix) to resolve to exclude the public from the remainder of the meeting

12.50

Private session

12.50 - 13.25

7 Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill: Consideration of evidence

12.50 - 13.20

8 Business Committee review of the Public Bill and Member Bill processes: publication of pre-introduction Bills - consideration of draft response

13.20 - 13.25 (Pages 138 - 139)

Attached Documents:

Draft response letter

Document is Restricted

WLGA Evidence

4th November 2025

Economy, Trade and Rural Affairs Committee: Welsh Government's Call for Evidence: Development of Tourism and Visitor Accommodation (Wales) Bill

Simon Wilkinson, Temporary Head of Regulatory and Frontline Services

Welsh Local Government Association - The Voice of Welsh Councils
The Welsh Local Government Association (WLGA) is a politically led cross party organisation that seeks to give local government a strong voice at a national level.

We represent the interests of local government and promote local democracy in Wales.

The 22 councils in Wales are our members with the 3 Fire and Rescue authorities and 3 National Park authorities being associate members.

We believe that the ideas that change people's lives, happen locally.
Communities are at their best when they feel connected to their council through local democracy. By championing, facilitating, and achieving these connections, we can build a vibrant local democracy that allows communities to thrive.

Our ultimate goal is to promote, protect, support and develop democratic local government and the interests of councils in Wales.

We'll achieve our vision by
- Promoting the role and prominence of councillors and council leaders
- Ensuring maximum local discretion in legislation or statutory guidance
- Championing and securing long-term and sustainable funding for councils
- Promoting sector-led improvement
- Encouraging a vibrant local democracy, promoting greater diversity
- Supporting councils to effectively manage their workforce

WLGA's written response in relation to the Development of Tourism and Regulation of Visitor Accommodation Bill

Thank you for providing the WLGA with the opportunity to respond to the above Bill. As the WLGA will provide oral evidence to the Economy, Trade and Rural Affairs Committee on 13th November, this written response will be general in its nature and will not seek to address any matters in any great detail at this time.

Wales currently lacks a unified licensing framework for visitor accommodation. Existing measures under the Visitor Accommodation (Register and Levy) Etc. (Wales) Act 2025 only provide for registration and a levy, not quality or safety standards. Therefore, we can see the rationale and benefits of progressing to a system of licensing to ensure compliance with standards and statutory requirements.

The proposed legislation would serve to address concerns about the limited regulation of short-term lets which can impact housing availability and community cohesion. It should also serve to enhance consumer confidence by ensuring minimum safety and fitness standards as well as supporting destination management and sustainable tourism by linking licensing with levy revenue for local improvements. It would also appear to fit with the Welsh Government's goals under the Well-being of Future Generations Act 2015, promoting economic sustainability and community well-being.

We are not privy to the reasons for bringing in this Bill, however, we assume that short-term lets such as Airbnb are assumed to have fallen through the gaps in regulatory terms.

Our analysis of the Citizens Advice Consumer Service database show 28 notifications and referrals across Wales in relation to self-catering accommodation during 2023/24 and 18 during 2024/25. We have also conducted further analysis of the number of noise complaints and other anti-social behaviour emanating from such premises. This analysis has been focused on our capital city as well as a predominantly rural local authority. Our findings indicate that there were 9 complaints within Cardiff for 2023/24 increasing to 12 during 2024/25. In the rural authority, this was lower with 7 recorded during 2023/24 and 1 during 2024/25. In both instances, the analysis was conducted over a period of two years post-COVID. We are somewhat unclear as to the expectation in relation to anti-social behaviour, waste management and noise issues emanating from self-catering accommodation as many of these matters can be dealt with using existing enforcement powers. We would also bring to your attention the fact that a single complaint could result in a referral to multiple agencies and we cannot overemphasise our concerns that this could become somewhat disjointed unless proper procedures are put in place.

We note that the Bill does provide flexibility for Welsh Ministers to set detailed standards via subordinate legislation. We also note and applaud the fact that over time, the scheme can be rolled out to cover a wider range of premises such as caravans and campsites which, arguably, are more problematic than self-catering accommodation.

With regard to standards, we would stress the need for consistency across Wales to avoid regional disparities. From a certification perspective, we would refer to parallels from other existing licensing schemes, for example, Rent Smart Wales, with individual local authorities dealing with complaints that might require enforcement action against visitor accommodation providers within its administrative area, based on an intelligence led and risk-based basis in the case of non-compliance. To this end, we are firmly of the opinion that on this occasion, any such licensing scheme should be run centrally by means of a single licensing authority rather than locally, otherwise there is likely to be a significant financial and administrative burden on each of the 22 Welsh local authorities as well as a scope for inconsistency. On the subject of existing licensing regimes, we would point out that where there are existing licensing regimes, for example, in relation to Houses in Multiple Occupation or Caravan and Camping Sites there should be no overlap. It is possible for a property to be occupied for private rented and holiday let purposes; there needs to be clarity about how the schemes would interact in those circumstances and whether one scheme would trump the other to avoid duplication.

Safeguarding should be an integrated part of a licensing scheme and we would consider it reasonable to include a fit and proper person test or a similar requirement as part of the scheme conditions for all visitor accommodation providers. The fitness and propriety standard to be applied should be consistent with other licensing schemes, albeit the existing standards need to be reviewed. There is also a need to build in the ability to prevent re-application for a licence once refused for specific periods.

We believe that the scheme could have unintended consequences for smaller short-term let providers as compliance costs may deter small-scale operators, reducing accommodation diversity. It is a well established fact that some householders let their properties or a room within their property at times of great demand. In a Welsh context, we refer, in particular, to sporting events such as the Six Nations Tournament or the Royal Welsh Agricultural Show, the latter serving precious accommodation needs in a rural area where such accommodation is sparse.

We note that enforcement provisions are built into the Bill and welcome the fixed penalty provision. Resourcing this work activity will be critical to the scheme's success as weak enforcement could lead to informal arrangements or unlicensed operations by operators.

We assume that technological advances mean that much of the certification documentation provided will be checked electronically. Whilst we are very much in

favour of such advances, we would be interested to establish how such technology can assess with a high degree of confidence that submitted certification and other documentary evidence of compliance is genuine and has not been fraudulently produced. With regard to the setting up of a technological solution to a national licensing scheme, it is critical that sufficient time is provided for the development and testing of any such solution. More generally from a technological perspective, a centralised national I.T platform linked to the registration process would appear to be the way forward for the gathering and sharing of information with key partners.

Due consideration will need to be given in respect of any financial or reputational risk to local authorities. In the case of a centralised model being preferred, particular regard will need to be given to these aspects in respect of the authority that agrees to undertake the centralised responsibility for any licensing role as well as delivery timescales. We note that the Welsh Government is committed to addressing any reasonable costs incurred in terms of enforcement which is, of course, in addition to that of cost-recovery associated with pure licensing. This commitment is critical in addressing additional burdens and costs to local authorities. In addition, we would highlight the unintended financial and resource burden of introducing the scheme – previous projects have led to a higher demand on existing services due to the additional publicity surrounding the topic. We would anticipate additional complaints being received in relation to waste management, health and safety issues, anti-social behaviour and property and contract issues. Financial recompense will be required to enable an appropriate response to this demand. We would be happy to have a more detailed discussion in relation to funding for local authority regulatory services in relation to the enforcement and advice roles.

In terms of contractual liability, it would be useful to provide interpretation in respect of the term 'holiday let' as it has always proved to be problematic for enforcing authorities as to what constitutes a tenancy and what constitutes a holiday let contract. Distinguishing between a tenancy and a holiday let is important because the legal rights, responsibilities, and protections for both landlords and occupiers are very different. Misclassifying one as the other can lead to legal and financial consequences.

Finally, we thank you once again for providing us with the opportunity to share our thoughts with you in relation to this Bill.

Federation of Small Businesses
Ffederasiwn y Busnesau Bach

Senedd Economy, Trade and Rural Affairs Committee

Scrutiny of Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill

Federation of Small Businesses Wales Response

3 November 2025

About FSB Wales

FSB Wales is the authoritative voice of businesses in Wales. It campaigns for a better social, political, and economic environment in which to work and do business. With a strong grassroots structure, a Wales Members Advisory Council, and dedicated Welsh staff to deal with Welsh institutions, media and politicians, FSB Wales makes its members' voices heard at the heart of the decision-making process.

FSB Wales welcomes the opportunity to provide evidence to the Economy, Trade and Rural Affairs Committee. This is an area of concern to many FSB members, and an area that is a priority in ensuring a level playing field.

Introduction & Key Points

FSB Wales's key points to raise for scrutiny are as follows:

- FSB are content with the introduction of a licencing regime if it supports a level playing field across providers
- FSB Wales are concerned about the timeframe for the bill and the effect that a condensed timeline may have on its quality and subsequent implementation.
- Regulation is inherently costly for businesses, so it is important that implementation is in line with best practice to minimise the burden
- How much will it cost for SMEs to comply?
- What are the training requirements that SMEs can expect and what would be the time and cost to this?
- Clarity on who will enforce the regime is important, as poor enforcement costs good operators who do comply and places them at a disadvantage.

- What will the minimum standards be - these should be reasonable and proportionate.
- The licensing and regulation regime and the visitor levy should be part of a single, national, digital compliance platform that's easy for SMEs to use.

In principle, FSB Wales are supportive of providing a level playing field that is fair for businesses that comply with regulations.

In our evidence on the visitor levy to the Senedd Finance Committee earlier this year we noted that the legislation in providing a register was aimed at identifying businesses for the purposes of tax collection, but our members' priorities would be on ensuring that all accommodation providers were compliant to similar expectations around health and safety, insurance and so on. The main concerns were based around platforms such as Airbnb, and that the costs for those complying to legislation were undercut by others who did not bear the same costs.

In general, on regulation and licensing, whether in tourism or in wider economy, small business' ability to comply is not only dependant on the regulations themselves, but also on the way that regulators help small businesses comply, particularly where there are complex or conflicting requirements. Uncertainty around the steps a business needs to take to comply can lead to wasted resources, and overreliance on external advice which can often be financially prohibitive particularly for smaller businesses with fewer financial reserves. As such the principles of clarity, support for SMEs and ease of access are important to businesses, but also to ensure regulation does not inhibit economic growth.

It is therefore important that any regulatory regime is:

- implemented according to good regulatory principles and practice.
- the cost of implementation including to businesses themselves is clear and assessed.
- it is clear to SMEs what their role is and how they engage with the system including how SMEs can use digital platform(s).
- that the regime is easy to navigate.
- that paperwork and administration is light and does not take SMEs too much time.
- that enforcement is clear, proportionate, while ensuring those who comply are not undercut by any who do not.

- aligns with the wider regulatory regime.

Concerns on Curtailed Timeframe

In FSB's evidence on visitor levy noted that the sequencing was a concern in terms of priorities on tourism, with the sequencing of legislation suggesting that registering businesses for the purposes of future levy collection being more important than addressing SMEs' concerns about a fair level playing field and address distortion in the market of accommodation provision.

The fact that this legislation has been released so late and with a curtailed timeline, as well as the focus in the description on Visitor Levy legislation, does not help in alleviating those concerns of this being an afterthought. As the Committee itself noted in inviting FSB to provide evidence, 'while the timetable and therefore the Committee's plans for scrutiny cannot be finalised until the Bill has been introduced, we anticipate that the timeframe for scrutiny will be unusually short.' This 'unusually short timeframe' may have on the quality and detail of the legislation.

While there is a post-implementation review noted in the draft Explanatory Memorandum (section 11) provided for scrutiny – and this is something FSB would support - this would be within the 5 years after it comes into force. We would suggest that given the curtailed process of scrutiny that it may be prudent to ensure there are earlier touch points to check ahead of and during early implementation, to ensure that there are no significant unintended effects. It would also be useful to align that review to the outcomes we would expect, including simplicity of complying for SMEs, impact in addressing any market distortions, and whether enforcement is effective, and so on.

Questions for Scrutiny

Questions that we would ask to aid scrutiny are as follow:

1. How much will it cost to be part of the license regime, and how much will it cost for regulators and Welsh Government/ local authorities

The previous work cited in paragraph 4.4 notes that a licensing fee would be expected to be in place. However, the likely cost of this to businesses, and have detailed assessment have there been on the how that cost would relate to the cost of administration (such as in table 7 on 'cash costs to Welsh Government' and 'Administrative Costs' in the RIA, page 38)), including time costs in complying as well as undertaking training where required, are not assessed in detail.

We note that outside the impact assessment on 'competition' there is little in terms of understanding the costs to individual businesses, or on the burden in terms of paperwork and time. It notes how businesses relate to others and the removal of the 'cheat's advantage', as well as the possibility of providers leaving the market. But for SMEs themselves and in understanding its effect on our members, the impact on their bottom line – irrespective of that of competitors – is crucial, and is also important to their understanding and planning as well as perception of whether the legislation is there to help them. This relates too to what systems will be in place to mitigate any costs– e.g. will a digital platform mean that the costs on their time will be minimised. The impact assessment does not really support understanding impact on businesses beyond the very broad macro-level economic analysis.

FSB Wales has a standing policy recommendation that Welsh Government should ensure a duty to a specific SME impact assessment across all its policy interventions across government, to ensure that this understanding is in place across all policy. However, we would note that given the subject matter we would expect an analysis of the cost in this respect as a matter of course.

2. How will it be enforced and who will be tasked with enforcement?

The role of enforcement is vital in ensuring a level playing field. As such, moves to clarify and standardise the licensing regime and the link made to 'advertising' licencing expectations and the role of enforcement in moving business to compliance (i.e. a presumption of lack of awareness in the first instance) rather than a punitive approach in the first instance are welcome.

The document rightly includes detail on the changes to ensure Welsh Government has the legislative power to enforce any regime. However, there is a lack of clarity on what body or bodies will be tasked with ensuring compliance. This undermines the clarity and consistency of the approach, as there is likely scope for different bodies to interpret things such as 'penalty notices' differently to the principle of presumption of ignorance not guilt, especially if it is linked to their own revenue raising. This is also important to understand the costs of implementation, and to the credibility within the business community.

Another question is the expectation – and powers to enforce compliance - on the digital platforms on ensuring compliance and accreditation (e.g. Airbnb, Booking.com) when accepting advertisements, and whether they have a role in this respect, as well as how their processes on their sites would be able to accommodate such 'fitness for visitor accommodation' test. Given the legislation notes this concept is supposed to advertise that Wales is a good place to visit and there are minimum standards visitors can expect, how these are advertised on the sites visitors will book from is surely important.

Without clarity on how enforcement is implemented, there remains a risk of the good providers absorbing costs while non-compliant providers avoid the same costs.

Another question is on a single regulatory point of contact. Many SMEs (generally, not in this sector as such)have to deal with more than one regulator, and the more there are, the more the cost and time lost, as well as the more potential for inconsistency in application of a regulatory framework, and the less cope for clear shared understanding both within the regulators and those regulated. Moreover, without a single point of contact engagement for SMEs is made more difficult.

3. How consistent, clear and realistic are the minimum standards they'll set? Are there any risks to a consistent regulatory framework in 'starting with self-catering accommodation?

The choice of a national regime is more consistent clearer and more efficient than the local alternative, and supports better shared understanding and less fragmentation. FSB also welcomes the steps to provide a Code of Welsh law relating to tourism is welcome in this context and ensures that the legislation is in one place.

However, even if in one place this law could risk being complex. We would note that these principles are a step that supports moving to ensuring a clearer shared understanding through engagement with businesses, rather than sufficient in itself.

The paper notes the current problem of some providers 'unknowingly' failing to meet regulatory standards and so ensuring information is clear and accessible is important, alongside the enforcement process. There is also a need to address how business engage with the expectations and administration of the new regulations and looking at digital and communication strategy to support SMEs.

In this context, FSB welcome the approach that enforcement start from a position of raising understanding and moving providers to comply rather than starting from a punitive position – this also serves a vital role in communicating the regulatory regime itself. Again, clarity on which body (or bodies) is tasked to enforce the regulations is important here, as is the resources and capacity to serve this function.

The document notes that one aim is to provide consistency in expectations around short-term and long-term lets, and in passing notes an expectation to 'completing training which ensures they are aware of their responsibilities as tourism accommodation businesses in Wales'. What would the level of time costs be for providers in this instance?

While the need to be realistic in terms of the current timeframe on what level of regulatory change is realistic, there is risk to a consistent regulatory framework in long-term in 'starting with self-catering accommodation', and we would ask what the underlying principles will be for the future regulation, and what the next steps envisaged would be after this area. Without this, there is a risk of piecemeal regulation leading to inconsistency or gaps across the sector. The document notes in its impact assessments:

> *'It is worth noting that accommodation affected by the regulation competes with other types of visitor accommodation which will not, at least initially, be subject to the same requirements. The initial roll-out of the regulation is being targeted at the accommodation about which concerns are most often raised in relation to their compliance with existing statutory obligations. This is therefore not expected to have a distortive impact on competition, except to the extent it reduces the ability of regulated accommodation to*

undercut their competitors by not complying with their safety obligations. Should unexpected impacts emerge within the visitor accommodation market, or the impact be greater than expected, we will be able to extend regulation to other types of accommodation to support a fair and competitive market.'

This appears – as the main analysis on regulation across the sector – a reactive and piecemeal approach and presumes that any further regulation would happen quickly to address distortions.

Digitalisation and support for compliance

Another area that we have raised in relation to both the Visitor Levy and which would also apply to licensing and regulation, is the role of digitalisation and digital platforms in making engagement with the framework easier for businesses, and can serve as means by which to look to align a single portal or profile for a business that would lessen the burden for businesses, bring together the expectations from them from different areas, as well as provide resources to support the industry.

In Scotland 4 local authorities together have collaborated on an online platform for the Visitor Levy, in a context where both the levy and licensing around it are fragmented across the 32 authorities, which comes with risks in terms of costs across the authorities and in terms of fragmented framework. In Wales a more central model of 'take it or leave it' in terms of the Visitor Levy, and a single licensing regime provides an opportunity to bring these regimes into a single portal, and to provide businesses with a digital offer and profile that would help digitalise the industry for the future too.

The WRA overseeing the Visitor Levy audit trail provides also a means by which collection of any levy would be centralised, and this also provides a consistent platform that can work across various functions for businesses in the sector. As such we welcome the following:

'The Bill would for example allow the Welsh Government to work with WRA to support the processing of applications via the same online platform as registration to create a single point of entry for accommodation providers.'

We would welcome more detail on plans for a digital platform and its design, and how it aligns to the general approach cited in paragraph 4.4 on a licensing scheme and what it would entail.

FSB would encourage that a platform be designed independently of local authorities and follows the needs of SMEs as well as local authorities and government, in terms of ensuring it is not just about collecting revenue or ensuring compliance, but in making the system seamless for SMEs, user friendly, but also looks to wider future benefits in terms of support as well as regulation.

Again, a curtailed timeline will make introducing such a system that deals with the agenda holistically rather than piecemeal and fragmentary more difficult. However, we would encourage that the committee ask for details on the planning process for this important platform.

Other Areas for Scrutiny

As noted, the Explanatory memorandum draft paper references matching long term and short term lets expectations and notes the wider aim of the tourism agenda introduced this Senedd to include allowing for new housing, but also to ensure there is consistency of regulation among visitor accommodation providers.

It is important that how this is introduced and implemented is proportionate and is about the licensing regime and not gamed to provide a particular result. The legal and regulatory regime be treated credibly and not be used locally in a way that may create disincentives to trade. We would suggest a need for scrutiny over the course of implementation of any unintended consequences.

It is important that there is a clear rationale for the licensing and that the need for level paying field and advantages to SMEs are highlighted and emphasised.

northwalestourism twristiaethgogleddcymru

Consultation Response: Proposed Licensing Scheme for Visitor Accommodation in Wales

5th November 2025

North Wales Tourism Ltd has been proudly operating for 35 years, representing over 1,300 business members across the region of North Wales. As the collective voice of one of North Wales's most vital economic sectors, we have actively consulted with our members to gather diverse perspectives on the Welsh Government's proposed licensing and registration scheme for the visitor accommodation.

