

Financial implications of the Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill

December 2025

1. Introduction

1. The Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill¹ (the Bill) and Explanatory Memorandum² (EM), including the Regulatory Impact Assessment (RIA), were introduced by Mark Drakeford, Cabinet Secretary for Finance and Welsh Language (the Cabinet Secretary) on 3 November 2025.

2. During his oral statement on the Bill's introduction, the Cabinet Secretary said the Bill "aims to improve, maintain and promote visitor accommodation in Wales".³

3. The Bill:

- restates and modernises 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
- regulates 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 2025⁴ (the VARL Act 2025) to establish a visitor accommodation directory for the purpose of providing information to the public about visitor accommodation in Wales.⁵

¹ [Welsh Government, Development of Tourism and Regulation of Visitor Accommodation \(Wales\) Bill](#)

² [Welsh Government, Explanatory Memorandum](#)

³ [Plenary, RoP, 4 November 2025, paragraph 206](#)

⁴ [Visitor Accommodation \(Register and Levy\) Etc. \(Wales\) Act 2025](#)

⁵ [Welsh Government, Explanatory Memorandum](#), page 5

4. The Finance Committee (the Committee) took evidence on the financial implications of the Bill on 13 November 2025⁶, from:

- Mark Drakeford MS, Cabinet Secretary for Finance and Welsh Language;
- Helen John, Deputy Director, Licensing of Visitor Accommodation, Welsh Government;
- Rebecca Hawkins, Legislative Policy Adviser, Licensing of Visitor Accommodation, Welsh Government;
- Andrew Hobden, Economist, Welsh Government.

5. Policy scrutiny of the Bill was undertaken by the Economy, Trade and Rural Affairs Committee.⁷

6. The Legislation, Justice and Constitution Committee also considered the Bill in accordance with matters which fall within its remit.⁸

⁶ Finance Committee, RoP, 13 November 2025

⁷ Economy, Trade and Rural Affairs Committee

⁸ Legislation, Justice and Constitution Committee

2. Financial implications of the Bill

Summary of costs

7. The costs included in the RIA are appraised across a 10-year period between 2026-27 and 2035-36. The total cost of the Bill over the appraisal period is estimated to be £41.84 million.⁹

8. Compliance costs incurred by the visitor accommodation providers are estimated to be £32.37 million across the appraisal period. The Licensing Authority would incur net costs of £6.73 million and Welsh Government costs are estimated to be £2.73 million over the appraisal period.¹⁰

9. A summary of the costs is shown in Table 1.

Table 1: Costs associated with the Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill from 2026 to 2036

Cost description	Cost (£ million)
Welsh Government	
Opportunity costs	2.43
Enforcement Top Up	0.3
Total costs	2.73
Licensing Authority	
Transitional costs	6.73
Operational costs	13.18
Licence Fees	-13.18
Total net costs	6.73
Visitor Accommodation Providers	
Transitional costs	5.66
Ongoing costs	26.71
Total costs	32.37
Total Bill costs	41.84

⁹ Welsh Government, Explanatory Memorandum, page 38

¹⁰ Welsh Government, Explanatory Memorandum, pages 40 and 70

Source: Explanatory Memorandum, November 2025¹¹

Note: Totals may not agree due to rounding

Unquantified costs

10. The RIA highlights the possibility that some non-compliant visitor accommodation providers may leave the sector rather than comply with statutory requirements:

"If so, the overall amount of available self-catering visitor accommodation may decrease, which could potentially lead to fewer overnight stays by visitors to Wales – or, conversely, in improved occupancy rates for remaining providers."¹²

11. Addressing the impact that accumulating costs could have on the visitor accommodation sector given the recent passing of the VARL Act 2025, the Cabinet Secretary said:

"... if the local authority in which you are located chooses not to take up the permissive power of the visitor levy Bill, the only costs that you will face will be the opportunity cost of the between 10 and 15 minutes that we think it will cost someone to register under the system. So, for very many providers, there will be no cash costs at all involved there."¹³

12. The Cabinet Secretary indicated that the estimated annual cost of the licensing regime for a typical provider with two premises will be £172, or "less than £1 a day if you are letting those properties for three months of the year". He added:

"I don't think that's going to be the determining factor as to whether or not anybody enters the industry or decides to continue to operate within it."¹⁴

