

The Highland Council

Agenda Item	8
Report No	HC/27/25

Committee: Highland Council

Date: 18 September 2025

Report Title: Short Term Let Control Areas

Report By: Assistant Chief Executive - Place

1 Purpose/Executive Summary

- 1.1 At the meeting of The Highland Council on 26 June 2025, a motion was raised and agreed requiring officers to bring a report to this meeting that would set out:-
- “the process and options for implementing further Short Term Let Control Areas (STLCAs), either on a Highland-wide basis, or by ward/area where the majority of Members in the ward/area have voted for it; including the minimum timescales for implementation and, extrapolating from the experience of Badenoch and Strathspey, indicating the resource implications in terms of officer time for both options.”
- 1.2 The regulatory process to designate a Short Term Let Control Area (STLCA) follows three steps: notification and consultation; submission to, and approval from, Scottish Ministers; followed by public notice of the designation. Reaching a decision on whether to progress with the implementation of a Short Term Let Control Area will require a number of decision points to consider; the supporting evidence, the analysis of the outcome of consultation, and whether ultimately to designate an area. A new structure for how such decisions can be reached is proposed.
- 1.3 Analysis in this report indicates high rates of short term lets in areas covered by the Isle of Skye and Raasay; Lochaber; Sutherland County; Wester Ross, Strathpeffer and Lochalsh; Badenoch and Strathspey and City of Inverness Area Committees. In some of these areas, rates of short term lets are continuing to increase faster than the Highland average. Across Highland 6% of potential dwellings are licensed as short term lets, but at smaller scales, the rates are as high as 30%. Rates of short term lets are continuing to grow in a majority of Highland communities, covering a wider geographic area than those with high rates of short term lets already. Around 5% of new housing completions across Highland within the last 5 years are now licensed short term lets, although rates in some areas are higher than this. Having said that at this time, the evidence would not suggest that the option of a Highland wide Short Term Let Control Area would be supported. An approach that is more tailored to where the greatest concentrations are would seem more appropriate. On that basis it is recommended that the decision on whether to progress with any new Short Term Let Control Area should begin with Area Committees.

- 1.4 The existing designation within Ward 20 – Badenoch and Strathspey appears to have had a slight impact, where the rates of potential dwellings used as short term lets have either fallen in some locations, or risen more slowly than in Highland as a whole. However, other factors, such as the licensing regulation itself, may account for an element of this. It is therefore difficult to determine the effect of the Control Area in its own right.
- 1.5 The introduction of the Ward 20 Short Term Let Control Area had significant implications on staff resource. However, this was introduced concurrently with the licensing changes where there was a period of great uncertainty. This is unlikely to be repeated. While it will require staffing, this will largely be met from existing resource, particularly at the application stage. Having said that, there may also be a requirement for officers to procure consultancy support for evidence.

2 Recommendations

- 2.1 Members are asked to:-

Note:-

- i. the options available in relation to introducing Short Term Let Control Areas within Highland;
- ii. the potential resource implications along with the evidence requirements;
- iii. that further evidence will be gathered through the ongoing Highland Local Development Plan work; and

Agree:-

- i. that it would be for the Area Committees to decide on whether to progress with the introduction of a Short Term Let Control Area covering all or part of their area;
- ii. that the Economy and Infrastructure (E&I) Committee take the decision to formally commence the process with the evidence gathering and consultation;
- iii. that the E&I Committee, having taken into account the evidence and feedback, decide on whether or not to continue with the process; and
- iv. the final decision to designate a Short Term Let Control Area is for E&I Committee.

3 Implications

- 3.1 **Resource** – any decision taken to progress work on bringing into effect a Short Term Let Control Area will have resource implications that will not be met through existing budgets. This will relate to officer time and consultancy fees in establishing a control area and, if agreed, thereafter its implementation. While fees can be recovered for any subsequent processing of planning applications, these do not necessarily result in full cost recovery, and it is likely to result in a significant increase in enquires where fee income will not cover cost.