Their views, including professional tourism and hospitality operators, small-scale providers, seasonal businesses, and stakeholders, the feedback has been integrated into this report to ensure a balanced, evidence-based response.

Our members overwhelmingly recognise the potential benefits of a well-designed scheme, including improved guest safety, raised quality standards, and a more professional sector. Mandatory requirements for fire risk assessments, smoke and CO alarms, electrical and gas inspections, and public liability insurance would enhance visitor confidence and level the playing field, particularly for established businesses already complying with such standards.

A centralised public directory with verified listings and registration numbers could promote compliant providers, while training obligations and a best-practice code (covering accessibility, sustainability, and Welsh language/culture) support long-term professionalism and sustainable tourism growth.

However, significant concerns persist regarding the cumulative regulatory burden on an industry already facing unprecedented challenges. In the last 36 months, tourism businesses have navigated multiple new stipulations amid a cost-of-living crisis, with hospitality in areas like Caernarfon reporting at least 30% downturns compared to previous years.

Members describe the sector as being **"bled dry"** to fund other priorities without reinvestment, deterring investment and prompting some to consider relocating to competitor destinations such as Ireland, France, or Spain.

Additional red tape, particularly for small, family-run, or seasonal operators, risks reducing accommodation supply, especially in rural areas, and driving informal providers out of the market.

Key member feedback includes:

- Support for registration, with licensing dependent on fair, proportionate details.
- Calls for consistent application across all accommodation types (e.g., hotels, B&Bs, campsites, restaurants) to avoid uneven burdens.
- Opposition to annual licences, which are seen as impractical for seasonal sites; longer terms with tailored campsite conditions are preferred.
- Emphasis on equal scrutiny for spare-room lets and purpose-bought holiday properties, including fire safety, taxation, and environmental standards.
- Warnings against future reinterpretation of legislation and the need for robust impact assessments, given poor government data on holiday let numbers and economic contributions.
- Disappointment over the absence of minimum accessibility standards for Welsh accommodation.
- Doubts about the public directory's effectiveness, as guests rely on online reviews rather than government platforms (e.g. Visit Wales accounts for <1% of web traffic for some operators).

While a properly enforced scheme could remove non-compliant operators and increase occupancy for professional providers, the current proposals risk overreach without addressing how the industry truly operates from a consumer perspective.
We would like the Welsh Government to slow down, regulate reasonably, and engage in ongoing consultation to balance safety and growth.

North Wales Tourism remains committed to collaborative solutions that protect guests, support businesses, and sustain tourism as North Wales's success story.

Jim Jones
CEO

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Distribution Website | Gwefan Dosbarthu
www.northwalesdistribution.co.uk

STAA written evidence submission to the Senedd's Economy, Trade and Rural Affairs Committee on the Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill

Introduction

The Short Term Accommodation Association (STAA) welcomes the opportunity to submit evidence on the Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill. The STAA appreciates the work put into drafting the Bill and accompanying documents. For ease, we have organised our feedback by Bill area. In the feedback, we note the positive aspects of the Bill, particularly where the Welsh Government has sought to learn the lessons of other schemes, as well as set out our members' concerns - these cover the timeline of introduction and implementation of the Bill, the licence application process, application processing timeframes, enforcement, obligations for advertising platforms, and assumptions in the impact assessment amongst other issues.

Feedback

Introduction timeline

The STAA is concerned about the accelerated timeline of the newly introduced Development Bill compared to previous Visitor Levy and Register Act. The Levy and Register Bill was passed in the Senedd in July 2025 and is due to open in Q3/4 of 2026. With this new Bill being introduced in November, the implementation of licensing from 2026/27 (as the impact assessment implies) feels excessively early. Therefore, further clarity on the implementation timings would be helpful. We also worry that, due to the timing of the Bill falling not long before national elections, it will be rushed through stages without allowing time for proper scrutiny. Already, the turnaround for evidence on the Bill has been very short and impeded a detailed consultation of members and additional data collection.

More generally, the STAA finds it premature to introduce a licensing scheme for visitor accommodation before the registration scheme, which has already been legislated for, is implemented and data from it could be used to ensure policy development is evidenced and proportionate. The government itself acknowledges in the explanatory memorandum and impact assessment that it is currently difficult to quantify the STR sector and the impact it has on tourism and local communities due to the lack of available data. We thus call for a delay

in the introduction of a licensing requirement for visitor accommodation providers in order to allow evidence and data from the registration scheme to be utilised.

Scope of the Bill

The criterion of a maximum 31 nights used to define a "visitor accommodation contract" is well received by the industry as it provides helpful clarity over the scope of the Bill. However, the STAA questions the restriction of the scope to 'self-contained properties only'. If the aim of the scheme is to ensure visitors are in safe accommodation, it is necessary to include rooms let out as well and not just self-contained accommodation. We would also note that the definition of "self-contained" references many amenities that need to be provided to the guests on an exclusive basis. This type of definition may lead to a large number of borderline cases and could mean some operators fall outside the licensing requirement unintentionally.

Application process

A first concern over the application process raised by STAA members is the lack of clarity in the respective roles of owners and operators, i.e. which of the two would apply for and be granted a licence and take part in any required training. The Bill should provide the flexibility for operators, such as property managers, to apply for licences and undertake the training on behalf of the owner of the property but it is not clear whether this is allowed under the current proposals. A related point is the lack of guidance over how the licensing scheme would take account of the legality of operating visitor accommodation under a lease or rental agreement.

Secondly, the STAA believes that the "apply and wait" approach to granting licenses to visitor accommodation providers is neither proportionate or cost-effective - this can be observed from the implementation of the licensing scheme in Scotland. All existing hosts in Scotland were required to apply for their licence by October 2023. According to the Short Term Lets Licensing Statistics Scotland to 31 December 2024 (Table 2) 18,149 applications were made in the period from July to September 2023 and 2,049 of those applications (over 11%) were still pending determination as of the end of December 2024 (15-18 months after they were submitted). It would be far better, and would build on learnings from other jurisdictions, if the scheme was structured so that a VAP is granted an automatic licence number on submission of the application with the required documents. This could then be followed by a risk-based approach to document checks and a right to rectify any mistakes before a license is revoked - similar to the process of registering a food business.

Alternatively, the provisional licences referred to in section 27 of the Bill could be expanded to cover existing operators who have submitted their application and supporting documents prior to the implementation date of the licensing scheme to allow them to continue trading (as we saw in Scotland) whilst the scheme administrator processes those applications. Provisional licenses could also be used to provide temporary licenses for special events and occasions. By the standards of schemes in other jurisdictions, the role envisaged for provisional licenses in the draft bill is quite narrow and there is no concept of temporary licenses or temporary exemptions included, which in other areas can provide valuable additional accommodation capacity for events.

Moreover, the explanatory memorandum does not appear to set out any expectations on the assumed timeframe it will take for the administrator to process each application despite sections 20 and 21 of the draft bill requiring decisions to be made "as soon as reasonably practicable". We find this should have been included as a material consideration for both the costs and resources needed to process the projected 30,000 applications each year in the "best estimate" scenario. The anticipated timeframe is also a material consideration that should have been taken into account when considering the proportionality of the proposals to adopt an "apply and wait" application process with annual renewals and calculating the business disruption this could cause or how the administrator may meet the requirements of sections 20 and 21 of the draft Bill to grant or refuse a licence " as soon as reasonably practicable".

We note that Rent Smart Wales claims licenses take up to 8 weeks to process (source). This is despite the fact that these applications appear to be less onerous to process with no document uploads and, according to our analysis of table 4.2 in the Evaluation of Rent Smart Wales: final report, 2025, only an average of 1,496 landlord licenses has been issued per quarter from Q1 2019 to Q1 2024, which would equate to issuing an average of 5,984 landlord licenses per annum. As the explanatory memorandum assumes a "best estimate" of 30,000 short term lets that would need annual licenses, it is essential to understand how a more onerous scheme, with c. 5 times the amount of landlord licences required annually than by Rent Smart Wales, can be delivered within an appropriate response timeframe and at low cost. These concerns are exacerbated by the small size of the proposed team of just 30-35 staff members (as assumed in paragraph 8.47 of the draft explanatory memorandum, "EM") processing applications.

The STAA would thus like to inquire whether the Welsh Government has reviewed the resources required by Cardiff Council to administer the Rent Smart Scheme and the number of team members currently working within that scheme. Accordingly, information regarding the size of that team and the average time length of processing a new landlord license application should be included in the memorandum.

Application fees

The STAA is worried that assumptions about fees do not appear to be robust when compared to the Scottish licensing scheme or the Welsh Government's own lighter touch Rent Smart Scheme.

For example, in paragraph 8.31 of the explanatory memorandum it assumes an average application fee of £75 per annum per premises. However, the current online fee for Rent Smart Wales (for long term landlords) is £254, despite the fact that the Rent Smart Scheme looks to be less onerous on the administrator as it appears to be self-declaratory (see Landlord licence application form). Paragraph 7.20 of the explanatory memorandum (commenting on preferred option of operation) suggests document uploads will be included in the application process. This would obviously create more costs in terms of checking the documentation (depending at the level at which these checks take place). It would also introduce increased document storage costs, exceeding those incurred by Rent Smart Wales. Therefore, we cannot see how the assumption of a £75 application fee (just 30% of the Rent Smart Wales fee) is accurate or robust if the established and lighter touch self-declaratory Rent Smart Wales scheme currently commands a fee of £254.

The assumed application fee of £75 also seems to ignore comparable evidence readily available in Scotland and risks repeating the mistaken underestimations the Scottish Government made in their impact assessment. Paragraph 122 of the Scottish BRIA estimated indicative fees of between £214 and £436 - already significantly higher than those estimated and assumed in the Welsh Government's impact assessment. Moreover, in practice new application fees in Edinburgh are starting from £653 and reaching up to £6,000 (see Short term let licence application fees – The City of Edinburgh Council).

The assumed application fee of £75 is thus clearly much lower than either the Rent Smart Wales fee which is 3.4 times higher or the Scottish estimates (which already underestimated costs).

Impact assessment

As noted above, while we find it a noteworthy idea to draw on experience from operating Rent Smart Wales, we are concerned that lessons from the scheme have not been given full and proper consideration, especially in relation to fee assumptions and timeframes and resources required for processing applications. In particular, inaccurate estimates for application fees undermine the robustness of the impact assessment as a whole. We would be interested to hear the Welsh Government's view as to how the data is robust enough to appropriately consider this Bill's compatibility with the European Convention on Human Rights ("ECHR"), particularly Article 1 Protocol 1, and whether that advice considers the compatibility if the actual application fees exceed those assumed in the impact assessment.

In addition to this, we find that the estimates on Public Liability costs in (para 8.34 EM) as £200-£300 per year are very light. While we tend to agree that public liability should be required, this lack of understanding of the true costs of these policies add further doubts to the robustness of the research in the impact assessment and provide further evidence it is being rushed.

More broadly, we are concerned by a tendency to present assumptions and anecdotal evidence about the impact of STRs on housing availability as fact in the Explanatory Memorandum. Examples include references used to substantiate claims which do not point to a causal relationship, the argument that long-term landlords are moving into the short-term sector due to the perception that it is 'easy', or the claim that STRs are not meeting regulatory standards.

Indeed, we would respectfully suggest that if the impact assessment for the draft bill considerably underestimates both the cost of licenses and the amount of time licenses will take to be considered, then members of the Senedd are being asked to make a decision without the appropriate evidence, and the draft bill should be rejected. We would note that without the registration scheme up and running, there is also no authoritative figure for the number of STRs in Wales, so any calculations on impact are based on flawed data. The alternative, of waiting until we have the data from the registration scheme to develop the licensing policy (if indeed one is needed) is open to the Government.

Licence renewal

We appreciate the approach to a streamlined annual renewal process (para 7.22 EM)

provided that it is (i) low cost and (ii) light touch. However, we retain a number of concerns and questions on the license renewal process.

Given the apply and wait approach is being proposed to licensing, we do not think it is realistic or fair on businesses to ask them to reapply for a license every year, as this would greatly increase the cost of compliance for VAPs (especially in light of our expectation that application fees will be higher than current estimates). It is also unlikely there will be substantial changes in the conditions of a property within this period. Short Term Rentals generally take bookings up to two years in advance and an annual renewal process, potentially taking some weeks/months to complete, would cause a lot of uncertainty for business owners and travellers, which would be repeated every year.

The Bill makes provision for licenses to be granted for periods longer than one year but does not provide any further detail. One option would be to have licenses last for a period of 3-5 years. An issue is that longer licenses will produce skewed data which local authorities would not be able to use in making other policy decisions (for instance, data would not account for VAPs which ceased operations). Another proposal would be to make the renewal process automatic after the initial application process, with licenses automatically granted (unless previously revoked) at a lower fee and a risk-based approach to checking .

Whilst we note paragraph 10.11 of the draft explanatory memorandum confirms the Welsh Government are satisfied the Bill's provisions are compatible with Article 1 Protocol 1 of the ECHR., we would appreciate further clarification on how that conclusion has been reached if an operator does not have certainty they will be automatically granted a renewal provided they are not in breach of the conditions. Renewal is a paramount concern in a sector where bookings can be taken up to 2 years in advance. Whilst the explanatory memorandum refers to a "streamlined" renewal process (para 7.22), if an annual re-application approach is pursued, the Bill should be amended to make it clear a license will be automatically renewed each year for VAPs following a renewal application unless the licence itself has been validly and lawfully revoked. Businesses need certainty that the Bill will not disproportionately interfere with the peaceful enjoyment of their property.

Marketing and advertising

We observed a lack of detail on the proposed operation of section 47 (offences relating to advertising and marketing of premises) for platforms, agents and property managers and how easy it will be for them to verify registration numbers. As platforms and agents clearly

cannot be expected to check a register manually for each listing, further clarification on this is required as well as a full assessment of the costs they would incur. We also understand that this section carries a duty to ensure that registration numbers are displayed in respect of all types of VAP, even if they are not within scope of the licensing scheme. This seems like potentially an unintended consequence of the wording, as given the licensing scheme only covers STRs, there is little value to consumers in knowing the registration number of a hotel.

Moreover, the explanatory memorandum notes that listings must include "advice on how to access information regarding the premises on the visitor accommodation directory". We would welcome further clarification on what this would mean in practice for booking sites as well as on details such as wording, phrasing, positioning, and location (e.g. loading pages), bearing in mind such an inclusion would require product changes to global platforms. We would also question whether this disclaimer is really necessary, given that a registration number would be clearly displayed (and therefore indicate that a registration scheme is in place, which a traveller could then look up if they are concerned or interested).

Administration and enforcement

The STAA welcomes the choice to have a national administrator of the licensing scheme as it will avoid the inefficiencies of a fragmentalised approach.

We also welcome the balanced approach to non-compliance, in particular the reference in paragraph 10.36 of the draft explanatory memorandum to a "stepped" escalatory approach, with a commitment to educate first and provide opportunities to remedy the situation before further action.

Members have also noted the need for further clarification around information notices issued to OTAs pursuant to a licence determination and related penalties. This sounds like a Section 33 offence (failure to comply with an information notice), but clarification would be helpful as the other offences (except for Section 47) seem intended for individual VAPs rather than platforms.

Code of practice

We would welcome further information on how the code of practice will work and what might be in it. A suggestion is that this could be built in as a check box on the license application.

Training requirements

We feel that required training is ultimately unnecessary. The majority of VAPs have been working in the sector for a long time and already comply fully with the licensing conditions as they are existing legal requirements. Therefore, we fail to see the value of mandatory training which VAPs will have to pay for (around £25 for half a day), further adding to their costs. Guidance or simply publishing and promoting a clear Code of Practice should be sufficient and by working with the STR sector this can achieve the aim of raising standards (if that is indeed the aim of the training requirement).

Conclusion

We hope the Committee will consider the issues set out above. Ultimately, we believe the draft bill needs significant refinement for it to be supported by the sector. The STAA remains grateful for the opportunity to provide evidence and willing to continue to engage throughout bill passage. Our experience working closely with the Governments of Scotland and England on similar topics of licensing and registration has provided us with valuable insights which are always happy to share. The STAA has enjoyed a constructive and collaborative relationship with policy stakeholders in Wales and we are keen to ensure it is maintained.

Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill

Written Evidence for the Economy, Trade and Rural Affairs Committee

British Holiday & Home Parks Association

Response from the British Holiday & Home Parks Association

The British Holiday & Home Parks Association ("BH&HPA") is the UK national trade body representing owners and managers of caravan holiday, residential and chalet parks and campsites for tents. This consultation response uses the collective term "park businesses" for our members, whatever form(s) of accommodation they provide. As of October 2025, there are 468 holiday and touring park businesses within BH&HPA membership in Wales providing 59,717 pitches. The holiday parks sector has a long history of offering careers for those seeking to work in the great outdoors and is often the key employer in many coastal and rural communities.

Findings from the UKCCA Economic Benefit Report for Holiday Parks and Campsites in Wales (*https://www.ukcca.org.uk/media/yhhh1nfk/ukcca-wales-report-2024.pdf*) published in February 2024 demonstrated that visitor expenditure generated by holiday parks and campsites in Wales amounts to £1.66bn, which is equivalent to £945.9m GVA and supports 30,726 FTE (full-time equivalent) jobs. Visitors to Welsh holiday parks and campsites stayed 107% longer and spent 14% more than the Welsh tourism averages. Welsh holiday parks and campsites offer a wide range of accommodation options to visitors, which allows it to serve a diverse range of customers' tastes and budgets. These include touring pitches for caravans, campervans, motorhomes and tents; owner-occupied holiday caravans and lodges; and rented holiday caravans and lodges, apartments, chalets, wigwams, pods and yurts.

Holiday park and campsite operators support their local communities through:

- expenditure – 31% from the total survey sample cumulatively spent £13.4m per year in capital expenditure, operating expenditure, wages and salaries
- local community engagement – including hosting community events, promoting local business and causes, and fundraising for charities
- environmental activities – including support for recycling and biodiversity, water and energy conservation initiatives, renewable energy adoption and participation in the Green Tourism award scheme
- health and wellbeing – including providing cycle paths, promotion of wider community health and fitness sessions and healthy food options provided on-parks

General principles

1. BH&HPA welcomes the Bill's focus on unregulated short-term visitor accommodation and that licensed holiday, and touring parks are not directly in scope of the new licensing framework.

2. This distinction helps close the existing policy gap by targeting areas where oversight is limited, such as the short-term lets sector. It recognises that licensed parks already provide the level of safety, oversight and visitor assurance that the new regime seeks to deliver and are already subject to strict regulation in doing so.

3. The Bill excludes premises already subject to existing campsite or caravan site licensing regimes under section 269 of the Public Health Act 1936 and Part 1 of the Caravan Sites and Control of Development Act 1960 from the definition of ‘regulated visitor accommodation’, for the purpose of the licensing regime.

4. This approach is welcomed by the Association as it avoids duplication of existing requirements that govern safety, spacing, and inspection from local authorities, for licensed holiday park businesses.

5. This approach reflects BH&HPA’s long-standing position in previous Welsh Government consultations that regulatory effort should be directed at unregulated or temporary accommodation providers, not at well-regulated park businesses. Duplication would be disproportionate for small and medium enterprises and add bureaucracy for authorities without added safety benefit.

6. This approach aligns with the position taken in Scotland, where licensed caravan and camping sites are expressly excluded from the national short-term let licensing scheme introduced in 2022, recognising the sufficiency of existing regulatory controls.”

   “If you provide licensed caravans [41], you are not providing short-term lets.”

   (Source: Scottish Government, “Short-term lets: licensing guidance part 1 – guidance for hosts and operators”, Annex A)

7. Paragraph 3.18 of the Bill’s explanatory memorandum highlights the issues with high concentrations of holiday lets within some Welsh communities, mainly that traditional housing stock decreases alongside issues with parking. Licensed holiday park businesses help preserve traditional housing stock by offering dedicated tourism accommodation, often on the periphery of tourism hotspot towns, serving Welsh communities with visitor spend rather than depriving them of housing stock and on-street parking.