13. The RIA does not predict how many providers might choose to exit the market, but states:

¹¹ [Welsh Government, Explanatory Memorandum](#), page 70

¹² [Welsh Government, Explanatory Memorandum](#), page 40

¹³ Finance Committee, RoP, 13 November 2025, paragraph 283

¹⁴ Finance Committee, RoP, 13 November 2025, paragraph 284

“... there is no significant evidence of the sector contracting as a result of similar licensing schemes having been introduced in other parts of the UK and beyond.”¹⁵

14. The Cabinet Secretary told us he was not “unduly worried” about providers leaving the industry as four of the five conditions of the licence are existing legal obligations. He argued that those unable to meet basic safety and certification standards “shouldn’t be operating anyway”, and went on to say:

“... there will be still many operators who do meet the conditions for the licence who are underoccupied and will be able to pick up any marginal slack there may be for that small number of operators who find that they can't meet the requirements of the licensing scheme.”¹⁶

Benefits

15. The RIA says the licensing scheme “will have positive impacts for the tourism industry in Wales and for communities where the industry is concentrated”, including:

- increasing visitor awareness and confidence in statutory requirements, supporting the visitor accommodation sector;
- greater fairness and compliance across the self-catering accommodation sector, creating a level playing field and encouraging competition.¹⁷

16. However, the Welsh Government says it is “not possible to put a meaningful financial value on benefits about quality, improving confidence and perceptions, and shaping local accommodation markets”.¹⁸

17. When asked whether consideration was given to drawing on data from schemes in Scotland and Northern Ireland to support the quantification of potential benefits in Wales, the Cabinet Secretary told us it was “difficult to draw direct comparisons” because their schemes differ and have limited or outdated data. He expanded:

¹⁵ [Welsh Government, Explanatory Memorandum](#), page 40

¹⁶ Finance Committee, RoP, 13 November 2025, paragraph 287

¹⁷ [Welsh Government, Explanatory Memorandum](#), page 41

¹⁸ [Welsh Government, Explanatory Memorandum](#), page 41

“In the Scottish case it's difficult because the scheme has only been fully in operation since the start of this year, so you've got less than one year's evidence to draw on. That wouldn't be enough, I think, to be able to put a reliable, quantifiable, comparative figure... The Northern Ireland arrangements completely predate anything like online booking platforms and all the things that have made entry into this market much easier, and I think that makes it difficult then to draw comparisons with the position that we've tried to respond to in this Bill.”¹⁹

18. Instead, he said advice from Visit Wales and its work on voluntary quality standards has informed the approach.²⁰

Bill options

19. The RIA sets out three options.

Option 1

20. Under this ‘business as usual’ option, providers of visitor accommodation in Wales would continue to operate in the absence of a statutory licensing scheme. The RIA says there are “no additional financial costs for the Welsh Government, local authorities, or visitor accommodation providers”.²¹

21. The RIA states that taking no action:

“... would allow the current situation to persist, whereby a potentially increasing number of visitor accommodation providers in Wales may be providing accommodation that is not compliant with existing statutory requirements, which risks undermining the reputation of the sector and harming the visitor economy in Wales.”²²

22. The Welsh Government says this option would “perpetuate the current regulatory disparity between the private rented sector and the short term let sector” which is seen by landlords’ representatives and campaigning organisations

¹⁹ Finance Committee, RoP, 13 November 2025, paragraphs 291-292

²⁰ Finance Committee, RoP, 13 November 2025, paragraph 293

²¹ Welsh Government, Explanatory Memorandum, page 43

²² Welsh Government, Explanatory Memorandum, page 43

as incentivising property owners to switch from long-term rentals to short-term lets, compounding the shortage of affordable housing in high-tourism areas.²³

Option 2 (the preferred option)

23. The preferred option is to introduce a nationwide visitor accommodation licensing scheme underpinned by training requirements, documentary evidence of compliance, and an intelligence-led and risk-based approach to enforcement in partnership with local authorities and other regulators.²⁴

24. A single licensing authority would be responsible for:

- processing and issuing licences, working alongside the Welsh Revenue Authority (WRA) to ensure join-up with registration of visitor accommodation;
- identifying and investigating non-compliance in partnership with local authorities and other regulators;
- enforcing licensing requirements through penalties, licence revocation, and prosecutions.²⁵

Option 3

25. Option 3 would introduce a visitor accommodation licensing scheme supported by a rigorous assurance, compliance and enforcement regime delivered solely by the licensing authority. This would require the licensing authority to undertake physical inspections of all visitor accommodation to confirm compliance with relevant statutory requirements before a licence was issued or renewed.²⁶