- 3.2 **Legal** – a change to the current Scheme of Delegation is required to allow the Economy and Infrastructure Committee to make decisions in respect of Short Term Let Control Areas. There are potential risks of legal challenge. This can be mitigated by careful consideration of the evidence to support such proposition.
- 3.3 **Risk** – any decision taken to progress with a Short Term Let Control Area may be subject to legal challenge. This risk can be mitigated by careful consideration of the evidence to support such proposition.
- 3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** – no specific implications to highlight.
- 3.5 **Gaelic** – there are potentially disproportionate impacts on Gaelic-speaking communities stemming from a lack of housing availability and affordability in some areas of Highland. Any evidence in relation to Short-Term Lets and their impact on housing availability may therefore have related impacts on Gaelic-speaking communities.

4 Impacts

- 4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.
- 4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.
- 4.3 This is a report relating to the principles of taking forward a Short Term Let Control Area, not its implementation, and therefore an impact assessment is not required. This will need to be undertaken in respect of any subsequent report where a decision is required on whether to progress with such as scheme.

5 Background

- 5.1 Following the declaration of the Highland Housing Challenge in July 2024, speculation has continued regarding the role of Short Term Lets (STLs) and their impact on the availability of housing in recognition of the additional pressures on the housing market over the next 10 years; the impact of economic growth associated with the Inverness and Cromarty Firth Green Freeport and the pressure associated with an increase in workforce coming into the area to deliver the SSE infrastructure works required for new transmission infrastructure. The continued growth of the tourism economy in the Highlands has reinforced debate as to whether more areas warrant consideration for designation as Short-Term Let Control Areas (STLCAs). Many of the most scenic and attractive locations for tourists are in remote rural areas, with a notable absence of volume housebuilders. The competing demands on limited housing stock in our remote rural areas with restricted pipelines of future housing, warrants an assessment of the planning mechanisms that can be utilised to best manage Highland's housing supply in the long-term public interest.

- 5.2 The Planning (Scotland) Act 2019 introduced provision for Planning Authorities to designate all or part of their area as a STLCA:-
- to help manage high concentrations of STLs (where it affects the availability of residential housing or the character of a neighbourhood);
 - to restrict or prevent short term lets in places of types of building where it is not appropriate; and
 - to help local authorities ensure that homes are used to best effect in their areas.
- 5.3 To achieve this Section 26B of the 1997 Act sets out that a change of use of a dwellinghouse to STL (as defined) within an STLCA will be deemed to be a material change of use and so require planning permission. However, this only applies to new STLs established after an STLCA comes into force and cannot be applied retrospectively. It is important to bear in mind that this does not replace existing provisions of the 1997 Act in respect of the need for planning permission for a material change of use. This means that material changes of use to STL, whether before or after the designation of a control area, would require planning permission.
- 5.4 A STLCA will therefore not be able to control existing STLs where no material change of use had occurred at the time of establishment, or other types of short-term accommodation such as guest houses, B&Bs, annexes and pods. It would also have no effect on second homes, empty homes or purpose-built holiday accommodation.
- 5.5 On 20 December 2022, Scottish Ministers approved the proposed designation of Ward 20 (Badenoch and Strathspey) as a STLCA. This STLCA came into force at 12pm on Monday 4 March 2024. After this date, planning permission was required for the change of use of a dwellinghouse (as defined in the Act and Regulations), where the owner does not reside in the property, to a STL. These planning applications are determined in accordance with the Development Plan and a Non-Statutory Short-Term Let Control Area Planning Policy.
- 5.6 Members may recall that STLs are also subject to separate licensing requirements which provide legal permission to let out accommodation to guests who stay on a temporary basis. Schedule 3 of the Civic Government (Scotland) Act 1982 (Licensing of Short-term Lets) Order 2022, makes it a mandatory licence condition of a STL Licence that within an STLCA, where the use of the property as a short term let requires planning permission, the licence holder must ensure that:-
- a. an application has been made for planning permission under the 1997 Act and that application has not yet been determined; or
 - b. planning permission in force under the 1997 Act.
- 5.7 Following the designation of a STLCA, the Council, as licensing authority, require evidence of compliance with this mandatory licence condition to be provided with an STL licence application for secondary letting. An STL licence may not be granted without this evidence in an STLCA.
- 5.8 If such evidence is not provided or if an application for planning permission for use as an STL is refused prior to the determination date of the licence application, the licence application may be refused on the grounds of being unable to comply with a mandatory condition.