8. Additionally, paragraph 3.20 notes that while self-catering properties make up around 73% of accommodation establishments (Wales bed stock data 2022), they account for far fewer total bedspaces than licensed caravan and camping sites or hotels. This distinction is important as park businesses already operate within established licensing and inspection regimes, are easily identifiable to local authorities, representing some of Wales’s largest and most compliant accommodation providers. The Bill rightly focuses on unregulated, harder-to-track self-catering lets.

9. Therefore, it is logical that licensed park businesses are not included within the definition of ‘regulated tourism accommodation’ as they neither require further regulation nor are the intended recipient of the Bill’s purpose and the issues it aims to address.

10. The Bill includes a power to extend the definition of regulated visitor accommodation to allow other types of accommodation to be brought into the scheme in future. Expanding the framework to licensed caravan and camping sites would be beyond its intended purpose of improving oversight of unregulated short-term lets and would introduce uncertainty and hinder business growth in parts of the sector that already operate responsibly under strict regulation.

11. Extending regulation where no clear policy gap exists risks creating new administrative burdens for both operators and local authorities, diverting resources from the scheme's core objectives. The current local authority licensing and inspection regime already provides effective, place-based oversight, and should remain the mechanism for ensuring standards in licensed park accommodation.

The Bill's implementation

12. Given that the licensing system will operate via the same online platform as the registration and levy scheme, it is essential that the digital framework clearly distinguishes between regulated and exempt accommodation to avoid licensed parks being prompted to register or apply unnecessarily

13. Clear and accessible guidance will be essential to ensure consistent application of exemptions across Wales. The Welsh Government should set out, in advance of implementation, how local authority officers, booking platforms and accommodation providers can quickly confirm when a visitor accommodation provider is exempt from the licensing regime. One recommendation should be to check the local authority's public register of licensed caravan and tented campsites, which is often readily available online. This would reduce the risk of inconsistent interpretation between local authorities and prevent unnecessary compliance requests being directed at licensed parks that already meet established safety and inspection standards.

14. While booking platforms are not a core target of the legislation, the memorandum implies they'll have a compliance role. Without clear Government direction, exempt accommodation providers could face requests for documentation that doesn't apply to them, adding unnecessary correspondence and risk of delisting.

15. In addition, the operation of a shared digital platform between the registration, levy and licensing schemes must not result in chargeable processes for exempt businesses. System access, data handling or verification costs should not apply to operators who fall outside the scope of regulation. Ensuring that exempt businesses are not drawn into administrative or financial processes intended for regulated accommodation will help maintain confidence in the proportionality of the scheme.

Reserve powers and future certainty

16. The Bill provides Welsh Ministers with powers that would allow them, in future, to amend or replace existing licensing regimes, including section 40 on special provision for campsites and caravan sites, and section 57 which enables consequential amendments to other enactments such as the Caravan Sites and Control of Development Act 1960. BH&HPA is opposed to the inclusion of these powers. They are unnecessary given the Bill's stated purpose and the proposed exclusion from scope of licensed caravan and camping sites. They also risk creating additional administrative complexity for businesses and local authorities.

17. Licensed parks already operate within a long-standing framework that ensures high safety and compliance standards through regular inspection and engagement with local authorities. Introducing the possibility of additional regulation where no clear policy gap exists would add bureaucracy for responsible operators without delivering any improvement in safety, oversight or visitor assurance.

18. Local authorities would also be drawn into administering overlapping regimes, continuing to handle planning, site licensing and enforcement responsibilities while adapting to a new national framework that adds limited benefit for established, compliant tourism businesses. This would consume resource that is already stretched, reducing local authority capacity and subsequently their responsiveness to local businesses.

19. Removing this provision would enable the Bill's emphasis on proportionality to remain focused on genuinely unregulated accommodation, minimising burdens on local government and ensuring that implementation supports Wales's established tourism base rather than constraining it.

20. If Welsh Ministers were to retain such powers, which BH&HPA argues is unnecessary given the general principles of the Bill to capture unregulated visitor accommodation, then Welsh Government should be required to consult with all stakeholders prior to amending any licence issued by a local authority, as this could risk significant disruption for impacted businesses.

Conclusion

21. The Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill represents a proportionate and well-structured approach to improving oversight of visitor accommodation. BH&HPA welcomes the Welsh Government's recognition that licensed caravan and camping sites already operate under an established statutory framework and should not face duplicative regulation.

22. The Association encourages Ministers and the Committee to maintain the Bill's current exclusion for licensed sites and to provide assurance that any future exercise of ministerial powers will be preceded by full stakeholder consultation. This will maintain confidence in the regulatory stability of the Welsh holiday park sector while supporting the shared objective of a well-regulated and sustainable visitor economy.

We welcome the opportunity to work with the Economy, Trade and Rural Affairs Committee to scrutinise the legislation. Please contact us if we can provide additional information. We would be pleased to arrange a visit to a holiday park or facilitate a stakeholder forum with BH&HPA members, if this would be useful to ministers and their advisers.

TATA STEEL

TATA

Rajesh Nair
Chief Executive Officer
Tata Steel UK Ltd
Port Talbot
SA13 2NG

Andrew RT Davies MS
Senedd Economy, Trade & Rural Affairs Committee
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1NA

31 October 2025

Dear Andrew RT Davies,

Thank you for the opportunity to give evidence to the Economy, Trade and Rural Affairs Committee on 9 October.

I hope the session provided a useful insight into the progress that Tata Steel UK has made on our EAF project to date, the ongoing market and policy challenges we continue to face, and our asks of policymakers to create a sustainable and competitive operating environment for UK steel producers.

As discussed during the Committee session, earlier this month the European commission set out plans to cut the amount of steel that can be imported into the EU by half - beyond which new 50% tariffs will apply.

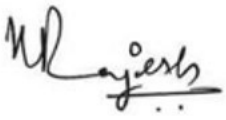
The UK and the EU are the most important export destinations for each other, with a high degree of mutual reliance and supply chain integration. EU exports of flat steel products and tubes to the UK amounted to circa 1.6mt in 2024, while UK exports were circa 1mt.

Around one third of Tata Steel UK's output is currently sold to customers in the EU. These exports would be directly impacted by the new restrictions, and it would be extremely difficult to find alternative markets.

The UK Government must make every effort to secure early concessions on the quotas for the UK and must move forward with industry proposals to tighten our own steel quotas well ahead of the expiration of the steel safeguards next Summer. Unless the UK strengthens its own trade defence measures, we risk being doubly exposed from restricted access to our key export market and surging imports from trade diversion into the UK market.

As requested by the Committee, please find further information and data regarding EU exports into the UK below. This is specific to flat steel products, produced by Tata Steel UK.

Yours sincerely,



Rajesh Nair, Chief Executive Officer, Tata Steel UK
Port Talbot Works, Port Talbot SA13 2NG
Email: rajesh.nair@tatasteeleurope.com

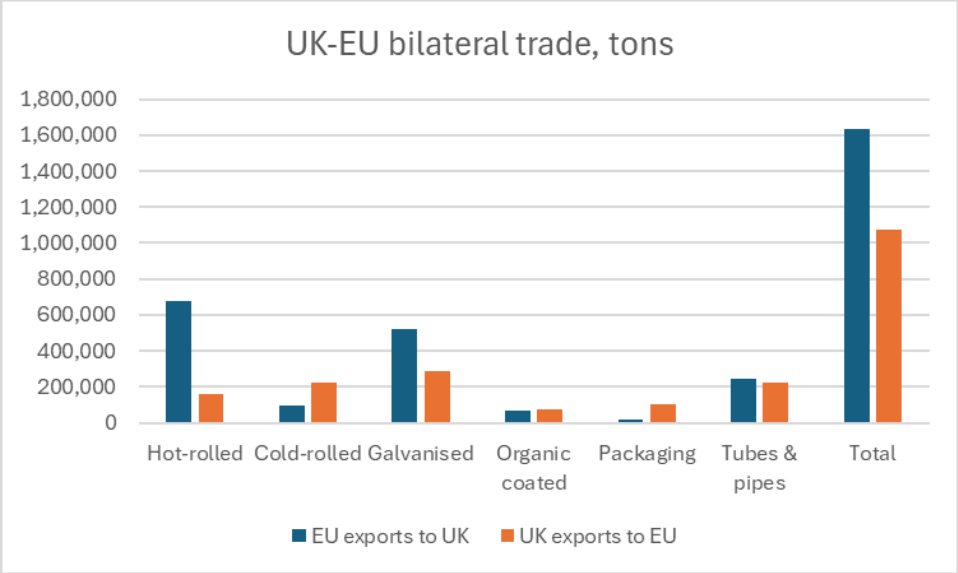
Table 1: EU exports to UK 2024: Flat steel and tubular products

Product Category	Volume
Strip Mill Products	1,387,833
Tubes and Pipes	**245,665**
Total	**1,633,498**

Table 2: UK exports to EU 2024: Flat steel and tubular products

Product Category	Volume
Strip Mill Products	855,566
Tubes and Pipes	232,641
Total	**1,088,207**

Graph 1: UK-EU flat steel trade flow, 2024



TATA STEEL

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Andrew RT Davies MS
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31 October 2025

Dear Andrew RT Davies,

Thank you for your letter dated 24 October.

I have addressed the questions raised below. Please do let me know if the Committee requires further information.

Operational Pauses

You will be aware, following the Committee evidence session on 9 October, that Tata Steel UK continues to operate in a very difficult market environment, with weak demand, volatile trading conditions and high energy costs putting sustained pressure on our operations.

This has been exacerbated by the recent announcement that the European Commission will cut steel quotas by 50% and introduce tariffs of 50% on products outside of those quotas.

We are urging the UK Government to move quickly to develop and communicate its own quota proposal, as proposed by UK Steel, to ensure fair competition and market stability. Negotiations can continue with the EU whilst the UK communicates its own proposal and sends a clear signal to the market.

In light of these challenges and continuing low market demand, we will be extending the planned Christmas production pauses at Trostre, Port Talbot Hot Rolled Products and Llanwern Pickle Line. During this period, employees will be considered for suitable alternative duties, utilise annual leave, time off in lieu or accrue pay-back hours and then, if these options are exhausted, the provisions of the existing Guaranteed Working Week (GWW) agreement. The GWW is a long-standing agreement that provides for employees to remain at home, rather than attend work, on 65% of their full normal pay. We are discussing these arrangements with Trade Union representatives and directly with affected employees so they fully understand the options available to them to mitigate any impact of the pauses. We are also working closely with suppliers and customers to make the necessary arrangements to ensure minimal impact during these periods.

Future Investments

Tata Steel UK continues to make positive progress with the £1.25 billion EAF project at Port Talbot. In the summer we commenced formal construction of the EAF Meltshop project and more recently have begun formal construction on the

£200 million Pickle Line. National Grid have also mobilised on-site to begin initial work on the new grid connection as of 6 October.

Tata Steel has been clear that with the appropriate policy environment and sound and investible business cases it is open to further investment in the UK. Our focus on EAF technology is not the end of our decarbonisation transformation. However, further investment requires a supportive policy framework, substantive government financial support and the supporting infrastructure must be ready well before any investment decision is made. Despite extensive cost saving initiatives across our operations, Tata Steel UK has continued to make a significant financial loss since the start of the financial year, and we are therefore not able to consider further investments at this point.

Local Contractor / Tata Steel UK Utilisation in EAF Project
Tata Steel UK remain committed to maximising local contractors and suppliers in the project. At the peak of construction there will be around 1200 individual contractors on site – almost exclusively from the local area. Partners to date include:

- Andrew Scott
- Darlow Lloyd & Sons
- JES
- King Site Services
- Mii
- Scott
- Skelton Thomas
- Systems Group
- Wernick Buildings

As we increase work on-site over the coming months, put in place additional systems and move people into the new Wernick Building's welfare campus we will be better placed to provide additional insights.

It should be noted that this development is a large, technical infrastructure project – and certain elements of the design and build can only be undertaken by specialist companies. This is no different to under the previous heavy-end operations where certain skillsets were not available locally.

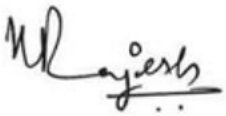
Almost 600 employees initially at risk of compulsory redundancy have been offered alternative TSUK opportunities. This includes 219 cross-matched into roles; and 267 direct appointments into vacant roles. Many of these roles will be on the project itself.

Furlough Scheme
The furlough scheme, announced as part of the restructuring of Tata Steel UK in January 2024, was put in place to support the retention of skills required for the strategic investment in EAF steelmaking, scheduled to come online by the end of 2027.

Tata Steel UK had initially earmarked potential roles that would not be required in the short-term but may need to be retained longer-term. We therefore agreed furlough terms to be available for up to 100 impacted employees with relevant skills to meet those requirements. The details of the scheme were widely briefed and discussed with impacted employees. We have seen individuals appointed to other roles within the business or exit the business through natural attrition, and ultimately, following all the discussions with employees a smaller number of impacted employees – 38 in total – chose to enrol on the furlough scheme.

I trust my comments above address the points raised.

Yours sincerely,



Rebecca Evans AS/MS
Cabinet Secretary for Economy, Energy and Planning
Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio

Llywodraeth Cymru
Welsh Government

Mike Hedges MS
Chair
Legislation, Justice and Constitution Committee

SeneddLJC@senedd.wales

31 October 2025

Dear Mike,

I am writing in accordance with the inter-institutional relations agreement and further to my letter of 25 June to draw your attention to the **communiqué** which was published by DCMS on 17 October, following the Tourism Inter-Ministerial Group which met on 22 July 2025.

The meeting was chaired by the Minister for Creative Industries, Arts and Tourism, Chris Bryant MP, and I represented the Welsh Government.

The agenda enabled discussions on the current state of the tourism sector in their respective jurisdictions. As part of these discussions, I was pleased to be able to highlight the success of:

- the use of the Welsh language in the Hwyl marketing campaign to attract visitors to Wales;
- Visit Wales' weatherproofing fund for visitor attractions;
- the Welcome to Wrexham documentary which has been a significant benefit to Welsh tourism; and
- our focus on promoting business conferences.

I highlighted the introduction in Wales of the bill which gives local authorities the power to raise a visitor levy (which has since been passed into law). I also discussed challenges impacting the tourism sector, including a drop in domestic visitors due to the cost of living, rising National Insurance costs and high energy bills.

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Rebecca Evans AS/MS
Cabinet Secretary for Economy, Energy and Planning
Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio

Llywodraeth Cymru
Welsh Government

I have copied this letter to the Chairs of the Finance Committee; Economy, Trade and Rural Affairs Committee, and the Culture Communications, Welsh Language, Sport, and International Relations Committee.

Yours sincerely,

Rebecca Evans AS/MS
Cabinet Secretary for Economy, Energy and Planning
Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio

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Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs

Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: HID-PO-551-25

Mike Hedges MS
Chair - Legislation, Justice and Constitution Committee

5 November 2025

Dear Mike,

I am writing in accordance with the inter-institutional relations agreement to let you know that the Inter-Ministerial Group for Environment, Food and Rural Affairs will be held on 24 November. I will be representing the Welsh Government and chairing the meeting.

The meeting is expected to focus on water quality, the EU-UK Common Understanding Agreement, Fishing and Coastal Growth Fund, and CO_2 supplies. After the meeting I will update you on discussions and a communique will be issued.

I have also copied this letter to the Climate Change, Environment and Infrastructure Committee and the Economy, Trade and Rural Affairs Committee.

Yours sincerely,

Huw Irranca-Davies AS/MS
Y Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet dros Newid Hinsawdd a Materion Gwledig
Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs

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Pwyllgor yr Economi, Masnach a Materion Gwledig
—
Economy, Trade, and Rural Affairs Committee

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Ken Skates MS
Cabinet Secretary for Transport and North Wales

3 November 2025

Dear Ken,

Freight and Logistics Strategy

During our inquiry earlier this year on the Holyhead Port storm damage and closure, the Committee recommended that the Welsh Government should bring forward both the Maritime and Ports Strategy and Freight and Logistics Strategy as a matter of urgency once the Taskforce has completed its work. In response, the Welsh Government confirmed that it would expedite work on the Freight and Logistics Strategy and that this work would take place alongside the work of the Taskforce.[1] Separately, you confirmed that the Strategy would be published before next May.[2]

Given that the initial commitment to publish both of these strategies in 2024, as set out in the National Transport Delivery Plan 2022-27, was not met, I would like to seek an update on the progress of this work. Could you set out what work has taken place to date and, in addition, confirm that the Welsh Government is still on target to publish both documents before next May?

I look forward to receiving your response.

Yours sincerely,

[1] Welsh Government response to ETRA Committee report, Holyhead Port storm damage and closure: initial findings, 14 May 2025

[2] Plenary, 2 July 2025, RoP, paragraph 282

Andrew RT Davies MS

Chair: Economy, Trade and Rural Affairs Committee

We welcome correspondence in Welsh or English

Rebecca Evans AS/MS
Cabinet Secretary for Economy, Energy and Planning
Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio

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SeneddEconomy@senedd.wales

4 November 2025

Dear Andrew,

I write to assure the Economy, Trade and Rural Affairs Committee that I share the same concerns it has raised on the future of the Welsh and wider UK steel industry.

The Welsh steel industry is one of our most economically important and strategic sectors, that supports not only the economy of Wales, but the whole UK economy.

As our closest and strongest trading partner, the proposal by the EU to both raise tariffs and reduce Tariff Rate Quotas (TRQs) available on the trade in steel will have a significant impact for our steel producers, as well as the wider economy. This announcement comes further to other challenges already felt by the sector, such as the steel tariffs imposed by the United States, the continued global overcapacity of steel, and the transition to net zero.

Please be assured that I have used all available opportunities to press the UK Government to announce measures to replace the UK Steel Safeguards that are expiring in June 2026. The EU proposal has further increased the critical importance of having strong trade defences in place to protect our domestic steel industry once the UK Steel Safeguards comes to an end. These replacement measures must be available and ready to come into force at the same time or before the EU measures to provide clarity, added protection, and remove the risk of dumping of cheap steel diverted from the EU into the UK.

During the UK Government's consultation on the future of steel trade remedies, I wrote to the then Minister of State for Trade Policy and Economic Security on 22 July, to stress the importance of new domestic measures to protect our steel industry from surges of foreign imports.

More recently, I met with the Minister for the Cabinet Office and European Union Relations on 23 October 2025 to discuss specifically the issue of the EU steel measures. I stressed that we want to see a preservation of existing trading arrangements with the EU on steel or,

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failing that, UK country specific quotas that provide both protection and room for growth for our steel producers. I also restated our position of wanting to see an immediate announcement to be made on replacement UK steel measures.

Unfortunately, I will be unable to provide any updates on live negotiations to the Committee beyond general headlines, since these are active negotiations. However, I will provide an update to the Committee on the outcomes and any significant milestones once I am able to do so.

Yours sincerely,

Rebecca Evans AS/MS
Cabinet Secretary for Economy, Energy and Planning
Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio

Pwyllgor yr Economi, Masnach a Materion Gwledig
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Economy, Trade, and Rural Affairs Committee

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Steven Bletsoe
Operations Manager, Wales
National Residential Landlords Association

4 November 2025

Dear Steven,

Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill

As you may be aware, the Welsh Government has introduced the Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill ("the Bill") to the Senedd on 3 November 2025. The Bill has been referred to the Economy, Trade and Rural Affairs Committee for Stage 1 scrutiny of its general principles.

The Bill's accompanying Explanatory Memorandum ("EM") suggests that the Bill's aim of better aligning the regulation of self-catering visitor accommodation with the regulation of the private rented sector will "help to address concerns that for some property owners it may seem easier to operate as a short-term let than as a long-term tenancy, which can lead to the erosion of long-term residential housing stock in some communities."

I would welcome your views on this particular aspect of what the Bill, if passed, might achieve. In addition, I would welcome your views on the following:

- the ease of operating short term accommodation versus long term tenancies and whether you are aware of how many landlords may be currently switching; and
- whether the Welsh Government's policy and legislative interventions in the past few years (changes to self-catering NDR, as referenced at paragraph 3.42 of the EM, new planning use classes, as referenced at paragraph 3.41 of the EM, and council tax premiums on

second homes) have had any impact on the likelihood of landlords switching from the private rented sector to short-term lets.