26. While this option would provide additional assurance, the Welsh Government notes that physical inspections cannot guarantee ongoing compliance since conditions may change after the inspection date.²⁷

27. The RIA says this option would be more labour-intensive and costly for the licensing authority, and more burdensome for applicants/licensees, leading to higher fees compared to the preferred option. It also highlights the potential

²³ Welsh Government. Explanatory Memorandum, page 44

²⁴ Welsh Government. Explanatory Memorandum, page 45

²⁵ Welsh Government. Explanatory Memorandum, page 45

²⁶ Welsh Government. Explanatory Memorandum, page 48

²⁷ Welsh Government. Explanatory Memorandum, page 48

inconvenience or intrusiveness for visitors staying at the accommodation when inspections are taking place. Consequently, the RIA states:

“For these reasons this option has not been taken forward for further analysis.”²⁸

28. On the absence of a cost analysis for Option 3, the Cabinet Secretary said:

“I didn't want the team of people who were working on preparing the Bill to spend a lot of their time preparing costs for a scheme that I wasn't going to operate, when it was quite difficult to get reliable costs for the scheme I did want to operate.”²⁹

UK licensing schemes

29. The RIA notes that “the Northern Ireland licensing scheme involves physical inspections, which are time-consuming”. It also notes that the licensing scheme in Scotland is administered by each local authority within its own area and does not require a physical inspection or documentary evidence of compliance with safety requirements. However, “where there is a complaint or a risk is identified”, Scottish local authorities can “request documentary evidence of compliance, or undertake visits if they consider either to be necessary”.³⁰

30. In August 2024, the Scottish Government published an implementation report on the Scottish scheme, which included feedback from visitor accommodation providers.³¹

31. The RIA says evidence from the approach to licensing in Northern Ireland and Scotland:

“... has led the Welsh Government to conclude that if we are to maximise levels of engagement and compliance with a licensing scheme in Wales, it will be important to avoid creating application and assurance processes that are considered by the sector to be overly burdensome and time-consuming, or on the other hand a regime that is perceived to be ineffective and

²⁸ Welsh Government, Explanatory Memorandum, pages 48-49

²⁹ Finance Committee, RoP, 13 November 2025, paragraph 312

³⁰ Welsh Government, Explanatory Memorandum, page 49

³¹ Scottish Government, Short-Term Let Licensing Implementation Update Report 2024

which is potentially easily avoided due to lack of enforcement.”³²

32. The Cabinet Secretary confirmed that lessons from Scotland and Northern Ireland have shaped the proposed licensing approach, as well as “evidence that we have accumulated from the sector itself”. He explained that Northern Ireland’s model, which requires physical inspections for every licence, was considered intrusive and over-engineered. Similarly, Scotland’s locally administered scheme was rejected in favour of a single, nationally administered scheme to ensure consistency and reduce complexity for operators managing properties across multiple areas.³³

Assumptions

33. In developing the cost estimates, the Welsh Government says the main challenge is the “paucity of reliable data on the number of self-catering lets available in Wales”, citing this data gap as a key reason for introducing the registration provisions in the VARL Act 2025. The RIA notes³⁴ that cost assumptions have been informed by:

- Bedstock data³⁵
- Non-Domestic Rates list³⁶
- Second Homes: what does the data tell us?³⁷
- Lighthouse Hosts³⁸
- Office for National Statistics analysis of short-term lets listed on online platforms³⁹

34. When asked whether the Bill could have been delayed until the register of visitor accommodation providers created by the VARL Act 2025 is established given the lack of reliable data, the Cabinet Secretary said:

³² [Welsh Government, Explanatory Memorandum](#), page 49

³³ Finance Committee, RoP, 13 November 2025, paragraphs 307-309

³⁴ [Welsh Government, Explanatory Memorandum](#), pages 51-53

³⁵ [Bedstock data](#), as at June 2022

³⁶ [Non-Domestic Rates list](#), 31 March 2025

³⁷ [Second Homes: what does the data tell us?](#), June 2023

³⁸ [Lighthouse Hosts](#), June 2025

³⁹ [Office for National Statistics analysis of short-term lets listed on online platforms](#), from Quarter 4 2023