- 5.9 The consequences for an already licensed secondary letting premises in any newly designated STLCA are that there will be grounds to review and potentially, suspend or revoke the licence if the premises cannot comply with this licence condition. If a licence is suspended or revoked, the premises cannot operate as an STL. It is unlawful for premises to operate as an STL without a licence.
- 5.10 Any review, suspension or revocation of a licence or any actions taken for operating without a licence are in addition to any enforcement action which could be taken by the Council, as planning authority, under the terms of planning legislation.
- 5.11 This STL licensing mandatory condition therefore necessitate all properties being utilised for Short-term Secondary Letting which fall within a STLCA to establish whether planning permission is required, and if so whether it has been applied for or granted. The scale of an area therefore designated in any future control areas, will have an impact on resources as discussed separately below.

6 Evidence Requirements and Initial Analysis

- 6.1 The Scottish Government's [Short-Term Lets and Planning Circular 1/2023](#) provides guidance on the establishment of STLCAs and the need for planning permission for STLs. In order to designate a STLCA, a planning authority will need to prepare a statement of reasons for their proposal. This is an important step in explaining to people affected by the STLCA, and the Scottish Ministers, why the planning authority considers it necessary. The [Short-Term Lets and Planning Circular 1/2023](#) highlights that a planning authority might want to designate a STLCA, and so ensure that planning permission will always be required for a change of use of a dwellinghouse to use for STL, for one or more of the following policy objectives:-
- a. to allow consideration of impacts on the availability of residential housing;
 - b. to allow consideration of impacts on the character or amenity of a neighbourhood; and
 - c. to allow consideration of impacts on different types of building.
- 6.2 The policy objectives sought will likely influence the evidence required. Planning authorities should consider whether there are systemic material planning considerations across one or more areas in the planning authority, where systemic may mean the same consideration repeated many times or that there is a cumulative impact from the use of dwellinghouses as STLs. While the [Short-Term Lets and Planning Circular 1/2023](#) does not provide an exhaustive list of evidence examples, it provides some useful indicators namely:-
- a. Lack of affordable and appropriate housing for local residents, perhaps indicated by a high share of sale volumes to, and high prices paid by, non-residents.
 - b. Detrimental impact on local amenity, with some businesses, schools or other services that serve, and are reliant on, permanent residents closing or relocating.
 - c. Changes to the look and feel of a neighbourhood, such as multiple key boxes on many buildings or structures or noise on streets and in stairwells.
 - d. Signs that local services are struggling, such as many instances of overflowing bins.

- e. A significantly higher level of complaints relevant to use of dwellinghouses as STLs from neighbours spread across a number of tenements or properties than in a comparable area, within or outside the planning authority area.

6.3 On 7 August 2025, a Members' briefing considered the process involved with designating any further STLCA's. Members were reminded that empirical evidence would be required, rather than anecdotal. Evidence presented to justify a designation of a STLCA will need to undergo a notification and consultation period, be considered by Scottish Government Ministers, and may end up scrutinised further, such as for example, within Judicial Review proceedings.