Further details of the Committee's scrutiny of the Bill are available on our website. You would be welcome to comment any other aspect of the legislation that you may feel relevant to our scrutiny.

Due to the short timeframe for Stage 1 scrutiny, I would be grateful if you could provide a response to these points by Friday 14 November if possible.

Yours sincerely,

Andrew RT Davies MS
Chair: Economy, Trade and Rural Affairs Committee

We welcome correspondence in Welsh or English

championing a responsible rental sector

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04 November 2025

Andrew RT Davies MS
Economy, Trade and Rural Affairs Committee Chair
Welsh Parliament
Cardiff Bay
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Sent by email: SeneddEconomy@senedd.wales

Dear Andrew,

Re: Invitation to provide evidence on the Draft Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill

Thank you for inviting the National Residential Landlords Association (NRLA) to provide written evidence to the Committee on the above draft Bill.

While we appreciate the opportunity to contribute, the short window provided for consultation is, regrettably, insufficient for us to meaningfully canvass our membership and prepare a robust, evidence-based submission.

Our members' experiences and data are central to providing accurate insights, and such a short timeframe would not allow us to gather or analyse this information to the standard required for scrutiny by the Senedd. For this reason, we must respectfully decline the invitation to submit evidence on this occasion.

That said, we welcome the Welsh Government's intention to level the playing field between the short-term let market and the private rented sector. We support the introduction of minimum safety and quality standards for visitor accommodation, which we believe will help ensure consistency and confidence across short- and long-term rented housing.

We also note that the impact of the Bill is likely to be most profound in areas where significant investment in short-term lets has reduced the availability of long-term rented homes. Addressing this imbalance is an important step toward improving affordability and access for local residents.

According to Rent Smart Wales data, more than 6,000 registered private rented homes have been lost outside of Cardiff and Swansea since the registration peak in June 2021. This trend underlines the need for a stable and proportionate regulatory environment that encourages investment in long-term housing and mitigates the further loss of much-needed private rented homes.

We would be pleased to engage further with the Committee as the Bill progresses, particularly to share landlord perspectives on how best to ensure regulation achieves its intended balance between tourism, housing supply, and safety. However, I hope you understand our reasons for declining to provide more detailed feedback at this stage.

Yours sincerely,

championing a responsible rental sector

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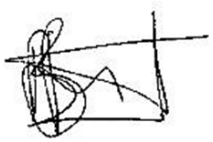

Ben Beadle
Chief Executive

Huw Irranca-Davies AS/MS
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Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs

Llywodraeth Cymru
Welsh Government

Our ref MA/HIDCC/2695/25

Andrew RT Davies MS
Chair Economy, Trade and Rural Affairs Committee
Senedd Cymru
Cardiff Bay
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4 November 2025

Dear Andrew,

Today, I have laid three statutory instruments in the Senedd which relate to agricultural support. They are:

1. The Agriculture Support Schemes (Eligibility, Enforcement and Appeals) (Wales) Regulations 2025

2. The Basic Payment Scheme Tapering, Amendments and Closure (Wales) Regulations 2025

3. The Agricultural Subsidies and Grants Schemes (Appeals) (Amendment) (Wales) Regulations 2025

I want to offer the Economy, Trade and Rural Affairs Committee the opportunity to consider these Regulations, as they relate to Rural Affairs.

To assist in the understanding of The Agriculture Support Schemes (Eligibility, Enforcement and Appeals) (Wales) Regulations 2025, attached is a technical briefing.

A copy of this letter and technical briefing is also being provided to the Legislation, Justice and Constitution Committee.

Yours sincerely,

Huw Irranca-Davies AS/MS
Y Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet dros Newid Hinsawdd a Materion Gwledig
Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs

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The Agriculture Support Schemes (Eligibility, Enforcement and Appeals) (Wales) Regulations 2025

Technical Briefing

The purpose of this technical briefing is to provide further information on the application of the Regulations under a support scheme, through the Scheme guidance information. The scheme guidance utilised in this briefing refers to the Sustainable Farming Scheme Universal Layer as the example throughout.

This document should be read in conjunction with the Regulations, Explanatory Memorandum of the above Regulation and also the SFS Scheme Description.

The Regulations are enabling regulations to assist in the operational and administrative controls required for effective support scheme delivery. Alongside the Regulations, Scheme Guidance will set out the requirements of each scheme and provide a clear set of instructions on what is required to be undertaken from both the applicant / agreement holder and the Welsh Government. The Scheme Guidance will set out the operational procedures to effectively manage and deliver the support scheme in question, including information relating to the Regulatory baseline requirements against a support scheme (where this is applicable), and the eligibility criteria applicable to the specified support scheme.

It will also include information on guidance on the processes for application, verification, declaration, eligibility, payment rates, inspections, what constitutes a breach of the conditions of support and any subsequent penalties to be applied against an agreement holder, as well as what can / cannot be appealed, together with all other supporting and/or guidance documents which outline the relevant processes for applicants.

Whilst draft SFS universal scheme guidance has been provided, this is not complete or final scheme guidance and is subject to change until formally published prior to the launch of the SFS in January.

Whilst the Regulations enable for applications to be checked against eligibility criteria for that scheme, it does not define the eligibility criteria. The Regulations further enable for additional information from the applicant, and to notify an applicant where an application is incomplete or contains an obvious error. This provides an opportunity for an application to be corrected by the applicant.

Scheme guidance will capture this functionality, for example, scheme guidance for the SFS universal will cover, almost in a step-by-step approach the following:

Who is Eligible

The Universal Scheme runs from 1 January to 31 December. Land you claim must remain eligible for the entire scheme year. You are responsible for meeting the SFS Regulatory Baseline, Universal Code and applicable Universal Actions for the entire scheme year and for making arrangements for the land to be accessible to RPW inspectors throughout the year. Failure to meet either of these commitments may lead to penalties being applied to your claim, or exclusion from the scheme.

A Holding means all the units used for agricultural or ancillary activities, managed by an applicant to the Universal Scheme and situated within Wales.

To be eligible to apply and claim for the Universal Scheme you will need to demonstrate the following criteria:

- have at least 3 hectares of eligible agricultural land in Wales, registered with Rural Payments Wales (RPW), **or** be able to demonstrate you undertake over 550 standard labour hours on agricultural or ancillary activities in the scheme year.

- have management control of the land for at least 10 months of the calendar year, which must include 15 May 2026.

- undertake agricultural or ancillary activities

Agricultural or ancillary activities are defined in the Agriculture (Wales) Act.

Agricultural activities includes;
- Keeping and breeding livestock. Using land for horticulture, farming arable crops and dairy farming.
- Using land as grazing land and as farm woodland or for agroforestry. Includes controlled environment agriculture, growing plants for sale or for sale of part of the plant such as producing seeds.
- Maintaining land in a state that makes it suitable for the activities above.

Ancillary activities includes;
- Taking action, on land used for agriculture to create and manage habitat, or for other purposes related to nature conservation, to mitigate and adapt to climate change, or to maintain and enhance the resilience of ecosystems.
- Selling, marketing, preparing, packaging, processing or distributing products deriving from agriculture.

We will check via the Single Application Form (SAF) whether you meet the eligibility criteria. If we are unable to verify via the SAF you may have to submit supporting documentation to confirm your eligibility.

Supporting documentation will be required to confirm the 550 standard labour hours.

The evidence provided must clearly demonstrate you meet the criteria and must be submitted by 15 January 2027.

No payment (including an advance payment) will be paid until we have confirmed your eligibility. If evidence is required but not submitted by 15 January 2027 your claim will be rejected.

Land Eligibility

The Universal Scheme is a 'Whole Farm' scheme. You must declare all available Welsh agricultural land on the SAF, where you have management control for 10 months of the calendar year, including all landscape features, man-made features and any other features not eligible for payment.

Management Control

You will have management control if you are;

- the owner occupier of the land
- a tenant who has 'exclusive occupation' under either the Agricultural Tenancies Act 1995 with a Farm Business Tenancy, or a full Agricultural Holdings Act 1986 tenancy
- a tenant with an unwritten tenancy arrangement with the same level of control as the above.
- you have allowed a licensee on to your land under a license arrangement that is specifically for grazing, cropping or taking hay/silage over a specified and limited period of time within the year, but you have retained Management Control of the land

You do not need to have management control of the land for a continuous 10-month period. For example, if you have a tenancy agreement on land which runs from 1 September to 30 June annually. The land is eligible as you have management control from 1 January to 30 June and again from 1 September to 31 December.

You must be able to demonstrate you have legal occupation of the land claimed. For example in the case of land you do not own, make sure you have a tenancy from the landlord enabling you to farm the land as you see fit and take responsibility for meeting all the scheme requirements.

If you use the land under the terms of a grazing licence, or similar agreement, that is specifically for grazing, cropping or taking hay/silage over a specified and limited period of time within the year, you are not considered to have management control, and the land will not be eligible.

It is the actions on the ground that dictate the arrangement. If you are doing all the farming and maintenance of the land as well as grazing or taking hay/silage over an undefined or continuing period of time, it is likely that, regardless of how it is described by the parties involved, in legal terms there is a tenancy in place.

Landowners should be cautious to clearly define the specific period and permitted activities of the arrangement to avoid confusion over who actually has management control. As a claimant you should also ensure you are able to provide evidence of your

activity on the land in question (e.g. animal movement records, invoices for hedge cutting, fencing or silage contractors).

The guidance further includes and defines ineligible land.

Ineligible Land

The following land is ineligible:

- Land located outside Wales.
- Land parcels where you do not have full management control
- Where you have management control for less than 10-months of the calendar year.
- Land parcels less than 0.1ha
- Ineligible features and Non-agricultural land

Further details are set out in the sections below.

Ineligible land:

- Will not be included in your Whole Farm Area used to calculate the Universal Baseline Payment.
- Will not be used to calculate the annual requirements for soil testing of improved land for UA1: Soil Health.
- Will not be used to calculate the 10% habitat requirements for your farm.
- Cannot be considered or used to meet the requirements of UA10: Tree and Hedgerow Planting Opportunity Plan.

<u>Land located outside of Wales</u>

Land located outside Wales is ineligible.

If you are a cross-border farmer, you do not need to declare any land located outside of Wales

<u>No Management Control or Management Control for less than 10 months</u>

Land is not eligible if you do not have management control of the land for a minimum of 10 months in the calendar year.

<u>Land parcels less than 0.1ha</u>

The minimum field parcel size mapped by Welsh Governments is 0.1ha. Field parcels less than 0.1ha should not be declared on the SAF.

<u>Land with Solar Panels</u>

Land with solar panels is regarded as non-agricultural land. This includes the land between, underneath or around the panels, even if it can be grazed or is accessible for grazing.

If the solar panels are concentrated in a single area within the land parcel (e.g. a corner or one end) and you want to include the rest of the land, you must fence off the land with the solar panels creating 2 separate land parcels.

Land taken out of Production due to utility works

If it is compulsory for you to take land out of production under statutory powers, for example a utility company laying a pipeline, it may be difficult for you to meet the scheme requirements.

If you have land temporarily taken out of production and you cannot meet the requirements you may be eligible under the Exceptional Circumstances provision. Contact the RPW Customer Contact Centre and provide details so your situation can be considered.

If you have land permanently taken out of production and cannot meet the scheme requirements, including maintaining your land in line with the SFS Regulatory Baseline requirements for the required calendar year, you should seek a compensation payment from the utility company or statutory agency responsible.

Special provisions for land used for military training

In some cases, eligible agricultural land will be subject to use by the Ministry of Defence for military training. This is regarded as being in the national interest and will be permitted without affecting your ability to claim the Universal Scheme. The requirements of the SFS Regulatory Baseline will still apply.

Land use and support under other Schemes

Details of the relationship between Universal Scheme and land supported under other schemes are set out below:

Organic Farming

Land included in an Organic Conversion Scheme grant award is also eligible for the Universal Payment

Woodland Schemes

Land previously supported for woodland planting is eligible for the Whole Farm Area used to calculate the Universal Baseline Payment.

Any areas of land still being supported for woodland premium and/or maintenance will not be eligible for the Woodland Maintenance Payment.

However, all broadleaf woodland over 0.1 hectares identified on your holding will be used to determine whether you have met the 10% habitat requirement for your farm.

New woodland planting, established since 1 April 2022 can also be used towards the requirement to plant 0.1 hectares of new trees for UA10 (Tree and Hedgerow Planting Opportunity Plan).

Double Funding

With the exception of the examples provided above, you must not claim on land where you are receiving payments for the same purpose from any other source or organisation. This would be considered double funding for the same land.

If it is established you are receiving separate payments, this may result in financial penalties and the recovery of Universal Payments.

On land in designated sites, subject to NRW management agreements (e.g. section 15/16 agreements) you will be expected to continue to meet the requirements of these agreements until they expire. You will still be eligible to receive SFS Universal scheme payments on this land and you must ensure you have a management plan in place by 2030 in accordance with UA7: Designated Sites.

The scheme guidance will also cover applying sanctions where there has been a breach of the conditions of support, including any payment reductions, where appropriate.

Payment reductions, sanctions, exclusions and the provision for the correction of errors

No payment (including an advance payment) will be paid until we have confirmed your eligibility. If evidence is required but not submitted by 15 January 2027 your claim will be rejected.

Payment reductions may be applied to your Universal Payment if:

- your SAF is received late.
- it is found information you have provided is incomplete or inaccurate i.e. Under or over declared land

Additional sanctions may be applied if:

- notification of completed Universal Actions and supporting documentation is received late.
- you do not meet the requirements of the scheme i.e. non-compliance.

Payment reductions may be applied, including exclusion from the scheme, without prejudice, in the event of an offence in accordance with the regulations governing the scheme or where you have artificially created conditions to meet the scheme requirements.

Late SAF Submission

You must apply and claim the Universal Scheme on the SAF before the closing date of 15 May 2026.

The SAF can be accepted up to 25 calendar days after the closing date. This is known as the SAF late claim period.

If you submit your SAF after 15 May, the Universal Payment will be reduced by 1% per working day (Monday to Friday inclusive, excluding bank holidays) throughout the late claim period.

A SAF cannot be submitted or accepted after the late claim period.

Full details of the SAF submission deadlines will be provided in the Single Application Rules Booklet published annually.

Under-declared land

The Universal Scheme is a 'Whole Farm' scheme.

You must declare all available Welsh agricultural land on the SAF, including all landscape features, man-made features and any other features not eligible for payment.

You must declare all your land where you have management control for at least 10-months of the calendar year on the SAF. Failure to declare all your land, including non-eligible areas, may result in your Universal Payment being reduced.

Where there is a difference between the area declared on the SAF and the total area on the holding that should have been declared, Universal Payment reduction will apply as follows;

Difference	Reduction
Up to 3%	No reduction in payment
More than 3% and up to 20%	1% reduction in payment
More than 20% and up to 50%	2% reduction in payment
More than 50%	3% reduction in payment

Over-declared land

A penalty may be applied where we find the total eligible Whole Farm Area declared is more than the total eligible Whole Farm Area determined. This may be in circumstances where you claim on land parcels, but we later establish you do not have management control of the land for 10-months of the calendar year.

Where the difference between the total eligible Whole Farm Area declared and the total eligible Whole Farm Area determined is more than either 3% or 2 hectares of the

determined area, the Whole Farm Area eligible for payment will be reduced by 1.5 times the difference found

Difference in area	Reduction
Up to 3%	No reduction in payment
Up to 2 hectares	No reduction in payment
When the over-declaration is more than 2 hectares and the difference is more than 3% and up to 10%	Whole Farm Area determined minus (0.75 x difference)
When the over-declaration is more than 2 hectares and the difference is more than 50%	Whole Farm Area determined minus (1.5 x difference)

Examples:

- The Whole Farm Area is declared as 100 hectares but is determined to be 98.5 hectares. The Whole Farm Area used to calculate the Universal Baseline Payment will be 98.5 hectares, and no additional reduction will apply since the difference is not more than 3% or 2 hectares.

- The Whole Farm Area declared as 100 hectares but is determined to be 80 hectares. Since the difference is 20 hectares, the Whole Farm Area used to calculate the Universal Baseline Payment will be 50 hectares, which is 80 hectares minus 30 hectares i.e. the difference found of 20 hectares x 1.5.

However, where the difference between the area declared and area is more than either 3% or 2 hectares, **but no more than 10% of the determined area**, the penalty applied will be calculated (as described above) but will be reduced by 50%.

Example:

- The Whole Farm Area declared as 100 hectares but is determined to be 90 hectares. The Whole Farm Area reduction is calculated as 10 hectares x 1.5 = 15 hectares. However, as the over-declared area is no more than 10%, the 15 hectare area of reduction is halved. The Whole Farm Area will be 82.5 hectares, which is the 90 hectares determined, less 7.5 hectare reduction.

Over-declared penalties will not be applied on Habitat land or Woodland . Where areas of Habitat or Woodland have been declared but are either found not to be present or not being managed in accordance with the Universal Action requirements, sanctions will apply.

The sanction applied will be considered as per the relevant published Verifiable Standards and Sanction Matrix for the scheme year.

Sanctions

Notifications and supporting documents for the Universal Action

Notification of completed Universal Actions, and any required supporting documentation, must be received by **15 January** of the year following your Universal Scheme claim.

Failure to notify completion or submit supporting documents, as required, for the relevant Universal Actions may result in a sanction.

The sanction applied will be considered as per the relevant published Verifiable Standards and Sanction Matrix for the scheme year.

Non-compliance with Scheme requirements

Non-compliance with the SFS Regulatory Baseline or Universal Code and Universal Actions requirements will be referred to as a breach and may be identified as a result of an inspection or administrative checks.

Welsh Government will assess these breaches against sets of published Verifiable Standards and Sanction Matrices.

There are two separate Verifiable Standards and Sanction Matrices. One of which applies to the SFS Regulatory Baseline, the other applies to the Universal Code and Universal Actions requirements.

The matrices will determine the appropriate level of sanctions to be applied for all breaches found. Sanctions can range from advisory letters to financial penalties depending on the seriousness of the breach. You will be notified in writing of the breach and the sanction applied.

Sanctions will be categorised under the following;

- SFS Regulatory Baseline
- Universal Code, including 10% habitat requirement.
- Universal Actions

If the breach results in financial penalties, these will be applied to your Universal Payment.

The table below shows how financial penalties may be applied to each individual element of the Universal Payment.

	SFS Regulatory Baseline	Universal Code and Universal Actions			
	Breach of SFS Regulatory Baseline	Breach of Universal Code, including 10% habitat requirement	Breach of Universal Actions (excluding UA5,UA6 and UA9)	Breach of Universal Actions UA5 and/or UA6	Breach of Universal Action UA9
Whole Farm Payment	✓	✓	✓		
Habitat Maintenance Payment	✓	✓		✓	
Woodland Maintenance Payment	✓	✓			✓
Social Value Payment	✓	✓	✓	✓	✓
Stability Payment (2026 only)	✓	✓	✓	✓	✓

SFS Regulatory Baseline

Where we identify breaches of the SFS Regulatory Baseline sanctions will be applied in the same way as Cross Compliance breaches, the framework which has underpinned BPS.

The requirements of the SFS Regulatory baseline must be met for the entire calendar year in which you claim.

If you fail to meet the requirements of the SFS Regulatory Baseline a financial penalty may be applied to your Universal Payment. The penalty would be applied to the payment for the year in which the breach is found.

In addition, non-compliance may result in prosecution by the relevant specialist enforcement body,

In determining the sanction account will be taken of the intent, extent, severity, duration and reoccurrence of the breach and to whom the breach is directly attributable.

- Intent – whether the breach is classified as ‘negligent’ or ‘intentional’
- Extent – whether the breach has an ‘off-farm effect’ or is limited to an ‘on-farm effect.
- Severity – the breach will be classified based on the severity of the non-compliance, ranging from ‘minimal’ to ‘high’
- Duration – the breach will be classified as either ‘rectifiable’ or ‘permanent’ depending on whether we consider the effects of the breach can be rectified.