*"The reason why I didn't feel that that was the right thing to do was that this piece of legislation was a commitment in the manifesto of my party, and other parties, at the last Senedd election 2021. It's there in the programme for government, it's there in the co-operation agreement, and if we waited for the evidence that will come from the register, that would mean we couldn't legislate in this Senedd term. We would not be able to fulfil the commitment we made to people in Wales on those successive occasions."*⁴⁰

35. The RIA states that it is "difficult to accurately predict future market behaviour based on historical trend data" due to the "highly variable nature of the short term lets market". As such, the Welsh Government assumes "the number of properties and providers does not change over time" and says:

*"... better data will be available following registration, and any growth or reduction is likely to be within our low to high ranges."*⁴¹

36. The Cabinet Secretary explained the rationale for basing estimates on the assumption that the number of properties and providers remains static:

*"Because it is genuinely impossible, I think, to be able to predict, with an accuracy that would lead to a figure in the RIA, whether this is an industry that will continue to grow—. It has grown very rapidly, this particular slice of the industry, but other parts of tourism in Wales have not grown at all in that way."*⁴²

37. In terms of his confidence in the estimates presented in the RIA, the Cabinet Secretary said "we're as confident as we can be" given current uncertainties. He told us the figures have been informed by the sector and developed using a precautionary approach, which excludes potential cost reductions such as automation of administrative processes. He added:

*"I think if the costs in the scheme are awry, it's a plausible case for saying that they're awry because they've been overstated, rather than because they've been understated."*⁴³

⁴⁰ Finance Committee, RoP, 13 November 2025, paragraph 296

⁴¹ Welsh Government, Explanatory Memorandum, pages 53-54

⁴² Finance Committee, RoP, 13 November 2025, paragraph 333

⁴³ Finance Committee, RoP, 13 November 2025, paragraphs 299-302

Transitional costs

Welsh Government costs

38. The RIA identifies “transitional costs funded by the Welsh Government in relation to the staffing and infrastructure required to establish the licensing scheme and support its roll out”. This includes the cost of developing guidance and a communications campaign to raise awareness of the licensing scheme.⁴⁴

39. The Welsh Government has included low, high, and best estimates for the set-up phase, with the best estimate providing “a reasonable approximation of the transitional costs”.⁴⁵

Table 2: Best estimate for setting up licensing scheme

Transitional cost £ million	2026-27	2027-28	2028-29	Total
Infrastructure development	1.78	1.81	0.35	3.93
Revenue				
IT-related costs	0.39	0.39	0.42	1.19
Develop provider training	-	0.08	-	0.08
Campaigns and communication	0.10	0.10	0.20	0.40
Licensing Authority staff costs	-	-	1.13	1.13
Total Revenue costs	0.49	0.57	1.75	2.80
Opportunity costs (Welsh Government staff)	1.08	1.16	0.19	2.43
Total	3.34	3.53	2.29	9.16

Source: Explanatory Memorandum, November 2025⁴⁶

40. The digital solution is highlighted as a key component of the transitional costs, determined after system requirements are scoped and alongside decisions on licensing authority functions. The RIA states that IT system setup costs “can vary significantly from early estimates” and will be refined over the coming year. It says the digital solution:

⁴⁴ Welsh Government, Explanatory Memorandum, page 55

⁴⁵ Welsh Government, Explanatory Memorandum, page 55

⁴⁶ Welsh Government, Explanatory Memorandum, Table 3

“... will exploit potential synergies with WRA’s visitor accommodation registration system, so there are expected to be efficiencies in the WRA also developing the licensing system. Alternatively, the licensing authority might procure a tailored system from the market, which may take longer due to procurement timelines.”⁴⁷

41. The Cabinet Secretary anticipates that the IT system for the licensing scheme will be developed using the WRA’s in-house expertise, supplemented by external specialists where needed. This approach mirrors the WRA’s previous approach to building its IT systems for landfill disposals tax and land transaction tax.⁴⁸

42. With regard to ensuring that IT system development costs do not escalate against the costs presented in the RIA, the Cabinet Secretary highlighted the WRA’s strong track record in building systems from scratch. He also referred to a number of checks and balances to detect any problems early:

“The WRA is a non-ministerial public body, so it has a board that it is answerable to, who have direct oversight of it. I meet monthly with the senior management team of the WRA, and this is always an item on the agenda.... And, of course, the Finance Committee has independent rights of access to the WRA as well, were the committee ever to feel that you too needed to scrutinise the costs as they were developing.”⁴⁹

