



Eich cyf/Your ref
Ein cyf/Our ref

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

18 November 2025

Dear Andrew,

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

Following the session on 5 November, in which I gave evidence as part of your scrutiny of the Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill, I wanted to write to provide further information on a handful of the points discussed. This is supplementary to the Statement of Policy Intent that was shared with you on the same date, and similarly, is intended to aid understanding of the policy and scrutiny of the Bill.

Transitional arrangements

There are powers in the Bill that allow for transitional arrangements to be put in place to enable as smooth an implementation as possible.

We intend to use these powers to allow existing providers to continue operating until such time as their application is determined, so long as they have applied for a licence by the specified deadline as the scheme is rolled out. The powers in the Bill allow for this and can be used to avoid a situation where a provider is prevented from operating during that implementation period simply because the licensing authority needs more time to process the application than would normally be the case during steady state of the scheme.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Correspondence.Mark.Drakeford@gov.wales
Gohebiaeth.Mark.Drakeford@llyw.cymru

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Provisional and Renewal of Licences

These are procedures that will continue to be in place during the scheme's steady state, and are therefore different to the transitional arrangements outlined above.

In respect of **renewal applications**, the power on the face of the Bill at section 25(2), expressly allows for provision to be made to enable a licence to continue to have effect until a renewal application has been determined. The intention is to avoid a provider who has applied for renewal being prevented from operating purely due to their application not having been determined.

As I explained during the evidence session on 5 November, this power will also allow us to ensure accommodation providers benefit from the flexibility of not having to resubmit evidence we already hold at the point of renewal, so the process can be as simple and straightforward for them as we can make it.

Provisional licences are intended to accommodate circumstances where a licence approval requirement cannot yet be met, for example, where a provider is building new visitor accommodation. A provisional licence would allow providers to begin advertising and taking advance bookings, while they work towards a full licence. However, until such time as they are able to meet all of the requirements for a full licence, and that licence is granted, they would not be permitted to accept guests to stay (i.e. to "*provide*" the accommodation).

This arrangement is intended to ensure new or existing providers are not deterred from expanding their businesses or pursuing new opportunities due to limitations in the licensing scheme. At the same time, it ensures these providers are aware of the requirements they will need to meet. It is also intended to help maintain the efficacy of the Directory of visitor accommodation in providing reassurance to visitors that even though the accommodation does not currently meet the requirements, they will need to be met prior to a visitor being allowed to stay.

The operational and procedural nature of those matters is part of the reason for them being left to regulations rather than being set out on the face of the Bill. The other reason is to ensure sufficient flexibility in the scheme to support business continuity in a continuously evolving sector, while maintaining transparency and the scheme's integrity.

Amendment of Licences

For amendments of licences, we expect most of these to come following requests from providers, for example, where their accommodation has changed in some way. However, it is likely that amending a licence will be one of the options available for compliance and enforcement, as an additional step before revocation. This will favour licence holders, as it will, for example, allow parts of the accommodation at a premises to be removed from what is licensed, where an identified issue is localised or contained, and doesn't impact other accommodation at a premises. This would allow the provider to continue to operate any remaining accommodation at the premises, provided it is compliant, rather than revoking the whole licence. It is in this sort of scenario that an amendment may be made to a licence

without a request from the provider. This will, of course, be linked to the remedial and revocation processes, as well as appeals, so that there is a clear flow through the compliance and enforcement process, with opportunities for providers to put problems right, together with the flexibility for them to manage their own licences as necessary.

Appeals

As I mentioned in my evidence on 5 November, the appeals process will be as is standard across many schemes, including under the recent Visitor Accommodation (Register and Levy) Etc. (Wales) Act 2025 (“the VARL Act”), where a provider will have the right to appeal to the First-tier Tribunal on various decisions made under the scheme, as provided for under section 28. However, as you will also see from that which I have set out above, the information contained in the SoPI, and as discussed in my oral evidence, there are many steps and stages to supporting compliance with the requirements of the Bill. These processes have been included to ensure a proportionate approach to compliance and enforcement across a wide range of scenarios. Equally, in the event the licensing authority gets a decision wrong or doesn’t treat all providers fairly, the appeals process is there as a safeguard.