Sanctions are applied where the breach is directly attributable to you or your business/organisation. In circumstances where land is transferred between Universal Scheme claimants, sanctions will apply to whom the breach is directly attributable.

Negligence

If you fail to meet the requirements of the SFS Regulatory baseline a sanction will be applied that will generally be a 3% financial penalty applied to the Universal Payment but this penalty could be reduced to 0% or increased to 5% depending on the nature of the breach.

The SFS Regulatory Baseline requirements are split into four areas, with each area containing a number of different standards (i.e. SMRs/GAECs);

- Environment, Climate and Good Agricultural Condition of land (SMR 1-3 and GAECs 2, 3, 6 and 7).
- Public health, animal health and plant health (SMR 4-10)
- Animal welfare (SMR 11-13).
- Public Rights of Way and Invasive Non-Native Species (SMR 14-15)

If you fail to comply with more than one requirement against standards within the same area (e.g. within public, animal and plant health), whilst they will be recorded as separate breaches, only one sanction will apply for this area.

If you fail to comply with the requirements against standards in separate areas, these breaches will lead to separate sanctions being applied.

Provided the breach identified is not a re-occurrence and/or has not been classified as intentional, any financial penalties will be added together, however, the maximum penalty will be 5% of the Universal Payment.

Repetition

Where a breach of the same requirement reoccurs within a three-year period, the sanction calculated for the repeated breach will be increased by a multiplier of 3, provided you were informed of the earlier breach, and you had a reasonable opportunity to rectify the breach.

If there are further reoccurrences of the breach, the penalties applied as a result of the previous non-compliance will continue to be multiplied by 3 up to a maximum of 15% at which point the penalty will be capped.

Once a negligent breach penalty has reached the capped threshold of 15%, if you again fail to comply with the same requirement within a three-year period, you will be treated as having intentionally failed to comply. The breach applied will be calculated by taking the previous negligent penalty before being capped to 15% and multiplying by 3. The rules for intentional non-compliance will now be applied for any further repeated breaches of the same requirement. Intentional breaches attract a significantly higher penalty.

If you have received a Cross Compliance penalty within the 3 years before your first claim for Universal Scheme and you subsequently breach the same requirement within the SFS Regulatory Baseline, a repetition breach will apply in accordance with the SFS Regulatory Baseline Sanction Matrix.

Intentional Non-Compliance

If we consider you have intentionally failed to comply with any of the requirements of the SFS Regulatory Baseline, you will generally have a 20% penalty applied but this could be reduced to 15% or increased to 100% depending on the seriousness of the breach measured by extent, severity, permanence and repetition. An Intentional breach will be calculated in accordance with the SFS Regulatory Baseline Sanction Matrix.

SFS Universal Code and Universal Actions

If you fail to meet any of the requirements of the Universal Code and/or applicable Universal Actions we will consider this a breach, and sanctions will apply.

In determining breaches of the Universal Code and Universal Actions, the following will be considered;

Severity

The severity of the breach is classified as either Low, Medium or High depending on the seriousness of the non-compliance.

Extent

The extent of the breach is classified as Extent 1 or Extent 2, depending on the proportion of the breached area in relation to the whole claim area.

Permanence

A breach is classified as ‘Rectifiable’ if the effects of the non-compliance can be rectified within 12 calendar months from the date on which the non-compliance is found.

A breach is classified as ‘Permanent’ if the effects of the non-compliance cannot be rectified before the Universal Action deadline or within 12 calendar months from the date on which the non-compliance is found.

Where a breach is classified as ‘Rectifiable’ we will specify the timescale in which you must rectify the breach and may withhold payments until such a time as the non-compliance has been rectified. Where a breach has not been rectified, we may reclassify the breach as ‘Permanent’.

Repetition

Where a breach of the Universal Code or Universal Actions is found within 3 years of the original breach, repetition breaches apply in accordance with the SFS Sanctions Matrix.

Retrospection

Penalties applied due to breaches of the Universal Code or Universal Actions will not generally be applied retrospectively to previous year's Universal Payments, in addition to a penalty being applied to the year the breach is found. However, retrospective penalties may be applied in cases where there is compelling evidence that the breach occurred in previous years. For example, where aerial photography shows semi-natural habitat has been damaged in previous years.

Historic breaches

Inspections and/or administrative checks may find a breach of the Universal Code or Universal Actions in any given previous year. Where this is the case, a sanction may be applied to the previous scheme year, and we may recover previous payments made.

Example:

An inspection will check evidence you have completed the minimum soil testing required for UA1: Soil Health. If it is found you did not complete the minimum soil testing required in a previous year, a sanction may be applied to that previous year's payment.

Grouping and Capping of Breaches

Universal Code

The Universal Code is made up of four parts, with each part containing several different requirements. The four parts are;

- Soil protection
- Biodiversity and habitats (including 10% habitat requirement)
- Trees
- Landscape features

If you fail to comply with more than one requirement within the same part of the Universal Code (e.g. soil protection), whilst they will be recorded as separate breaches, only one penalty would apply for this part.

If you fail to comply with the requirements in separate parts, these breaches could lead to separate penalties being applied.

Examples:

- If we identify three breaches of the Soil Protection part of the Universal Code, any penalty applied will be capped to the highest breach found.

- If we identify breaches across multiple parts of the Universal Code, (such as Soil Protection and Landscape Features) the highest financial penalty applied to each will be added together and applied to the whole Universal Payment (see table xx)

All breaches of the Universal Code will be recorded, and you will be notified. All breaches may be used for the purposes of applying repetition sanctions should the same breaches be found in future years.

Universal Actions

For Universal Actions (as applicable to you), if you fail to comply with more than one requirement within the same Universal Action (e.g.UA12: Animal Health and Welfare), whilst each non-compliance will be recorded, only one penalty would apply for this Universal Action.

If you fail to comply with the requirements in separate Universal Actions, these breaches could lead to separate penalties being applied.

Examples:

- If we identify three breaches of UA12: Animal Health and Welfare, any penalty applied will be capped to the highest breach found.
- If we identify breaches across multiple Universal Actions, the highest financial penalty applied to each will be added together and applied to the Universal Payment, with the exception of UA5: Habitat Maintenance, UA6: Temporary habitat creation on improved land and UA9: Woodland Maintenance (see table xx).
- If we identify breaches of UA5 Habitat Maintenance or UA6: Temporary habitat creation on improved land, the highest financial penalty applied to each will be added together and applied to the Habitat Maintenance and Social Value payments.
- If we identify breaches of UA9: Woodland Maintenance, the highest financial penalty applied will be applied to the Woodland Maintenance and Social Value payments.

All breaches of the Universal Actions will be recorded, and you will be notified. All breaches may be used for the purposes of applying repetition sanctions should the same breaches be found in future years.

Offences

Regulation 19 of The Agriculture Support Schemes (Eligibility, Enforcement and Appeals) (Wales) Regulations 2025 establishes offences (breaches) in relation to certain aspects of financial support provided for under those regulations. That regulation and those offences are applicable to the Universal Payment.

Examples of offences include at any time giving false or misleading information, failing to provide information, evidence or copies of records when requested and preventing or otherwise obstructing an inspection, including failure to provide reasonable assistance in the completion of an inspection.

Where we establish you have committed an offence in accordance with the regulations your Universal Payment may be withdrawn in whole or in part.

Artificiality

If we discover you have artificially created the circumstances to gain an advantage from any of the requirements relating to the Universal Payment, including to avoid payment capping rules, we will investigate and may withhold payments or reject your claim and/or recover monies paid.

Unacceptable Behaviour

Welsh Government officials, individuals or organisations carrying out duties on behalf of the Welsh Government (e.g. Natural Resources Wales (NRW), Animal and Plant Health Agency (APHA), British Cattle Movement Service (BCMS), Food Standards Agency (FSA), EID Cymru, Local Authorities), should not be subjected to aggressive, abusive or offensive behaviour or unreasonable demands and persistence from applicants/claimants or their representatives. This also applies to members of the Independent Appeals Panel.

A Managing Unacceptable Behaviour of Welsh Government Customers document is available on the Welsh Government website which explains what we consider unacceptable behaviour.

Unacceptable behaviour may lead to the withdrawal of payments and/or the rejection of applications or claims

Obvious Error

The Welsh Government operates an Obvious Error provision in accordance with the legislation governing the scheme. Applications for support or payment claims and any supporting documents or relevant notifications provided by the claimants may be corrected and adjusted at any time after their submission in cases of obvious errors recognised by the Welsh Government. Obvious errors may be recognised on the basis of an overall assessment of the particular case and provided the claimant has acted in good faith.

As a general rule, an obvious error may be detected from information given in the documents and information submitted to Welsh Government as part of and in support of applications or payment claims, including supporting documents and relevant notifications, and as a result of coherence checks against other relevant information held by Welsh Government.

Notified Error

You may notify the Welsh Government in writing at any time that part of your Universal Scheme claim is incorrect or has become incorrect since it was submitted. The information you give will be used to amend your claim without applying penalties.

You may not correct such errors if you have been notified by the Welsh Government of the error or been notified of an inspection which subsequently reveals an irregularity e.g. notification of a field declared for SFS which is not under your management control.

In respect of the SFS Regulatory Baseline controls, if you discover an error or omission in respect of information entered on the Cattle Tracing System for your cattle, you should notify BCMS of the error immediately. You may avoid penalties if the central livestock movement databases are correct before any inspection begins or you meet the requirements for notified error.

Withdrawal

You may withdraw your Universal Scheme claim at any time without penalty, except where you have been notified of errors or have been notified of an inspection.

Your application to withdraw must be made either via your RPW Online account or in writing to the Customer Contact Centre.

If you withdraw your SAF 2026 before the 15 May closing date (or SAF late claim period) you will have the opportunity to submit another SAF.

If withdrawn before the closing date (or SAF late claim period) you may re-submit your claim for SFS or submit a BPS claim and/or retain your BPS entitlements for use in future years.

If you withdraw your SAF 2026 after the late claim deadline you will not be able to re-submit and claim for any scheme.

Exceptional Circumstances

The Welsh Government may accept that a claimant was prevented from fulfilling certain obligations due to a course of events amounting to Exceptional Circumstances.

Exceptional Circumstances are defined as unusual circumstances which are outside the control of the claimant, were unforeseen and could not be avoided in spite of all due care and except at the cost of excessive sacrifice on their part.

For the Welsh Government to consider and accept an event as Exceptional Circumstances details must be received in writing by the Welsh Government, within 60 days of the claimants, or someone acting on their behalf, being in a position to do so.

An Exceptional Circumstances event may directly affect just one member of a farm business or organisation, however, it should be explained how the events impacted on the ability of everyone in the business or organisation as a whole to meet their obligations.

Additional documentary evidence may be requested and should be provided as appropriate.

Each notification of Exceptional Circumstances will be carefully considered on a case-by-case basis.

The Exceptional Circumstances provision is available in respect of;

- Late submission of an application or claim.
- Late notification of supporting documentation in respect of an application, claim or confirmation of completion of a Universal Action
- The right to payment in respect of certain eligible areas declared on an application or claim but no longer available to the applicant or agreement holder because of an Exceptional Circumstances event.
- The inability to comply with scheme requirements including eligibility conditions.
- Scheme breach penalties.
- The requirement for partial or full re-imbursement of payments received.

The Scheme Guidance will also detail the Inspections process and protocols. Providing valuable information on what to expect during an inspection, how to prepare for an inspection, including what documentation to have ready, the impact and outcomes of the inspection.

Inspections

On-farm inspections

A percentage of claimants will be selected and inspected each year to ensure compliance with the requirements of the Universal Scheme, and the SFS Regulatory Baseline are being met.

The SFS Regulatory Baseline, includes requirements of Livestock Identification and the Control of Agriculture Pollution (CoAP) regulations. These elements have separate inspections regimes.

All inspections will be carried out by Rural Inspectorate Wales (RIW) (part of the RPW division) and/or other Competent Control Authorities (CCA) or Delegated Agents on behalf of the Welsh Government.

Inspections will be selected using a combined risk and random assessment process.

- The risk selection will use appropriate risk criteria to determine which farms are to be inspected.

- The random selection will be a control sample, and account for between 20% and 25% of the overall selected population.

The minimum percentage of farms to be inspected each year, for each element of the Universal scheme and SFS Regulatory Baseline, is:

- Universal Scheme (Universal Code and Universal Actions) - 3% of all claimants/agreement holders.

- SFS Regulatory Baseline - 1% of all claimants/agreement holders.

- Cattle Identification (SMR 7 of SFS Regulatory Baseline) – 3% of livestock keepers.

- Sheep and Goat Identification (SMR 8 of SFS Regulatory Baseline) – 3% of livestock keepers.

Additional inspections may also be undertaken as a result of a referral from a member of the public or other organisations.

For the Universal Scheme and the SFS Regulatory Baseline the percentage of claimants selected may be adjusted each year based on the error rate of the random control sample for the previous year (greater or lower than 2% error rate). This is a continuation of the control regime used for the current Basic Payment Scheme and Glastir Scheme previously.

Where possible, inspections will be combined to check multiple elements or schemes during a single farm inspection or visit. For example, inspections to check compliance with the SFS Regulatory Baseline may be combined with inspections to check compliance with the Universal Scheme, as well as any other agricultural support, such as, Woodland Creation or Organic Support.

Notice of an inspection will be strictly limited.

- For the Universal Scheme and SFS Regulatory Baseline, inspections are generally expected to be conducted within 5 working days of notification, however up to 10 working days' notice may be provided in exceptional circumstances.

- For Cattle Identification and Sheep & Goat Identification - broadly, inspections are to be unannounced, although in exceptional cases it is acceptable to allow up to 48 hours' notice.

Generally, one inspector will carry out the inspection, but colleagues or auditors (or both) may accompany them occasionally.

Satellite and aerial imagery technology may also be used to assess land eligibility and can be used to identify specific parcels to be visited as part of the inspection.

SFS Universal Inspections

What will we do at inspection?

Our inspectors will visit your farm and check, your land, crops, and where appropriate, scheme requirements have been met.

After arriving at your farm or when making the appointment, the inspector will discuss:

- the purpose of the visit
- the applicable Universal Actions for your farm
- how the inspection will be carried out
- what they will need from you
- how long the inspection may take (although this may depend on the findings of the inspection).

How can you be ready for an inspection?

You can be ready for an inspection by:

- ensuring you have responded to all Welsh Government correspondence to resolve any queries with your application.
- informing Welsh Government of any changes to your applications or claims, e.g. land use changes, in a timely manner
- keeping up-to-date, complete and accurate records.

Further information is also available in the 'When the inspector calls. A helpful guide for farmers' booklet available at: Farm Inspections or from the Customer Contact Centre.

What the inspector does

The inspector will check the claimed areas do not include land that is not eligible for the Universal Scheme and assess whether the 10% habitat requirement is being met. This may further involve checking boundaries, measuring fields, hedges and woodland, assessing crop and habitat types and excluding ineligible areas such as roads, hardstandings, buildings, river/streams and non-agricultural areas.

We will use maps and aerial imagery to carry out measurements, these will not take into account gradients/slopes.

Where possible a sampled approach will be undertaken by the inspector to identify which parcels need to be assessed to ensure scheme requirements are being met. This sample may be increased if discrepancies or errors are found.

The inspector may need to check evidence that supports your land claims, e.g. rental agreements to confirm you meet the 10-month management control requirement. They may also have to undertake additional checks to evidence you are carrying out the agricultural / ancillary activity (where applicable). This could include checking receipts and invoices.

What we will check

The inspector will check documentary evidence to support completion of all relevant Universal Actions.

SFS Record Retention

You must keep, all farm records and supporting documentation needed to evidence you have complied with the Universal Code and completed all the relevant requirements of the Universal Actions applicable to your farm, for at least 5 years.

SFS Regulatory Baseline Inspections

The Regulatory Baseline is a set of existing legal requirements which all Universal Scheme claimants must meet. These requirements are made up of SMR's (Standard Management Requirements) and GAEC's (Good Agricultural and Environmental Conditions).

Failure to comply with these requirements, (a breach) will lead to a sanction being applied to your payments.

The responsibility for completing the various inspections is as follows:

Competent Control Authority	Area of Responsibility
Welsh Government	SMRs 2, 3, 4, 6, 7, 8, 9, 10, 14, 15. GAECs 1, 2, 6 and 7
Natural Resources Wales	SMR 1 and GAEC 3
Animal and Plant Health Agency	SMRs 11, 12, 13
Veterinary Medicines Directorate (Inspections performed by the Animal and Plant Health Agency)	SMR 5

A SFS Regulatory Baseline inspection may include different elements that need to be inspected. This means you may be inspected more than once during the year because the relevant CCA was unable to check all the requirements for which it has responsibility at a single inspection or because your farm has been selected for inspection by more than one CCA, where possible we will try to align inspections to reduce the burden.

What we will check

The inspector will confirm SMRs and GAECs are being met through:

- visually assessing the land
- physically checking animals
- examining on farm records.

We also check Cattle Tuberculosis (TB) tests under SMR 4 (Food and Feed Law) have been completed from the Animal and Plant Health Agency (APHA) database directly.

Cattle Identification inspections

What the inspector does

The inspector will count all the animals, read and check ear tags, check all passports and reconcile each of these against the farm records and the Cattle Tracing System (CTS) database.

What do we look for?

The main purpose of the inspection is to verify:

- the cattle are double tagged in accordance with current regulation, and replacement tags are ordered, and re-tagging is performed appropriately;
- the cattle are correctly registered with British Cattle Movement Service (BCMS);
- appropriate records are being kept relating to births, deaths and movements;
- movements of animals on and off the farm are being notified to BCMS within 3 calendar days;
- deaths are reported to BCMS within 7 calendar days.

Sheep and Goat Identification Inspections

What the inspector does

The inspector will count your animals to verify the accuracy of your records by reconciling sheep numbers against your records and information supplied on the annual inventory, the movement documents and purchase and sales invoices. They will also check a representative sample of ear tags to ensure the sheep have been tagged correctly and the ear tags are included in the records where appropriate.

What do we look for?

The inspector will check:

- your flock record book is up to date and accurate
- your records confirm the number of animals on your farm on 1 January as part of the Annual Stock-take
- your flock, as counted at the inspection, reconciles with the Annual Inventory
- your sheep/goats are tagged correctly
- you are properly registered with Animal and Plant Health Agency
- you have correct movement licence documents, which correspond with your animals' movements and records
- you have notified all movements to EID Cymru

- you have a record of all animals which have died
- you have a record of any animals that have had electronic tags inserted and replaced.

Cattle and Sheep Record Keeping

There are also specific livestock record requirements to be observed. These records must meet the current regulative requirements in terms of animal registration, identification, movement and numbers. Standard record books for cattle, sheep and goats are available from the Customer Contact Centre and Farm Liaison Service.

What happens after an inspection?

At the end of the visit the inspector will complete an inspection summary form (IACS7) which summarises the main findings of the inspection and provide details of any breaches found. **Please note,** administrative checks following the inspection may also identify additional breaches.

You will be asked to sign the form to acknowledge the inspection has taken place and you understand the main findings. You will also be given the opportunity to include any remarks or comments following the inspection, including any evidence you consider appropriate in respect of any breaches discovered during the inspection.

Where the breach has been classified as ‘rectifiable’, you will be provided with details on the IACS7 of any action you must take to rectify the breach, and the timescales for completion.

The top copy of the IACS7 will be left with you and the bottom copy will be retained by the inspector. Sometimes there may be other forms left with you, which set out in detail additional findings.

If we have completed a cattle inspection and found an error, we will leave you another form with a list of the tag numbers on which we have found an error. We will take away any spare passports found and give you a receipt for these.

If we have completed a livestock inspection and found a high number of ear tag errors or are unable to reconcile all the animals on the farm, we may place the farm under a movement restriction order.

If you do not understand anything on these forms, ask the inspector to explain.

For all inspections, further administrative checks may need to be made after the inspection before the details can be finalised.