43. The RIA states that estimated costs are based on similar schemes but suggests that “AI and digital functionality may reduce operational costs and the burden on visitor accommodation providers”, though this may require additional funding for development.⁵⁰

44. While automation could reduce costs and administrative burdens, the Cabinet Secretary confirmed that these advantages are not reflected in the costings presented in the RIA.⁵¹

Costs to visitor accommodation providers

⁴⁷ Welsh Government, Explanatory Memorandum, page 55

⁴⁸ Finance Committee, RoP, 13 November 2025, paragraph 338

⁴⁹ Finance Committee, RoP, 13 November 2025, paragraphs 340-342

⁵⁰ Welsh Government, Explanatory Memorandum, page 55

⁵¹ Finance Committee, RoP, 13 November 2025, paragraph 348

45. The RIA notes that operators offering self-catering visitor accommodation in Wales will face one-off opportunity costs when the new legislation takes effect. These include familiarisation with the legal requirements, completing training, ensuring compliance with licensing requirements, and submitting applications with documentary evidence such as certificates. The Welsh Government anticipates lower costs for annual licence renewals and refresher training compared to the initial costs incurred, as subsequent applications and updates should take less time.⁵²

46. Providers will be required to complete training before a licence is issued, with an estimated training fee of £25 and an opportunity cost of around £65 for four hours of their time, bringing the total estimated cost per applicant to £90.⁵³

47. The licensing authority will be responsible for the “setting of fees, both levels and structure”. The Welsh Government expects the “average fee for self-catering visitor accommodation to be in the region of £75 per annum per premises” for the “first years” of the scheme.⁵⁴

48. Applicants are also expected to incur opportunity costs in relation to uploading relevant documentation and completing the application process:

“Based on the average hourly earnings figure of £16.33, this equates to an opportunity cost of just over £8 for an applicant licensing a single premises; £12 for two premises, and £29 for six premises.”⁵⁵

49. The Bill introduces licensing conditions requiring providers to show compliance with existing statutory gas, electrical, and fire safety obligations. It also requires public liability insurance for licensed accommodation. The RIA assumes that 75 per cent of providers will already have insurance cover through platforms like Booking.com and Airbnb, which include public liability insurance in membership costs, with the remaining 25 per cent incurring an estimated average cost of £500 per year for two premises.⁵⁶

50. The RIA recognises that some providers will not be compliant with existing requirements, and that new providers to the sector will incur expenses to meet all relevant licence conditions. These costs are not included in the overall cost of the

⁵² [Welsh Government. Explanatory Memorandum](#), page 59

⁵³ [Welsh Government. Explanatory Memorandum](#), page 59

⁵⁴ [Welsh Government. Explanatory Memorandum](#), pages 59-60

⁵⁵ [Welsh Government. Explanatory Memorandum](#), page 60

⁵⁶ [Welsh Government. Explanatory Memorandum](#), page 60

Bill as they relate to existing statutory obligations. For a new provider with a single premises, the Welsh Government outlines an average cost of £556 to meet existing requirements, comprising:

- Gas inspection costs: £75
- Electrical inspection costs: £175
- Smoke alarm installation costs: £200
- Carbon monoxide alarm installation costs: £90
- Fire safety risk assessment opportunity cost: £16.⁵⁷

51. The Welsh Government provides a range of estimated transitional costs to the self-catering visitor accommodation sector in Wales, as it will vary depending on the number of premises licensed. Its best estimate is £5.66 million based on 30,000 premises licensed by 15,000 providers. Most costs are expected to be incurred during 2029-30 when mandatory licensing comes into effect, with some expenditure anticipated in 2028-29.⁵⁸

52. The Cabinet Secretary referred to “extensive contact with the accommodation providers”, with feedback emphasising the need for an efficient, low-cost scheme. He continued:

“... a licence will cost, we think, £75 a year—that’s our current estimate. I’m sure that will be refined as the process goes on, but I hope that that is a demonstration that we have listened carefully and designed a scheme that could be low cost, as efficient, but still sufficiently robust to ensure the integrity of the scheme.”⁵⁹

Recurrent costs

Licensing Authority

53. The RIA states “we have not determined whether the licensing authority functions should be undertaken directly by Welsh Government”.⁶⁰