Licensing Authority and the role of the Welsh Revenue Authority

I also wanted to set out information about the functions of managing the licensing scheme and the role of the Welsh Revenue Authority (WRA). The Bill does not establish a ‘licensing authority’ by name or by design. We have used that term for ease and brevity, to describe the functions of the licensing scheme, which sit with the Welsh Ministers, as distinct from their wider functions.

Under the Bill, the core functions of the scheme will remain with the Welsh Ministers. Nevertheless, with the powers afforded under section 83 of the Government of Wales Act 2006, for example, we are able to enter into agency arrangements with other public bodies in respect of the exercise of those functions. It is using powers such as these that we will look to other public bodies for certain elements of the operation of the scheme, where it makes more sense for those tasks to be administered by someone else.

We have been clear throughout the journey of this Bill since its inception, including during the scrutiny of the VARL Act, that wherever possible we would ensure the systems and processes for providers would be as streamlined as possible, and that we would avoid duplication of effort wherever we are able. To achieve that, our goal remains for a single point of entry when it comes to the systems that providers will need to use for registration, licensing and the visitor levy, and to avoid some providers requiring three different logins or inputting the same information three times.

It is in this context that I discussed the role of the WRA in my last evidence session. The WRA is already developing the IT system for registration; and given the registration scheme creates the foundation for both licensing and the visitor levy, I want the licensing system fully to exploit synergies with registration and the levy. Although no decision has been

made as to who will build and operate the IT system to support the licensing scheme, my view is that it should be developed as the next step to that registration system.

To that end, whilst the Senedd is yet to agree this Bill, given the current stage of the development for registration, and the time it can take to develop systems such as these, my officials are working with the WRA to scope out how this could work, and what technology might be available to assist and reduce some operational costs. For example, for licence applications or evidence, using AI and other digital functionality to undertake initial checks of documentation, before the licensing authority considers and determines whether it can or should be approved. There may also be economies of scale for some other operational customer relationship management (CRM) functions, such as helplines and IT support, and we will take advantage of those wherever it is appropriate to do so. We have provided funding this year to WRA to undertake this work, and that will inform future decisions on the WRA's role in licensing.

However, I want to make clear that there are significant aspects of the licensing system which I do not expect the WRA to deliver on our behalf. I do not anticipate them determining whether a provider's application should be approved where it cannot be done automatically, nor do I anticipate them writing guidance on fitness for visitor accommodation, deciding when compliance and enforcement action is necessary, or undertaking inspections when it is. I expect their role in the licensing system to be focussed on managing the IT system and integration with registration and the levy, both at the front end to create a single platform for providers and potentially in the back-office to support effective management of both systems. As I set out in Committee, we will be looking at Visit Wales, local authorities and other bodies for some of these other elements, but the licensing authority itself will remain the responsibility of the Welsh Government in order to maintain a national scheme and provide strategic oversight at a national level.

Code of Practice and Statutory Guidance

Finally, turning to the Code of Practice and Statutory Guidance. The Bill sets out a duty for Welsh Ministers to provide guidance on the licensing scheme, and a power to publish a wider Code of Practice. The intention here is for the statutory guidance to provide the information providers of regulated visitor accommodation may need, alongside the training, in order to comply with the requirements of the scheme, and will be there for them to refer back to whenever required. That guidance will eventually sit alongside the Code of Practice, to create a single suite of information for the whole of the tourism sector; with the Code providing best practice guidance on various matters, not just in respect of licensing, to help support existing and prospective providers in the sector to continue to drive standards and maintain a sustainable tourism economy across Wales.

I look forward to discussing the Bill further at our next meeting on 20 November.

I am copying this letter to the Chairs of the Finance and Legislation, Justice and Constitution Committees for their information.

Yours sincerely,

A handwritten signature in dark ink, reading "Mark Drakeford". The signature is written in a cursive style with a large initial 'M'.

Mark Drakeford AS/MS

Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language