When all checks have been completed the inspection details are entered into our computer database to allow validation of your claim. An ‘inspection findings letter’ will be sent to you explaining the effects of any breach found at inspection.

Where an inspection is compliant, a letter will not be issued.

Obstruction of an inspection

It is legal requirement that you allow an inspection to be carried out to verify compliance with scheme eligibility conditions and requirements, including the SFS Regulatory Baseline.

Where it is not possible to agree a suitable date and time, the inspector will notify you in writing of the date and time for the inspection, allowing at least 48 hours advance notice of that inspection.

If you or your representative prevents an inspection from being carried out, your applications or claims will be rejected.

Appeals

If the claimant is not satisfied with a decision / outcome of their notified breach and possibly penalty made by the Welsh Government, they are able to submit an appeal to RPW.

Your appeal will be assessed and considered, meeting at least one of the following three criterion:

(a) the decision was based on an error of fact;
(b) the decision was wrong in law;
(c) there has been a material procedural error.

The appeals are a two stage process whereby if you are not satisfied with the outcome pending a stage 1 appeal, you may proceed to stage 2, noting that payment will need to be made alongside the stage 2 appeal submission, the fee is for the cost of the independent panel and is set at £290 for an oral hearing and £220 for a written hearing.

If the stage 2 appeal is upheld, the appellants fees will be reimbursed along with any penalties or sanctions applied to their claim.

Pwyllgor yr Economi, Masnach a Materion Gwledig
—
Economy, Trade, and Rural Affairs Committee

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Marc Crothall MBE
Chief Executive
Scottish Tourism Alliance

Fiona Campbell
Chief Executive
Association of Scotland's Self-Caterers

5 November 2025

Dear Marc and Fiona,

Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill: Follow-up to evidence session – 5 November 2025

Thank you for taking the time to give evidence to inform our scrutiny of the general principles of the Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill.

During the session, you noted that you would provide a brief note to confirm some of the points you raised. In addition, I would be grateful if you could provide the following:

- further detail on the legal challenges that you mentioned during the session; and
- further clarification on the expansion of the black market, as you noted during the session, including any examples of where and how this is happening.

Given the timescales for the Committee's scrutiny, I would be grateful to receive your response by Monday 17 November if possible.

Yours sincerely,

Andrew RT Davies MS

Chair: Economy, Trade and Rural Affairs Committee

We welcome correspondence in Welsh or English

Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill

Evidence from the Association of Scotland's Self-Caterers (ASSC) and the Scottish Tourism Alliance (STA), 5th November 2025

INDEX

1. Introduction & Position

We welcome the opportunity to give evidence to the Committee. Evidence is presented jointly by the **Association of Scotland's Self-Caterers** and the **Scottish Tourism Alliance**, both of whom gave formal evidence throughout the Scottish legislative process.

We fully support regulation that protects guests, communities and responsible businesses. The sector is not arguing against oversight. Our concern is with regulation that:

- has no clear policy objective
- is not informed by reliable data
- creates commercial uncertainty
- restricts legitimate supply and harms rural economies
- delivers **no** demonstrable benefit to housing or safety

Scotland now provides a live case study of these risks. The intention was safety and housing. The outcome has been business closures, empty properties, higher prices for visitors, and the growth of an unregulated underground black market.

The ASSC provided extensive written submissions, impact assessments, economic analysis and legal evidence throughout the Scottish legislative process. We warned of the consequences that are now visible in practice. Wales has the opportunity to learn those lessons and avoid repeating them.

2. What is the Policy Objective?

Before any Bill proceeds, one essential question must be answered:

What is the policy objective?
What 'mischief' is the Bill trying to address?

Three different objectives are referenced:

- Health and Safety
- Housing
- Data

Each requires a different tool. Without clarity, Wales risks regulating the wrong thing and damaging the wrong people.

3. Unclear Use of Licensing – The Wrong Tool

If the aim is data, a registration scheme is already in development and can provide empirical data, if policy makers work collaboratively with the sector to ensure it is structured correctly.

Licensing without purpose is bad policy. Scotland introduced blanket licensing and achieved none of its intended outcomes. Time would be much better spent ensuring that the development of the registration scheme achieves its purpose, rather than rushing through a further piece of regulation without the data to underpin the public interest.

4. Health & Safety – Spare Rooms Excluded

If this Bill is about guest safety, it fails at its first test.

Spare-room hosts are excluded. These operators are:

- least aware of H&S law,
- least likely to hold mandatory certificates,
- most difficult to monitor,
- and often the highest-risk category.

A professional cottage must comply with mandatory H&S rules: fire, gas, electrical, legionella, insurance and tax. A spare room on a platform may comply with none.

Because platforms do not visit properties, hosts can easily claim "I live here" while handing guests full, exclusive use of the home.

Leaving this to be "added later by regulations" avoids Senedd scrutiny. If safety is the aim, **spare rooms must be included** from day one.

5. Housing – Licensing Does Not Create Homes

If the intention is housing, licensing is the wrong tool.

Wales already has lawful housing controls:

- planning,
- change of use,
- empty homes powers.

Scotland proves licensing has:

- not freed up any housing stock,
- not ameliorated the housing crisis,
- pushed businesses out of existence,
- left properties empty as second homes,
- negatively impacted the supply chain, attractions and the hospitality industry ,
- damaged rural economies,
- and created a thriving underground black market.

Legal reality: Muirhead vs City of Edinburgh Council
The Court ruled that planning controls cannot be applied **retrospectively**.
Planning may restrict **new** operators, but councils **cannot** force lawful existing operators to close.
Doing so breaches **A1P1** property rights.

This is critical for Wales.
If the Bill attempts to extinguish lawful existing businesses, it is legally challengeable and risks the exact same litigation Scotland is now facing. This is why we would suggest it is essential that, once a business has a licence, it should be automatically re-granted a renewal provided (i) it has not breached any conditions of the licence and (ii) it has presented updated documents and paid a nominal fee. Businesses need certainty that they can continue to trade if they are operating within the health and safety requirements.

In short:

- Licensing has not created housing,
- it cannot legally be used to shut existing lawful operators,
- and it has produced the opposite of its intended outcome.

6. Data – Registration Exists, Use It Properly

If the objective is data, Wales already has the right mechanism: national **registration**.

Registration can:

- capture all accommodation types (including spare rooms),
- identify genuine stock,
- support safety compliance,
- produce reliable evidence for future policy.

Our concern is that registration is being designed simply to maximise levy collection, not to create a true dataset - and that it is being rushed. We understand there are a number of concerns that have been raised about the data accuracy and coverage of the registration scheme, particularly in relation to capturing the numbers of each unit type of short-term let and whether they are a primary home or not (both are essential for understanding any housing impact). Further concerns are whether the register will be updated regularly and whether properties that cease to trade will actually de-register in practice, if there is no registration fee, both of which are essential to ensure the numbers are not inflated with properties that have ceased to trade.

Bad data leads to bad regulation.
Scotland believed Edinburgh had 12–14,000 short-term lets.
Reality: **around 2,000** legitimate self-catering units - now being closed.

The same error must not be repeated.

7. Operator Demographics – Who Will Be Harmed

This is not a corporate sector. It is personal, local and vulnerable. In Scotland:

- **70% of operators are women**
- **80% are aged over 55**
- **55% manage only one property**

We expect the same will be true in Wales. Self-catering is far more than a side-line or lifestyle business. It supports a spectrum of operators and provides multiple forms of economic value:

Self-catering is far more than a side-line or lifestyle business. It supports a spectrum of operators and provides multiple forms of economic value:

- employment in remote and rural areas where few alternatives exist
- successful small and medium-sized enterprises, many of which export Wales worldwide through premium hospitality brands
- retirement income for older adults
- flexible work for carers and parents
- employment for people returning to work or balancing health conditions
- local jobs in cleaning, maintenance, trades, laundry and catering
- rural and coastal supply chains that rely on visitor spend

These people cannot absorb 18 months of uncertainty, legal complexity or unaffordable compliance.

When they leave, they do not return.

8. Economic Contribution of Self-Catering

Self-catering is an economic driver, not a marginal activity.

Independent analysis by BiGGAR Economics shows:

- Scotland's short-term let and self-catering sector contributes **£864 million** a year to the Scottish economy
- Supporting over **23,000 jobs** across tourism, hospitality, trades and rural supply chains

A single self-catering unit generates **three to four times more local economic value** than a standard dwelling. It brings new money into communities that would not otherwise be spent there.

Every booking supports:

- shops and local food producers
- pubs, cafés and restaurants
- tradespeople, plumbers, electricians and decorators
- cleaners, laundry and linen suppliers
- attractions, events and heritage sites
- taxis, local transport and tour guides

In many rural and coastal parts of Wales, self-catering is the **only** visitor accommodation available. When those beds disappear, so does the spend that keeps villages alive.

What Scotland has already seen:

- tour operators unable to place guests in rural areas

- inbound business diverted to other parts of the UK and overseas
- local shops and hospitality reporting reduced revenue
- festivals and events losing footfall
- communities losing year-round economic activity

When legitimate accommodation supply is removed, rural economies **contract**.

9. Business Consequences of "Apply and Wait"

In Scotland, existing operators were instructed to apply for a licence and continue trading while local authorities processed applications. In practice, this created prolonged uncertainty.

Many operators:

- waited more than **18 months** for a decision
- were unable to invest, renovate or plan ahead
- could not secure finance or insurance due to regulatory ambiguity
- lost future bookings because they could not confirm their legal status

Some businesses are **still** waiting for determinations.
Others closed permanently because they could not operate under open-ended uncertainty.

For tourism businesses that rely on advance bookings and long lead times, a system that does not guarantee continuity is commercially unworkable. No credible business model – whether a single rural cottage or a professional multi-property operator – can function without clarity on whether it may legally operate.

A regulatory regime must support certainty.
Scotland's experience shows that "apply and wait" achieves the opposite.

10. The Black Market in Scotland

Where regulation becomes overly restrictive or uncertain, lawful operators leave the market but demand does not disappear. It moves underground. In Scotland, this has already happened, and it is not marginal. It is organised, visible and illustrates wilful non-compliance.

Evidence of unregulated supply includes:

- a large Facebook group, "Edinburgh Fringe Accommodation", with over 14,600 members, where very few advertised properties hold a licence and hosts openly promote cash-only bookings and private messaging to avoid scrutiny. This has grown exponentially since licensing was introduced.
- listings on informal platforms such as Gumtree
- private booking channels and word-of-mouth networks designed to bypass transparency and enforcement

Operators who have left the formal market are still trading, but now without safety checks, insurance verification, tax compliance, planning oversight, or any local authority regulation. Visitors unfamiliar with the system often do not realise they are booking unregulated accommodation.

The unintended consequence is the opposite of the policy intention:

- compliant, safety-checked operators are forced out of the market
- unregulated and unsafe supply fills the gap
- transparency, consumer protection and tax compliance decline

This poses real risks to guests and reputational risks to Scotland's visitor economy. It demonstrates that regulation must be practical, proportionate and enforceable. Otherwise, it drives activity out of sight rather than ensuring it meets the standards expected. Wales would face precisely the same outcome if regulation becomes commercially unworkable or impossible to enforce in practice.

11. Higher Prices & Reduced Choice

When lawful accommodation supply shrinks and demand remains, prices rise.
This is basic supply and demand economics and has been evident in Scotland.

With fewer licenced operators, visitors face:

- higher nightly rates for both self-catering and hotels
- reduced availability in rural and island areas
- last-minute shortages for events and festivals

As a result, many visitors simply go elsewhere.
Tour operators and UK Inbound confirmed they have diverted business away from Scotland because they cannot secure beds.

The consequences were felt immediately:

- local shops, pubs and cafés saw reduced footfall
- attractions and events lost revenue
- seasonal and hospitality jobs were affected

A policy that reduces tourism income **without** increasing housing supply is not a success.
It is a **double cost** - lower economic activity and no corresponding community benefit.

12. Ownership Transfer – Catastrophic Flaw

In Scotland, short-term let licences do **not** automatically transfer when a business or property is sold. Indeed, the regulations had to be amended in 2024 to allow transferability. Each new owner must apply for a fresh licence and wait for approval before trading.

In practice, this had severe and immediate consequences:

- businesses that were viable and profitable became **unsellable**
- lenders would not finance properties without certainty of a continuing licence
- property values dropped because the commercial use was no longer guaranteed
- many units now sit **empty**, generating no housing benefit and no tourism income

This was one of the most damaging elements of the Scottish system. It undermined business continuity, destroyed retirement plans for small operators, and froze investment.

If Wales does not design **automatic transferability** of licences on sale, assignment or inheritance, the same outcomes are inevitable. A licence should attach to the property (subject to continued compliance), not the individual. Without this, commercial planning becomes impossible and the sector becomes financially unstable overnight.

13. Licence Fees – £75 is Not Credible

The Welsh Impact Assessment assumes an annual licence cost of **£75**.
There is no credible evidence to support that figure.

Comparative evidence:

- **Rent Smart Wales:** £234–£254 (self-certification only)
- **Scottish BRIA:** £214–£436
- **Scottish Government Ministerial guidance:** fees should be "risk-based, proportional" and within this range

Real-world Scottish fees across multiple local authorities:

- Glasgow: **£250–£400**
- Dumfries & Galloway: **£275–£386**
- Aberdeen: **£650–£750**
- Perth & Kinross: **up to £1,600**
- South Lanarkshire: **up to £923**
- East Dunbartonshire: **£650 + £50 per bedroom**
- Moray: **£515 + £210 inspections**
- Edinburgh: **up to £5,982**

This is not an Edinburgh issue.
It is a national issue.

What the FOI analysis revealed

Freedom of Information requests (July 2025) across Scottish councils show:

- Some authorities **cannot** provide cost-recovery data at all
- Others admitted **surpluses**
    - Aberdeen: surplus carried forward
    - Dundee: surplus of **£48,319**
- Cost justification and pricing methodology varies wildly
- Several councils produced **no STL-specific costing** for fee-setting

This creates a **postcode lottery**, where an operator in one council pays hundreds while another pays thousands, with no legal justification or cost transparency.

Legal context

Lord Braid's judgment in **Averbuch v City of Edinburgh Council** confirmed:

- Licensing fees must be **cost-recovery only**
- Disproportionate or unjustified fees breach the **Provision of Services Regulations 2009**
- Lack of transparency on cost calculation risks fees being **ultra vires** under the Civic Government (Scotland) Act 1982

Why £75 is not credible for Wales

If Scotland could not deliver proportionate fees under a cost-recovery model, even with much higher starting assumptions, there is **no basis** to believe a full licence regime in Wales can be run for £75.

Wales faces only three realistic outcomes:

1. Fees rise sharply once the scheme begins
2. Enforcement becomes impossible because it cannot be funded
3. Taxpayers subsidise the system

None of these are acceptable.

14. Overburdened Local Authorities

The ASSC warned the Scottish Government in various **consultation responses** that local authorities did not have the capacity to deliver a national licensing regime. That warning has proved accurate.

In Scotland:

- councils have been **overwhelmed** by application volumes and legal complexity
- waiting times stretched from months to **well over a year**
- decisions have been **inconsistent** between and within local authority areas
- enforcement is largely **absent**, because authorities lack the staff and budget to monitor compliance
- many councils admitted through FOI that they **do not track** STL-specific costs or enforcement activity
- some councils report **zero enforcement actions**, despite operating a scheme for over a year

Licensing created a system that authorities could not realistically operate. A national framework did not solve the capacity issue because every local authority still had to individually assess, verify, inspect, enforce and review each property.

The result has been legal uncertainty, administrative backlog, and operators driven out not by safety failures, but by bureaucracy.

By contrast, **registration is manageable (if structured correctly)**:

- it provides accurate data,
- enables mandatory upload of H&S compliance documents,
- and allows targeted enforcement only where issues arise.

Licensing, without substantial and sustained resource, is not.

Wales must ensure it does not legislate for a system that it cannot deliver in practice and should focus on ensuring the registration scheme is structured appropriately to provide reliable accurate data from which further policy decisions can be made.

15. Legal Risks

This Bill carries significant and avoidable legal risk.

The ASSC warned the Scottish Government in its **2021 consultation response** that universal licensing would be:

- **unlawful**
- **disproportionate**
- in breach of the **Provision of Services Regulations 2009** (which require necessity, proportionality, and non-discrimination)
- in breach of **A1P1** of the European Convention on Human Rights (the right to peaceful enjoyment of possessions)

Those warnings were ignored.

What has happened since:

- In **Averbuch v City of Edinburgh Council**, the Court held that the licensing framework unlawfully discriminated against short-term let operators, was irrational, and failed to meet the legal tests of proportionality and necessity.
- In **Muirhead v City of Edinburgh Council**, the Court ruled that using planning control to retrospectively extinguish lawful existing operators breached property rights under **A1P1**, as well as basic principles of fairness, consistency and legal certainty.
- A **third judicial review** is being considered on the lawfulness of the wider national scheme and the rights of existing operators.

Implications for Wales

If Wales introduces:

- universal annual licensing,
- non-transferable licences,
- or barriers that prevent businesses continuing to trade,

then the Welsh Government risks the same challenges:

- **Provision of Services challenge** (disproportionate, not evidence-based, discriminatory)
- **A1P1 challenge** (loss of livelihood, destruction of goodwill, devaluation of property)
- **Judicial review** of decisions that are inconsistent or arbitrary

These are not hypothetical risks.
Scotland is already in the courts - repeatedly - and losing.

Once A1P1 is breached, compensation and damages become a real possibility.
Wales should not legislate its way into avoidable litigation.

The lawful alternative exists:

- **registration,**
- **mandatory H&S compliance,**
- **targeted enforcement where evidence shows a genuine problem.**

A detailed summary of the Scottish judicial reviews, senior counsel opinion, and the legal vulnerability of the current model is provided in **Annex A: Legal Risks**, as requested by the Committee. The annex sets out the rulings already made by the courts, the emerging litigation now considered viable, and the implications for Wales if a similar framework is adopted.

16. The Clear Ask

We respectfully ask the Committee to recommend:

1. **Pause** the Bill until a clear policy objective is stated.
2. **Complete national registration first**, working with the sector to ensure it will gather reliable data.
3. **Apply mandatory H&S consistently** across all accommodation types, including spare rooms.
4. **Do not use licensing as a housing tool.** Licensing cannot increase housing supply. If housing is the objective, there are already planning tools that can be used – and planning **cannot** be applied retrospectively to close lawful operators without breaching A1P1. Wales must not conflate safety regulation with housing policy, as Scotland has done.

5. **Ensure licence transferability** on sale of a business, to protect commercial viability and investment.
6. **Require a credible cost-recovery model** – £75 is not deliverable under any real-world scenario and the impact assessment should be redone.
7. **Commit to partnership policymaking with industry**, rather than designing policy in isolation.

17. Closing Message

Scotland demonstrates what happens when unclear objectives, weak evidence and disproportionate licensing collide:

- Responsible operators shut
- Properties lie empty
- Black market thrives
- Prices rise
- Visitors go elsewhere
- Rural economies suffer
- Housing stock does not improve

We warned the Scottish Government this would happen.
It is written explicitly in **Annex E** of the 2020 BRIA and in our **2021 consultation response** warning of breaches of EU service law and A1P1.

The ASSC submitted repeated policy recommendations since 2019, and proposed registration with mandatory H&S long before licensing was introduced.
Every opportunity to avoid these consequences was ignored.

Wales does not need to repeat Scotland's experience.
We stand ready to help design regulation that is:

- proportionate,
- lawful,
- evidence-based,
- enforceable,
- and in the public interest.

This is an opportunity for Wales to be an exemplar. Not a warning.

Fiona Campbell MBE, CEO, Association of Scotland's Self-Caterers
Marc Crothall MBE, CEO, Scottish Tourism Alliance

5th November 2025

Annex A: Legal Risks – Proven, Pending, and Emerging Challenges

We consider it important to set out concisely the legal position that has already unfolded in Scotland. These risks are not theoretical. They have materialised in court and have direct relevance to Wales if a similar licensing model is pursued.