⁵⁷ Welsh Government, *Explanatory Memorandum*, pages 67-69

⁵⁸ Welsh Government, *Explanatory Memorandum*, page 61

⁵⁹ Finance Committee, RoP, 13 November 2025, paragraph 351

⁶⁰ Welsh Government, *Explanatory Memorandum*, page 43

54. The Cabinet Secretary said “my expectation is that the Welsh Revenue Authority will be the authority that deals with the more automatic end of this process” due to “the synergies with the registration system”. For more complex cases requiring on the ground judgment, he suggested that responsibilities may fall to local authorities, a ‘lead local authority model’ similar to Rent Smart Wales, or Visit Wales. He indicated that final decisions on these arrangements will be made later:

“There are a number of things where I think Ministers have to be a bit careful not to get too far ahead of the legislature. There is no Bill, the Senedd has not decided whether this is a Bill it will support, we’re not even at the end of Stage 1. The extent to which, as Ministers, you should be sponsoring work that costs money in order to resolve those questions—. I think, as a Minister, you ought to be careful of that line, really.”⁶¹

55. However, the Cabinet Secretary confirmed that the WRA has been allocated £430,000 in-year to begin discovery work so that the alignment between the register and licensing systems generate financial efficiencies and improve ease of use for providers.⁶²

56. The licensing authority will incur ongoing operational costs for managing the scheme, including training, processing applications, and compliance and enforcement. Over time, the RIA says these costs are expected to be “fully covered by licensing fees, with the cost of any necessary enforcement actions expected to be met from associated fixed penalties”. It adds:

“... although the Welsh Government may need to top this up, especially initially... Until such time as the licensing scheme is fully self-funding, fees will be set at a level which reflects best estimates of the costs of the scheme.”⁶³

57. The RIA assumes a total of £300,000 additional funding for 2028-29 to 2030-31 to be sufficient for enforcement activity.⁶⁴

58. The Cabinet Secretary told us the estimated £300,000 upfront funding is based on the experience of Rent Smart Wales and the assumption that 1,000 cases a year will require support with compliance. The Welsh Government

⁶¹ Finance Committee, RoP, 13 November 2025, paragraphs 319-322

⁶² Finance Committee, RoP, 13 November 2025, paragraph 326

⁶³ Welsh Government. Explanatory Memorandum, page 62

⁶⁴ Welsh Government. Explanatory Memorandum, page 39

assumes that 10 per cent of the 1,000 cases will require full inspections and factors in 10 hours per inspection, plus reporting time.⁶⁵

59. The Bill creates new rights of appeal to the First-tier Tribunal for providers against decisions of the licensing authority. The Welsh Government expects issues to be resolved directly between the licensing authority and the provider, with only a few cases expected to reach the Tribunal.⁶⁶

60. The Cabinet Secretary's official confirmed that appeals have not been costed separately due to uncertainty over the total number of providers, the level of compliance and the volume of appeals.⁶⁷

61. The Welsh Government has included low, high, and best estimates for the cost of running the licensing authority.

Table 3: Operations cost of the licensing authority in 2029-30

£ million	Low	Best	High
Staff costs	0.82	1.47	1.66
Non-staff costs	0.38	0.42	0.44
Total	1.20	1.88	2.10

Source: Explanatory Memorandum, November 2025⁶⁸

62. The staff costs presented are based on “estimated processing times from Rent Smart Wales, and factor in differences in the number of premises, methodology, and level of compliance checks”. While costs are based on manual checks, the Welsh Government’s ambition is to integrate Artificial Intelligence for document verification. The RIA notes:

“We have begun an exercise to scope the possibilities and will update the estimates once that is completed.”⁶⁹

63. Non-staff costs “include contact centre equipment for the helpdesk and IT support, development, hosting and security costs”. The RIA says non-staff costs “are relatively fixed, irrespective of the volume of licensed premises”.⁷⁰

⁶⁵ Finance Committee, RoP, 13 November 2025, paragraph 381

⁶⁶ [Welsh Government, Explanatory Memorandum](#), page 83

⁶⁷ Finance Committee, RoP, 13 November 2025, paragraph 379

⁶⁸ [Welsh Government, Explanatory Memorandum](#), Table 4

⁶⁹ [Welsh Government, Explanatory Memorandum](#), page 62

⁷⁰ [Welsh Government, Explanatory Memorandum](#), page 63

Visitor accommodation providers

64. The RIA provides indicative estimates only for the annual licensing fee, due to the lack of data on the number of premises and providers in Wales. Based on a budget of £2.25 million for 2029-30, the Welsh Government suggests fees could range from £188 per premises (12,000 premises) to £61 (37,000 premises), with the best estimate being £75 for 30,000 premises. The RIA goes on to say:

“... registration will provide a more accurate assessment of the overall size and composition of the self-catering visitor accommodation sector in Wales, and once relevant data becomes available it will be used to inform more precise costings ahead of the licensing scheme coming into force.”⁷¹

65. The RIA includes a table illustrating the required annual licensing fee to fully cover any given level of operational costs. It notes:

“... we would not anticipate the extreme combinations, for example of high operational costs and the low number of premises.”⁷²

Table 4: Illustrative annual licence fee

	Number of premises		
Indicative operational costs	12,000	30,000	37,000
£1.5 million	£125	£50	£41
£1.75 million	£146	£58	£47
£2 million	£167	£67	£54
£2.25 million	£188	£75	£61
£2.5 million	£208	£83	£68

Source: Explanatory Memorandum, November 2025⁷³

66. During evidence to the Economy, Trade and Rural Affairs Committee, the Association of Scotland’s Self-Caterers commented on the estimated licence fee:

“... in Scotland, they did talk about fees of between £234 and £436 per annum. The reality is that the smallest fee in Scotland

⁷¹ Welsh Government, Explanatory Memorandum, page 64

⁷² Welsh Government, Explanatory Memorandum, page 64

⁷³ Welsh Government, Explanatory Memorandum, Table 5

is £205 and the biggest is £5,698. And, just referring back to one of your earlier speakers, that £76 may be the fee, that is entirely incredible on the evidence that we have had from Scotland. So, I would urge extreme caution that you model that correctly.”⁷⁴

67. Responding to the Association of Scotland’s Self-Caterers comments, the Cabinet Secretary said “it is really important to compare like with like”. He explained that the Welsh fee is annual, whereas Scottish local authorities can issue three-year licences, and suggested that “if you were issuing a three-year licence for £205, you’d be pretty close to the £75 annual fee that we have”. He added:

“... if you were running a Scottish scheme in Wales, £75 might not be enough. But we are not running a Scottish scheme in Wales; we are running a Welsh scheme in Wales, which is pretty different, particularly, as I say, on its national basis, the nature of the requirements that we have in it, the national administration of it—all of which, I think, makes our costs more understandable in the Welsh context than if you were looking at it simply through a Scottish lens.”⁷⁵

68. The Welsh Government expects licences to be valid for a year, with renewal requiring an online update and fee payment. Estimated annual costs for a typical licensee with two self-catering premises are expected to be £172, or £672 for providers without public liability insurance. This comprises:

- **Licence renewal:** £154 per year (comprising two £75 licence fee renewals and £4 for 15 minutes of opportunity cost to complete the online renewal application);
- **Updating documents:** £8 per year (30 minutes of opportunity cost to upload copies to the portal);
- **Undertaking refresher training every five years:** just under £10 per year (£15 training fee and opportunity costs of £33 for completing approximately two hours of training) averaged over 5 years;

⁷⁴ Economy, Trade and Rural Affairs Committee, RoP, 5 November 2025, paragraph 279

⁷⁵ Finance Committee, RoP, 13 November 2025, paragraphs 361-362

- **Public liability insurance:** £0 if already included in membership costs; otherwise £500 per year.⁷⁶

69. The Welsh Government's best estimate, based on 30,000 premises continuing to be licensed by 15,000 providers, presents an overall cost to the sector of £4.45 million per year.⁷⁷

Post-implementation review

70. The EM says the Welsh Government will undertake a post-implementation review "no later than five years after the legislation has come into force". The review will include "a comparison of the costs and benefits set out in this Regulatory Impact Assessment, and the realised costs and benefits".⁷⁸

71. When asked whether the post-implementation review would consider the combined impact of the Bill and the VARL Act, the Cabinet Secretary said:

*"... I don't know how you could carry out a post-implementation review of this Bill if you haven't taken into account the success or otherwise of achieving the register. So, I think it's inevitable that they will—both post-implementation reviews will need to draw on one another..."*⁷⁹

Committee view

72. The Committee notes the aims of the Bill and its intention to improve, maintain and promote visitor accommodation in Wales. We are also mindful that the majority of the Bill's estimated total cost (£41.84 million between 2026-27 and 2035-36) will fall on visitor accommodation providers (£32.37 million).