1. Judicial Reviews Already Succeeded in Scotland

Averbuch v City of Edinburgh Council
The Court found key elements of Edinburgh's licensing policy unlawful and irrational. In particular, a "rebuttable presumption" against secondary letting in tenements breached the Provision of Services Regulations 2009 because the policy was unclear, dissuasive and disproportionate. Conditions such as compulsory carpeting regardless of property type were criticised as irrational and "oppressive", since they imposed significant expense without a justified safety purpose.

The Court also ruled licensing must regulate safety and nuisance, not block lawful commercial use through blanket exclusion.

Muirhead & Dickins v City of Edinburgh Council
In a separate case, Lord Braid held that the Council's approach to planning control was "unfair" and "illogical". The requirement for retrospective planning permission was declared unlawful. The Court criticised an application process that actively deterred lawful operators from applying, and confirmed the relevance of Article 1, Protocol 1 (A1P1) rights.

The judgment has consequences across Scotland, weakening proposed Control Areas in multiple regions and forcing councils to change guidance and policy.

2. Senior Counsel Confirms A1P1 Liability and Damages Exposure

Senior Counsel's written opinion (October 2025) confirms that short-term let businesses and their licences fall within the scope of A1P1. Both the physical property and the economic interest – including goodwill, established clientele and business reputation – qualify as possessions for Convention purposes.

The opinion concludes that:

- interference with possessions is clearly established
- the State will face difficulty proving proportionality
- operators are being required to bear a "disproportionate and excessive burden"

The advice states that, now businesses have demonstrably closed, an A1P1 damages action is not only viable but likely to succeed.

3. Breaches of the Provision of Services Regulations 2009

Counsel also identifies robust grounds under the retained EU-derived Provision of Services Regulations 2009, which prohibit authorisation schemes that are unclear, discriminatory, unjustified or disproportionate.

These provisions remain directly enforceable in UK law. They can underpin both judicial review and compensation claims.

4. Dual Litigation Is Now Credible

The Association of Scotland's Self-Caterers holds clear senior counsel advice supporting dual legal action against:

1. **Scottish Ministers** – for creating a statutory scheme that is systemically incompatible with A1P1 and the Provision of Services Regulations
2. **City of Edinburgh Council** – for implementation practices that have effectively extinguished lawful businesses

If pursued, consequences include:

- judicial declaration of incompatibility under the Human Rights Act
- substantial compensation for destroyed business value and loss of goodwill
- public expenditure liabilities and reputational harm to the wider regulatory environment

5. Lessons for Wales

If Wales introduces a universal licensing regime that:

- applies retrospectively
- makes continuation of lawful businesses uncertain
- creates barriers to renewal or transfer
- imposes disproportionate or unclear conditions

it will face identical vulnerability:

- A1P1 challenges
- Provision of Services litigation
- domestic judicial review
- potential damages for economic loss

Scotland demonstrates the real-world outcome. The risks are proven in court, not hypothetical.

6. The Lawful Alternative

There is a clear, lower-risk route:

- national registration to obtain accurate data (provided it is structured correctly)
- mandatory health and safety compliance for *all* types of accommodation
- targeted enforcement where evidence supports it
- full transferability of authorisation to protect business continuity
- planning used prospectively, not retrospectively, where housing is a concern

This approach achieves safety and transparency without exposing government to avoidable legal challenge or damages.

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5 November 2025

Dear Andrew,

Thank you for your letter of 16 October following the recent Senedd Committee session on the Future of Welsh Steel. The steel sector has a bright future in Wales; the UK Government has committed up to an additional £2.5 billion for steel over the course of this Parliament, with the UK Steel Strategy due to be published later this year.

The UK Government remains firmly committed to supporting Port Talbot through this period of transition. Since July 2024, we have moved the Transition Board from discussion to delivery, and I am pleased to confirm that all of the £80 million commitment to the Transition Board has been allocated to support the people, businesses and communities affected.

As you may be aware, all three steel unions – Community, GMB and Unite – are represented on the Transition Board almost since its inception. I am very grateful to Community, GMB and Unite for their continued commitment and constructive engagement over the last two years.

Last month, I was pleased to again meet in-person with local union representatives, including members of the Multi-Union Committee, to hear directly about their experiences and concerns. I am keen to maintain an active and open dialogue with them and am committed to ensuring that the unions continue to have a strong presence on the Board.

Wales Office
Swyddfa Cymru

Ref: 089SOS25

Rt Hon Jo Stevens MP
Secretary of State for Wales
Ysgrifennydd Gwladol Cymru

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The contributions of the unions to the work of the Board have been invaluable and remain central to securing a successful and sustainable future for the area. I look forward to continuing this positive relationship as the Board moves into its next phase, ensuring that support is effectively targeted, and that future opportunities for regeneration and investment in the area are advanced.

Yours sincerely,

Rt Hon Jo Stevens MP
Secretary of State for Wales
Ysgrifennydd Gwladol Cymru

Mark Drakeford AS/MS
Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language

Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref

Andrew RT Davies
Chair, Economy, Trade, and Rural Affairs Committee
Welsh Parliament
Cardiff Bay
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CF99 1SN

5 November 2025

Dear Andrew,

Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill

Following the introduction of the Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill into the Senedd on 03 November 2025, please find attached a copy of the statement of policy intent for the Bill. This document is provided to support the Committee's scrutiny of the Bill.

I am copying this letter to the Chair of the Legislation, Justice and Constitution Committee.

Yours sincerely,

Mark Drakeford AS/MS
Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Languaeg

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Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill

Statement of Policy Intent

Introduction

This document provides an indication of the purpose and current policy intention for the exercise of the powers and duties to make subordinate legislation conferred by the Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill ("the Bill"), as introduced to the Senedd on 3 November 2025. It is provided to assist Committees and the Senedd in their scrutiny of the Bill, and to support transparency regarding the intended use of delegated powers.

The powers throughout the Bill are necessary to both enable the scheme to be extended to other types of visitor accommodation, allowing for a phased roll-out and implementation over time; and to provide the flexibility to quickly and smoothly accommodate changes across tourism and related legislation, both of which are in a continuous state of evolution. It also enables flexibility for the detailed policy and operational matters underpinning the exercise of many of the powers and duties set out in this document to be developed in co-operation or collaboration with key stakeholders. The legislation or guidance drafted as a consequence will also be subject to consultation and/or Senedd scrutiny. As such, some elements may be subject to change during development and implementation.

The Welsh Ministers have considered the use of powers in the Bill as set out below and are satisfied they are necessary and justified; and, in relation to regulation-making powers, the justification for the assigned Senedd procedure is set out in table 5.1 of the Explanatory Memorandum.

Overview of the Bill

This is the second of two Bills, which, together with various other legislative and policy changes, forms the final part of a package of measures in support of this Senedd's Programme for Government commitment to "*Take forward actions to cap the number of second homes, bring more homes into common ownership and license holiday lets*"; and to support and promote a sustainable tourism sector and economy in Wales, which is balanced with the needs of local communities.

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; and

- Regulating the provision of visitor accommodation in Wales by:
  - 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,
  - making a standard in relation to the fitness of visitor accommodation a contractual requirement, and
  - 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.

The Bill builds upon its companion Act, the Visitor Accommodation (Register & Levy) Etc. (Wales) Act 2025 ("the VARL Act"), and the register of visitor accommodation providers established under it, to set the legislative foundation for a robust and transparent system of regulation of visitor accommodation in Wales through a licensing scheme. It will also set new advertising and marketing requirements in respect of all registered visitor accommodation in Wales (not only that specified as regulated visitor accommodation), as well as creating a joint duty on the Welsh Ministers and the WRA to create a public directory of visitor accommodation, by bringing together the information required to be published under this Bill and the VARL Act.

A secondary outcome of this Bill will be that for relevant visitor accommodation in the first phase, its regulation will also align more closely with that of the private rented sector, ensuring a more consistent approach to standards and compliance for those premises that are structurally and characteristically similar.

Bill Composition

The Bill contains 5 parts and 2 Schedules:

Part 1 – Provides the overview of the Bill and creates the Code of Welsh law in relation to tourism.

Part 2 – Provides for the restatement and modernisation of extant legislation and Welsh Ministers' functions relating to tourism, including providing for consequential amendments of the existing legislation (together with Schedule 1), and an explicit power for a Code of Practice relating to tourism.

Part 3 – Provides for the regulation of visitor accommodation, setting out the key components to establish a licensing scheme, including:

- Setting out the key concepts on which the regulatory regime is built, including "regulated visitor accommodation" and "fitness for visitor accommodation"; as well as setting fitness standards and creating a new contractual obligation in relation to 'fitness'; and
- Creating the licensing scheme and its procedures including applications, licence conditions, compliance and enforcement, appeals, fees, exemptions, and data sharing.

Part 4 – Contains provisions relating to the provision of information to the public about visitor accommodation, including establishing a public visitor accommodation directory and new advertising and marketing requirements.

Part 5 – Contains miscellaneous provisions including standard legislative procedural matters, in addition to a guidance duty and powers to provide for procedures for various matters including offences, penalty notices and special cases (e.g. bodies, partnerships, death, incapacity, business transfer).

Schedule 1 – Sets out the amendments to the Development of Tourism Act 1969.

Schedule 2 – Sets out amendments to the Register of Visitor Accommodation Providers (under the VARL Act and the Tax Collection and Management (Wales) Act 2016) to ensure legislative and operational consistency between Registration and Licensing.

Other documentation

This document should be read in conjunction with the following:

- The Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill;
- The Explanatory Notes to the Bill; and
- The Explanatory Memorandum to the Bill.

For the purposes of this document, the powers to make subordinate legislation have been grouped into key themes, as follows:

	Topic	Section	Description or areas covered	Page
1	**Licensing Scheme – Scope – Extension**	5(1)(b), 6(2), 17(1), 19(3), 39(3) and 40(4)	Powers to prescribe additional types of regulated visitor accommodation, amend or prescribe fitness standards, licence conditions and approval requirements, as well as powers to make provision about information sharing and licensing of campsites and caravan sites.	7
2	**Licensing Scheme – Licence Conditions**	13(2) and 16(1),	Powers to make provision about insurance and training,	11
3	**Licensing Scheme – Application Procedures and other requirements**	25(2) and27(2)	Powers to make provision about renewal applications, provisional licences.	13
4	**Licensing Scheme – Compliance and Enforcement**	23(5), 24(2), 26(1) and 54(5)	Powers to make provision about revocation warnings and notices, remedial notices, amendments to licences and penalty notices.	15
5	**Exemptions from Licensing Requirements**	37(2)	Power to make provision about exemptions from licensing requirements.	19
6	**Fees in connection with Licensing**	38(1)	Power to make provision about fees in connection with the licensing scheme.	20
7	**Application of the Bill to Special Cases**	49, 52(1) and 53(1)	Powers to make provision about partnerships, unincorporated bodies, business transfers, death, incapacity, and insolvency.	22
8	**Consequential and Transitional Provision**	56(1)	Powers to make consequential, transitional, or saving provision, etc.	24
9	**Development of Tourism & Regulation of Visitor Accommodation - Code of Practice and Guidance**	3(1) and 55(1)	Power to prepare and publish a Code of Practice in relation to tourism matters; and a duty to issue guidance on Parts 3 and 4 and related regulations.	26

1 – Licensing Scheme – Scope – Extension

Section	Form	Proposal and description of powers	Procedure
5(1)(b)	Regulations	Power to prescribe additional types of regulated visitor accommodation.	Senedd approval
6(2)	Regulations	Power to make further provision about premises at which regulated visitor accommodation is offered or provided being fit for visitor accommodation.	Senedd approval
17(1)	Regulations	Power to prescribe additional conditions which should apply to licences awarded under this Part.	Senedd approval
19(3)	Regulations	Power to prescribe additional approval requirements which must be met before a licence is awarded.	Senedd approval
39(3)	Regulations	Power to prescribe other bodies between information may be shared for the purposes of the functions under the Bill.	Senedd annulment
40(4)	Regulations	Power to modify the licensing Chapter of the Bill for the purpose of ensuring conditions of a sort currently applicable under licensing regimes for campsites and caravan sites operate as intended if those types of accommodation are brought into the licensing scheme in future.	Senedd annulment

Overarching policy purpose and intent

The overarching policy intention for these provisions and the powers they contain, collectively, is to allow the Welsh Ministers to extend the scope of the scheme to any and all other types of visitor accommodation in Wales, should the Senedd deem it appropriate. The powers enable the definition of regulated visitor accommodation to be expanded; and for other key parts of the licensing scheme to be updated or adapted to reflect any extension, including the fitness requirements, the licence conditions that may apply, approval requirements for licence applications and bodies with whom the Welsh Ministers are able to share information in relation to their licensing functions. In addition, the powers provide the flexibility to update and adapt the scheme over time, to keep pace with changes

across the visitor accommodation sector, as new risks, technology or best practice is identified, or as associated regulatory legislation is updated to ensure the scheme continues to deliver its intended purpose.

Individual policy purpose and intent

Section 5 provides the core definition of "regulated visitor accommodation", which underpins the initial scope of the licensing scheme. The purpose of the regulation-making power at **section 5(1)(b)** is to enable the definition to be expanded and adapted over time. The policy intention for this power is for it to be exercised either to expand the scope of the scheme, by extending what is captured within the definition of 'regulated visitor accommodation', or to allow the scheme to adapt and keep pace with the visitor accommodation sector, as new types of accommodation emerge in the future.

Section 6 establishes the concept of, and baseline for, "fitness for visitor accommodation", which is a key component of the licensing scheme, setting the standards (in conjunction with sections 7 to 13) that must be met for premises containing regulated visitor accommodation to be licensed. The purpose of the regulation-making power at **section 6(2)** is to allow for further or different provision to be made in respect of the fitness standards, as necessary in the future.

The policy intention for this power is to avoid divergence with wider regulatory standards, unless the Senedd considers it to be appropriate, and ensure that the requirements and standards can remain relevant and up to date in the longer term, by removing or updating outdated requirements, or adding new ones to support continuous improvement in standards across the sector. It also ensures different requirements can be included that are appropriate for any new types of visitor accommodation or premises that may be included within the scope of the scheme in the future, and to allow new or existing requirements to be applied appropriately and fairly to different types.

The purpose of the regulation-making power at **section 17(1)** is to allow for further conditions to be prescribed to apply generally to visitor accommodation licences, for the purposes of improving or maintaining standards of visitor accommodation or amenities, or for

the promotion of tourism; and the conditions may be prescribed by reference to various descriptions or characteristics of the accommodation, premises, VAP, visitor or contracts.

In a similar way to the power at section 6(2), the policy intention for this power is to ensure that licence conditions remain relevant and up to date in the longer term to support continuous improvement in standards across the sector. In particular, where additional types of visitor accommodation or premises are brought within the scope of the scheme, it allows further licence conditions to be added, and for new or existing conditions to be applied appropriately and fairly to different types of accommodation, as necessary.

Section 19 sets out the requirements that must be met for a licence to be approved. The purpose of the regulation-making power at **section 19(3)** is to enable the approval requirements and procedures to be amended or updated to reflect changes in requirements in circumstances where the power under section 17(1) is exercised to introduce further conditions on a licence. The policy intent for this power is to update the application process and approval requirements to reflect any new conditions added as a result of the exercise of the power under section 17, to ensure appropriate approval requirements, for example, should additional types of accommodation be brought into the scope of the scheme.

Section 39 facilitates effective regulation, enforcement, and monitoring of compliance, by allowing information to be shared between the Welsh Ministers, in their capacity as the licensing authority, and specified public bodies. The purpose of the regulation-making power at **section 39(3)** is to amend the list of persons specified under that section, to update, remove, or add further persons or bodies as necessary in the future.

The policy intent for this power is to ensure that, where additional types of visitor accommodation are brought into the scope of the scheme in future, or if additional conditions are added, information can be shared between relevant regulators or other partners in support of the effective operation, regulation and monitoring of compliance under the licensing scheme. It also allows the list of persons or bodies to be updated to reflect and respond to any future changes in relevant partners, or in the public sector or wider regulatory landscape, to ensure continued efficacy of the provision and the scheme as a whole.

Section 40 is similar to section 17, in that it provides for further conditions to be specified in respect of a visitor accommodation licence, but on a case by case basis and is limited to circumstances where the power at section 5(1)(b) is exercised to prescribe additional types of regulated visitor accommodation at a campsite or caravan site to which section 269 of the Public Health Act 1936 or Part 1 of the Caravan Sites and Control of Development Act 1960 apply (respectively). Consequently, the purpose of the regulation-making power at **section 40(4)** is to enable Chapter 2 of Part 3 of the Bill to be modified for purposes related to such conditions being specified, to ensure the Bill and licensing scheme can adapt to be applied effectively in such circumstances.

This provision, together with the express provision at section 56(2), recognises the unique position of campsites and caravan sites. The policy intention behind allowing further licence conditions to be specified and applied on a case-by-case basis (with relevant local authority agreement), is that conditions such as those of the type currently applicable under existing licensing regimes for such premises – but which are unlikely to be applicable to other types of visitor accommodation, or suitable for a blanket approach – can be replicated under the Bill and licensing scheme where appropriate. This is intended to allow the Senedd to consider bringing these types of visitor accommodation within the scope of the scheme in the future, or to consolidate those existing licensing regimes, without necessarily having to change their underlying policy or requiring a significant change in the types of conditions which are currently attached to these sorts of sites. .

2 – Licensing Scheme – Licence Conditions

Section	Form	Proposal and description of powers	Procedure
13(2)	Regulations	Power to prescribe what must be covered by public liability insurance, and the level of cover required.	Senedd annulment
16(1)	Regulations	Power to specify the training requirement which should be met to obtain a licence.	Senedd annulment

Policy purpose and intent

Section 13 requires adequate public liability insurance in place for all regulated visitor accommodation so that compensation should be available if a person is injured or suffers a loss as a result of, or in connection with, the provision of that accommodation. The purpose of the regulation-making power at **section 13(2)** is to specify any details, such as minimum levels of cover.

The policy intention is to establish specific minimum cover requirements for this licence condition, once the breadth and composition of regulated visitor accommodation premises across the sector is known (following the implementation of the registration scheme). This will ensure any requirements set are appropriate for all providers from the outset, whilst ensuring cover is sufficient to meet potential claims, including setting different requirements for different types or sizes of visitor accommodation. It will also allow those requirements to be adapted over time, for example, whether in line with any extension of the scheme or experience of claims.

The purpose of the regulation-making power at **section 16(1)** is to allow provision for a requirement that licence holders complete training as a condition of being granted and holding a licence. This allows the establishment of a baseline whereby every applicant or VAP has had the same information, and as a minimum, has the necessary knowledge or awareness of the requirements under the scheme, in order to support better consistency in application of the requirements at regulated visitor accommodation across Wales. The power also allows the content, delivery mechanism and materials, exemptions or associated fees to be specified, to set different requirements for different types of accommodation or providers, and allows the training to evolve and adapt over time, to remain relevant and in line with the scheme and its requirements.

The policy intention is to set requirements that ensure the training covers the key elements or requirements of the scheme, such as the fitness standards (e.g. fire safety, electrical maintenance, gas etc.), advertising requirements and the provision of information to visitors; alongside other key best practice that may be set out in the Code of Practice. It is also intended that it will include training on the operation of the scheme itself, such as how to use the system, how to apply, and what documentation may be required, at least for the initial and any future implementation phases. In addition, the regulations will provide clarity as to who is required to complete the training, for example, linking in with the powers under section 49 to specify who the requirement applies to where the VAP is a partnership with a large or complex structure.

In terms of developing the training itself, our policy intention is to first assess the initial data from the register to establish the composition of the cohort of relevant VAPs across the sector that may need to obtain a licence for their premises, before making any decisions about the detailed specification of the training, its delivery, or who may or may not need to undertake it. However, we intend to work in collaboration with key stakeholders in the sector in its development, as far as is possible, with the intention of ensuring it not only covers the matters required to fulfil its purpose for the scheme without being overly onerous, but that it also adds value for providers.

3 – Licensing Scheme – Application Procedures and Provisional Licences

Section	Form	Proposal and description of powers	Procedure
25(2)	Regulations	Duty to make provision about the renewal of licences.	Senedd approval
27(2)	Regulations	Power to make provision for provisional licences.	Senedd annulment

Policy purpose and intent

Section 25 provides for the expiry (typically after one year) and renewal of licences. The purpose of the duty to make regulations at **section 25(2)** is to require provision to be made about the process for the renewal of licences. The regulations may also include provision for enabling the continuity of licence validity where a renewal application is being determined, as well as the creation of offences to ensure compliance with the requirements under the regulations.

The policy intent for regulations to be made under this provision is to ensure the procedures and application processes for the renewal of a licence are provided for, in a similar way to, and linking in with, initial licence applications as set out under sections 18 to 22 of the Bill, but without requiring the duplication of information already held by the Welsh Ministers under their functions in the Bill. The regulations will also ensure, for the majority of cases, the continuity of a licence during the application process, subject to certain conditions or requirements, such as requiring the application to be submitted in advance of the expiry of the existing licence. Initially, and in the majority of cases, the intention is for renewal to be required annually, in line with the 1-year expiry of the licence as set out on the face of the Bill; with the aim for the process to evolve over time to be as light touch as is possible, whilst ensuring the integrity of the licensing scheme is maintained. The intended objective for this provision is to encourage and ensure ongoing compliance, allowing for regular review of the fitness of regulated visitor accommodation, and to encourage the regular review of information by licence holders.

The purpose of the regulation-making power at **section 27(2)** is to provide for the availability of provisional licences in circumstances where a licence application approval requirement cannot yet be met. The policy intention is to provide for provisional licences to afford the licensing scheme sufficient flexibility to support business continuity, while maintaining transparency and the scheme's integrity.

This is intended to be achieved by permitting provisional licences for circumstances in which, for example, new accommodation is being built, or there is a new VAP of an existing premises who is undertaking major renovations to the visitor accommodation. This would enable applicants or VAPs in these circumstances to offer or advertise their regulated visitor accommodation on a restricted basis, while working towards full compliance with application, approval and licence conditions or requirements. The intention is for those restrictions to include being prohibited from providing the accommodation, and therefore prohibited from allowing visitors to stay, until such time as they are able to meet all of the requirements and they have been granted a full licence.

4 – Licensing Scheme – Compliance and Enforcement

Section	Form	Proposal and description of powers	Procedure
23(5)	Regulations	Power to provide for circumstances in which the Welsh Ministers may warn a licence holder that their licence could be revoked, and circumstances in which a serious breach requires immediately revocation.	Senedd annulment
24(2)	Regulations	Duty to make regulations about remedial notices for licences.	Senedd annulment
26(1)	Regulations	Power to prescribe circumstances in which licences may be amended, and relevant procedures.	Senedd approval
54(5)	Regulations	Power to specify the levels of, and procedures for, penalty notices which can be charged as an alternative to prosecution for offences under the Bill.	Senedd approval

Overarching policy purpose and intent

The overarching purpose for these provisions and the powers they contain, primarily, is to set out the detailed procedures and requirements that underpin the compliance and enforcement part of the licensing scheme, as well as providing flexibility for any future extension to the scheme. Consequently, the collective policy intention for these provisions is to ensure those detailed procedures are developed in a way that enable the scheme to operate, first and foremost, on the basis of informing, educating and encouraging compliance. Where there are issues of non-compliance; whether it be a person committing an offence, or a licence holder breaching a licence condition; each element of the scheme's compliance and enforcement provisions are intended to work together coherently to deal with such situations appropriately, efficiently and effectively.

The procedures will ensure those who have breached their licence conditions or committed offences are provided with reasons or explanations, and in the majority of cases, will be offered opportunities to remedy problems, or avoid escalation or prosecution, via the issuing of penalty or remedial notices or warnings. It will also include fair notice periods for action to be taken, as well as the right of

appeal against certain decisions. And, where unusual, emergency or particularly serious situations arise, the intention is to ensure sufficient flexibility to enable swift action to be taken.
As such, the intention is to ensure the procedures are transparent and fair, but robust enough to maintain the integrity of the scheme.

Individual policy purpose and intent

Section 23 sets out the circumstances and procedures for the revocation of a licence where a licence holder breaches a condition of their licence and the breach is likely to persist or be repeated, or where the licence holder agrees to the revocation. Consequently, the purpose of the regulation-making power at **section 23(5)** is to allow for provision to be made that enables circumstances to be prescribed in which, either, advance notice or a warning may be given to the licence holder that their licence may be revoked should a known or suspected breach continue or be repeated; or where a revocation may take effect immediately.

The policy intent for this power is to put the expectation that providers should first be informed of their obligations on a statutory basis, without leaving it fully to operational discretion. The intention therefore is to prescribe the circumstances where notice or warning may be given, for example, for less serious or minor breaches, or for first time breaches. This will ensure the scheme is able to operate on an education and encouragement approach as a first step, whilst retaining the flexibility to deal with more serious or repeated breaches. At the other end of the scale, the intention is to prescribe the circumstances in which immediate revocation may be used. This will be reserved for more specific circumstances, for example, in urgent or emergency situations, or where the breach is of a level of severity that the risk to visitors is so great that it would not be appropriate to continue to allow visitors at the accommodation. The intention is that this will usually be in circumstances where another regulatory body has issued a prohibition notice, and they are not legally permitted to continue to operate.

The purpose of the duty at **section 24(2**) is to require regulations to be made that provide the circumstances in which, and procedures to be followed when, a remedial notice must be issued to enable a licence holder to remedy an issue at their accommodation where there has been a breach of their licence conditions, prior to revocation proceedings being initiated under section 23. The policy intention for these regulations is to require remedial notices as the first step in dealing with the vast majority of circumstances and

cases where there is a known or suspected breach, whilst retaining the ability afforded by the power at section 23(5) as set out above to deal with emergency or serious situations. For example, they may be used where the breach is an ongoing issue, such as a broken smoke alarm. The notice would require the issue to be rectified within a reasonable timeframe, and it is likely that it will require the licence holder to provide evidence that the issue has been rectified to prevent any further action or escalation of enforcement. The regulations may also set out the circumstances in which the notice may temporarily prohibit visitors from residing at the accommodation until the breach has been rectified, where the breach creates a risk of serious harm to visitors but it may not be appropriate to proceed to permanent revocation.

The purpose of the regulation-making power at **section 26(1)** is to allow provision to be made which sets out the circumstances and procedures for amending a visitor accommodation licence, either upon application by the licence holder, or by the Welsh Ministers in their capacity as licensing authority, including when amendments can be made without an application or agreement in certain circumstances. The policy intention for this provision is to provide for amendments to licences to allow flexibility for both the licence holder and the Welsh Ministers to amend licences to reflect changes in circumstances, for example, where there are changes to the description or maximum capacity of the accommodation provided at the premises

The intention is also to provide that amendments may be made as part of the compliance and enforcement process, so as to provide additional flexibility and fairness in the scheme where there are breaches of licence conditions. This would provide a similar process to that for revocations, including linking in with the requirements for remedial notices. This would enable circumstances to be dealt with where, for example, there is an issue with a particular unit or type of accommodation at a premises that cannot easily be rectified; and whilst it would not be appropriate to allow that accommodation to remain licensed, it may equally not be reasonable or appropriate to revoke the licence for the entire premises if the issue is confined and does not affect other parts of the premises. In circumstances such as these, a licence could be amended to remove specific units or types of accommodation from the licence for that premises, allowing the licence holder to continue to offer and provide the remaining accommodation without detriment.

Finally, it is also intended that provision will be made to allow, and set out the procedures for, additional or new units, or types of accommodation to be added to existing licences. This will allow for future changes across the sector or for individual licence holders,

as well as in the event of any extension to the scope of the scheme to other types of visitor accommodation. It is also intended to allow licences to be amended so as not to disadvantage or discourage existing licence holders from making improvements, diversifying or expanding the visitor accommodation offer at their premises in the future.

Section 54 introduces a system of penalty notices as an alternative to prosecution for offences committed under the Bill. The purpose of the regulation-making power at **section 54(5)** is to set out the specific details in relation to penalty notices, including their form and content, the amounts to be paid and payment methods, as well as the circumstances and procedures regarding the withdrawal of a penalty. The policy intention for this power is to provide for an efficient and effective means of enforcement for offences in certain circumstances, and to encourage future compliance as a result by offering the opportunity to avoid prosecution by paying a specified sum. The policy intention, therefore, is for a transparent and adaptable penalty notice system which is also fair and proportionate by providing, for example, different or scaled fine levels depending on, and appropriate to, the offence and the scale on which it is committed. The power will also be exercised over time in cases where different types of accommodation are brought into the scope of the scheme; or, if future evidence suggests that the levels of the fines are not sufficiently discouraging non-compliance, and are therefore not sufficient to support the integrity of the licensing scheme.

5 – Exemptions from Licensing Requirements

Section	Form	Proposal and description of powers	Procedure
37(2)	Regulations	Power to prescribe exemptions from licensing requirements.	Senedd annulment

Policy purpose and intent

The purpose of the regulation-making power at **section 37(2)** is to enable provision to be made to exempt a person or type of visitor accommodation of a prescribed description from licensing requirements under the Chapter 2 of Part 3 of the Bill, where they are also exempt from the requirement to register under Part 2 of the VARL Act, by virtue of regulations made under section 5(2) of that Act. This is to ensure consistency in application of both the legislation across this Bill and the VARL Act, and the schemes they establish. The policy intention for this power is in order to avoid a scenario arising, for example, where the Senedd has agreed a person should be exempt from the requirement to register under the VARL Act, but they remain subject to licensing requirements which require them to do so.

6 – Fees in connection with Licensing

Section	Form	Proposal and description of powers	Procedure
38(1)	Regulations	Power to set fees in respect of functions relating to licensing under Chapter 2 of Part 3, or any regulations made under it.	Senedd **annulment**

Policy Purpose & Intent:

The purpose of the regulation-making power at **section 38(1)** is to enable provision to be made about fees for licensing and related functions under Chapter 2 of Part 3 of the Bill, or any regulations made under it. In particular, it allows for generic or specific fees for any of the matters or functions set out within or under those provisions; for example, the ability to set fee amounts or structures - with different fee amounts for different types or sizes of accommodation or VAP, to set out circumstances in which there may be refunds, waivers or reductions in or for those fees, as well as specifying the general processes and procedures for fees, including payment methods, deadlines, debt recovery and appeals against fee decisions.

The policy intent for this power is to set annual licence fees, as well as other ad-hoc fees for other matters. For example, fees could be set for applications and for training (in conjunction with the power at section 16). The intention is that any fees set will be both appropriate and proportionate, whilst being sufficient to cover the costs of administering the function to which the fee relates, and eventually, together with the annual licence fee, to cover the cost of administering the scheme overall. An appropriate fee structure will be developed in line with the model of cost recovery described in the Regulatory Impact Assessment and fees will need be set at a level which reflects the expected cost of administering the scheme.

In terms of the annual licence fee, the Regulatory Impact Assessment set out a best estimate of an average of £75 per premises. The licence fee structure will need to be determined once the composition of the regulated visitor accommodation cohort of the sector is understood from the registration data. This will help us to develop a structure that not only takes the scheme's estimated running costs into consideration, but one that is fair for all licence holders. For example, consideration will need to be given to whether setting a flat

fee per premises is fair and proportionate for VAPs or licence holders, given the potential breadth and variation of premises sizes and compositions across the sector. As such, the fee may be based, for example, on the type of premises or its accommodation, by using a flat rate per unit of visitor accommodation, or by using bandings or scales depending on the number of units at a premises. These are options that will be considered as part of the development of regulations, and the consultation requirement ensures the sector will have the opportunity to have their views considered. The power will also enable the fee structure to be reviewed and revised, as necessary, should other types of accommodation be brought within the scope of the scheme in the future.

7 – Application of the Bill to Special Cases

Section	Form	Proposal and description of powers	Procedure
49	Regulations	Power to make further provision about how the Bill applies to partnerships or unincorporated bodies.	Senedd approval
52(1)	Regulations	Power to make provision in relation to death, incapacity or insolvency of a visitor accommodation provider.	Senedd approval
53(1)	Regulations	Power to make provision to ensure continuity in the application of the Bill where a VAP has or is a business being transferred as a going concern.	Senedd approval

Policy Purpose and Intent:

The provision in each of these sections mirror that in corresponding powers under the VARL Act. The policy intention for these powers, collectively, is to provide flexibility for the Welsh Ministers to ensure the procedures and processes in each of these various scenarios can be considered holistically across both the Bill and the VARL Act; that the practical implications for both the registration and licensing schemes established under them can be aligned where required; and, where additional procedures are required in respect of licensed premises or licence holders, this can be achieved without detriment to the registration scheme. The policy purpose and intent for each individual provision is as set out below:

The purpose of the regulation-making power at **section 49** is to add to, amend, or clarify how the Bill applies to partnerships and unincorporated bodies, ensuring there is flexibility to address new or unforeseen business structures. Partnerships and unincorporated bodies can have complex structures, and the initial provisions may not cover every scenario as business practices evolve. The policy intention of this power is to enable the Welsh Ministers to adapt the legislative framework and the scheme to respond to new types of business arrangements, as practical issues arise in the application of the Bill or the VARL Act to partnerships and unincorporated bodies during implementation or over time, and to prevent any loopholes developing that could undermine the efficacy of the licensing scheme. It also allows flexibility to clarify roles or responsibilities for specific requirements under the licensing scheme where there is

ambiguity due to complex or large structures, for example, linking in with the power under section 16, to specify who may or may not be required to undertake training.

The purpose of the regulation-making power at **section 52** is to address situations where a VAP dies, becomes incapacitated, or becomes insolvent. The policy intention is to establish and provide clarity on the processes and procedures that would need to be followed in such circumstances (including, for example, where a VAP's estate is subject to probate) and to allow for accommodation to continue to be provided whilst future arrangements for the accommodation are determined. Without such provision, there would be uncertainty for the VAP, their representatives and their families, as well as visitors, as to any liabilities or obligations and how, or whether they are able, to continue providing the visitor accommodation in the immediate term.

The purpose of the regulation-making power at **section 53** is to establish and provide clarity on the processes and procedures for ensuring continuity when a business is transferred to another person as a going concern, including the transfer of licences, and any relevant liabilities or obligations. The aim is to ensure not only continuity of provision of accommodation, but that there is no regulatory gap or loss of accountability, ensuring the integrity of the licensing scheme is maintained in such circumstances.

8 – Consequential and Transitional Provision

Section	Form	Proposal and description of powers	Procedure
56(1)	Regulations	Power to make provision, which is incidental or supplementary to, or consequential on the Bill, or to make transitional or savings provision in connection with any provision of the Bill.	Senedd approval if amending, modifying or repealing any primary legislation. Otherwise, Senedd annulment

Policy purpose and intent

The purpose of the regulation-making power at **section 56(1)** is to enable provision to be made that is incidental, supplementary, or consequential to any provision of the Bill, to make transitional or saving provision in connection with it, and to amend, modify, repeal, or revoke provisions under this or other enactments. This is a standard and routine regulation making power, particularly for complex legislation. It is consistent with other Acts of the Senedd, and is designed to ensure that the Bill can be implemented effectively. Its main purposes are:

- Incidental, Supplementary, or Consequential Provision: To allow the Welsh Ministers to address any technical, minor, or unforeseen circumstances or issues that arise as a result of the Bill.
- Transitional or Saving Provision: To manage the transition to the new legislative framework established by the Bill.

It also expressly specifies under 56(2) that where regulations are made under section 5(1) prescribing a description of (regulated) visitor accommodation to which section 269 of the Public Health Act 1936, or Part 1 of the Caravan Sites and Control of Development Act 1960 apply (campsites and caravan sites, respectively); the powers at section 56(1) include the ability to disapply those provisions in relation to Wales. These express provisions, alongside the general power to amend the Bill or other enactments are necessary, not only for the purposes of implementation, but to ensure clarity, consistency and coherence across the statute book. Where these powers are exercised to amend the Bill or other primary legislation, the Senedd will be provided the opportunity to scrutinise and vote on those regulations.

The policy intention for this power, in the first instance, is to enable transitional arrangements to be developed and put in place to support the implementation of the Bill, ensuring it can be implemented appropriately and effectively, and without detriment, whilst ensuring continuity of provision and minimising disruption as far as is possible to individual VAPs or applicants, visitors, or the sector as a whole. For example, ensuring existing VAPs whose accommodation would be subject to licensing are able to continue operating during the implementation period, particularly whilst the scheme and its operations bed-in and applications are being considered.

In the longer term, the intention is that it would be used for similar purposes as those set out above, as and when the scheme extends to other types of visitor accommodation in the future, in conjunction with the powers as set out under section 1 – 'Licensing Scheme – Scope – Extension' at page 7. Over and above those circumstances, this power would only be used for matters such as:

- clarifying ambiguities or making technical adjustments to ensure the Bill operates as intended;
- making changes to deal with unforeseen circumstances arising from, or as a consequence of, the wider implementation of the Bill or the VARL Act,
- making changes to deal with amendments or updates to legislation elsewhere that may impact the efficacy of the Bill or licensing scheme; or,
- as a result of the development of regulations as provided in powers elsewhere in the Bill.

9 – Development of Tourism and Regulation of Visitor Accommodation – Code of Practice and Guidance

Section	Form	Proposal and description of powers	Procedure
3(1)	Code of Practice	Power to issue a code of practice in relation to best practice guidance on tourism.	No procedure
55(1)	Guidance	Duty to issue guidance on the operation of the regulatory regime created by the Bill.	No procedure

Policy purpose and intent

The purpose of the power at **section 3(1)** is to provide an express power to issue a Code of Practice as part of the restatement of functions under the Development of Tourism Act 1969, with the policy intention of developing a broad suite of best practice guidance for businesses and visitor accommodation providers across the tourism sector in Wales.

The purpose of the duty under **section 55(1)** is to require guidance to be issued by the Welsh Ministers in relation to Parts 3 and 4 of the Bill, and any regulations made under those Parts. Parts 3 and 4 contain the provisions under which the licensing scheme will be established for the purposes of the regulation of visitor accommodation. The policy intention is for this guidance to provide clarity, guidance and support for providers, and those associated with providing, or offering to provide, regulated visitor accommodation in Wales. It will include the various aspects of the operation of the licensing scheme, such as the processes, requirements and consequences for non-compliance, alongside any relevant guidance on key aspect such as fitness standards and contract terms, in order to support compliance. The guidance will also be updated in line with any updates to, or extension of, the scheme or its requirements over time.

Once the licensing scheme is implemented, the policy intention is for the guidance on the licensing scheme and any Code of Practice in relation to tourism to eventually sit side by side, creating a single suite of information, guidance and best practice for tourism businesses and providers across the sector in Wales, both existing and prospective. The policy intention is for it to:

- Support those involved in providing or offering to provide regulated visitor accommodation by encompassing the statutory guidance on licensing and the regulation of visitor accommodation as required under section 55;
- Support those who provide or offer to provide other types of visitor accommodation (not regulated self-catering accommodation), by raising awareness of the standards and requirements of the scheme to other parts of the visitor accommodation sector as best practice, irrespective of any future extension of the scheme;
- Support businesses and providers of tourist attractions, amenities, facilities and services in Wales, as well as visitor accommodation, by providing best practice guidance on broader matters such as those suggested under section 3(2) of the Bill;
- Support businesses and providers of tourist attractions, amenities, facilities and services in Wales, as well as visitor accommodation, by providing or signposting to other information or guidance, to promote and improve awareness of, or compliance with, a range of other relevant best practice or statutory requirements under other legislation or regulatory regimes; and
- Provide information to visitors and the public about the licensing scheme, the standards required of regulated visitor accommodation in Wales, and the public visitor accommodation directory, in order to both promote transparency and raise awareness, and enhance the efficacy of the scheme in the process.

Together, this suite of information and guidance will help drive standards across the tourism sector and visitor economy, and support the Welsh Ministers' wider functions in promoting the development of tourism in Wales.

Agenda Item 8

Document is Restricted