73. We note the lack of reliable data on the size and composition of the self-catering accommodation sector to inform the cost assumptions in RIA. While we acknowledge the Cabinet Secretary's rationale for legislating within this Senedd term, the absence of robust baseline data introduces uncertainty and risks undermining confidence in the cost projections. However, we believe this is sufficiently mitigated by the inclusion of a range of values in the RIA, based on the Welsh Government's low, high, and best estimates of the sector's size.

⁷⁶ Welsh Government, *Explanatory Memorandum*, pages 65-66

⁷⁷ Welsh Government, *Explanatory Memorandum*, page 66

⁷⁸ Welsh Government, *Explanatory Memorandum*, page 87

⁷⁹ Finance Committee, RoP, 13 November 2025, paragraph 335

74. The Committee is mindful of the concerns raised about the proposed licence fee level in Wales when compared to other UK schemes. We acknowledge the Cabinet Secretary's explanation that the Welsh scheme differs from the Scottish model, particularly in its national administration and annual fee structure. While we recognise that these like for like comparisons are problematic, we remain cautious about the assumptions underpinning the current estimates.

75. The RIA notes uncertainty regarding whether licensing authority functions should be undertaken directly by the Welsh Government. However, we acknowledge the Cabinet Secretary's expectation that the WRA will manage the more automated aspects of the process given its related responsibilities for the visitor accommodation registration system. For more complex cases requiring on the ground judgment, we note the Cabinet Secretary's suggestion that responsibilities may fall to local authorities, a 'lead local authority model' similar to Rent Smart Wales, or Visit Wales. The Committee supports the integration of licensing authority functions within existing Welsh public bodies to avoid unnecessary cost escalation. We believe that further clarification is required regarding the bodies that will undertake these functions and the costs involved.

76. Although we understand the Cabinet Secretary's caution about committing resources before the Senedd has concluded its Stage 1 scrutiny of the Bill, we note that the Welsh Government has already allocated £430,000 to the WRA in 2025-26 to ensure alignment between the register and licensing systems. The Committee asks for further clarity on what this funding will cover and for such information to be reflected in the RIA for transparency.

77. The Committee notes that the licensing authority's enforcement costs are expected to be met from fixed penalty notices, with £100,000 annual enforcement top-up funding being provided by the Welsh Government for the first three years. We heard that this top-up funding is based on the experience of Rent Smart Wales and the assumption that only 10 per cent of 1,000 compliance cases a year will require full inspections. The assumption of 100 inspection cases a year strikes us as low, especially during the initial years of implementation. The Committee is concerned that this may underestimate enforcement costs which could risk undermining confidence in the scheme. As a result, we ask for further details on the modelling undertaken in this case to provide assurances that the estimates in the RIA are robust.

78. The Committee notes the Cabinet Secretary's commitment to undertake a post-implementation review within five years of the legislation coming into force. We welcome the Cabinet Secretary's acknowledgement that any review of this

Bill must take account of the register under the VARL Act 2025 and agree that both post-implementation reviews will need to draw on one another to provide a comprehensive assessment of impact. We believe that a robust post-implementation review and ongoing monitoring of the Bill's costs is particularly important given the lack of reliable data available to inform the cost estimates or quantify the anticipated benefits at the time of the Bill's introduction. Such an approach is essential to ensure that assumptions underpinning the RIA are evaluated against actual outcomes.

Conclusion 1. The Committee is broadly content with the financial implications of the Bill as set out in the Regulatory Impact Assessment, subject to the comments and recommendations in this report. Should there be significant changes to the Regulatory Impact Assessment as a result of the recommendations made in this report, the Committee may consider those changes in more detail.

Recommendation 1. The Committee recommends that the Cabinet Secretary clarifies which body or bodies he proposes will undertake licensing authority functions in a revised Regulatory Impact Assessment after Stage 2, including an assessment of the financial implications for these delivery partners.

Recommendation 2. The Committee recommends that the Cabinet Secretary updates the Regulatory Impact Assessment after Stage 2 to reflect the £430,000 investment in 2025-26 to support the Welsh Revenue Authority's discovery work to align the register and licensing systems.

Recommendation 3. The Committee recommends that the Cabinet Secretary conducts a sensitivity analysis in relation to the number of compliance cases per year that will require inspection showing the potential range of costs, and includes this information in a revised Regulatory Impact Assessment after Stage 2.

Recommendation 4. The Committee recommends that, as part of the post-implementation review, the Welsh Government quantifies the benefits arising from the Bill.