6.4 At the Members briefing, Council officers also presented some initial analysis undertaken on STL prevalence. This evidence aligns with the policy objective specified in para 6.1 a). **'to allow consideration of impacts on the availability of residential housing.'** While this is not intended to represent the full suite of evidence available (and does not consider impacts on buildings or amenity / character of an area), it offers Members some insights into where STLs are concentrated and where they may be continuing to increase. While the designation of the Ward 20 Badenoch and Strathspey STLCA also required a statement of reasons, which was underpinned by the best analysis available to Council officers at that time, there have been some developments which will influence any subsequent designations of STLCA:-

- A recently commenced Housing Need and Demand Assessment (HNDA) has been commissioned by Council and is being led by Arneil Johnston. As part of this, detailed and robust analysis of the Council's housing stock profile is undertaken, alongside a 'containment analysis' of sub-Highland Housing Market Areas, which highlight areas with a high proportion of sales to those outwith the local areas, the Highlands or indeed outwith Scotland.
- As the mandatory requirement for a STL licence has been in place since October 2022, the Council now maintains a [STL Public Register](#) and has an ability to analyse where STLs are concentrated.

6.5 Commencing with the containment analysis, initial work undertaken by Arneil Johnston as part of the HNDA has identified the average sales prices for Highland properties from 2019/2020 – 2023/2024. This work has also identified the 'containment' of sub-Highland Housing Market Areas, meaning the proportion of houses sold to those already living in that Housing Market Area, in contrast to those in neighbouring Housing Market Areas and further afield. While some degree of transfer between Housing Market Areas is expected in a large authority such as the Highland Council, high proportions of external sales completed to buyers outwith the Highlands, Scotland and the UK could indicate that the local housing market may be distorted owing to increasing external demand. The key results of this initial analysis are detailed in **Appendix 1** but in summary:-

- a. 71% of total Highland house sales between 2019/2020-2023/2024 were purchased by buyers already within Highland, which means Highland's total Housing Market is considered to be 71% contained. There is, however, considerable variation at sub-Highland Housing Market Area level.
- b. The sub-Highland Housing Market Area with the highest containment is Caithness, where 70% of sales were purchased by buyers already living in Caithness.

- c. Five Housing Market Areas of Highland have relatively low levels of containment, revealing high levels of demand for housing from those outwith the local area. **The Housing Market Areas with the lowest levels of containment have the highest proportion of short-term lets and second homes.**
- d. Skye and Lochalsh has a containment of 41%, with 55% of house sales in the area being purchased by buyers outwith Highland, Scotland and UK.
- e. Sutherland has containment of 31%, with 52% of house sales in the area being purchased by buyers outwith Highland, Scotland and UK.
- f. Ross and Cromarty West has the lowest containment of 26%, with 53% of house sales in the area being purchased by buyers outwith Highland, Scotland and UK.
- g. Badenoch and Strathspey has containment of 46%, with 49% of house sales in the area being purchased by buyers outwith Highland, Scotland and UK.
- h. Lochaber has containment of 57%, with 39% of house sales in the area being purchased by buyers outwith Highland, Scotland and UK.

6.6 Having now been in the position to collate the records from the [STL Public Register](#), a [Highland Short Term Lets](#) Map has been produced to assist with identifying concentrations of STLs within small statistical areas known as data zones. Data zones are smaller than wards and enable a more precise analysis to smaller areas where STLs are concentrated. There are 312 data zones within Highland and on average there are between 12-15 data zones in each Highland ward. The STL register classifies STLs as either detached, semi-detached, terraced, self-contained flat, or unconventional accommodation, which includes pods, chalets and other forms of non-standard accommodation that would not be transferrable to housing stock for permanent occupation. While the overall number of STLs within an area is a useful indicator, an **Adjusted STL Rate** which excludes unconventional accommodation better highlights the number of potential dwellings being transferred to STL.

6.7 The number of STLs (minus unconventional accommodation STLs) within each data zone as of 30 July 2025 was compared against the number of dwellings within each data zone (as retrieved from the National Records of Scotland [Small area Statistics on Households and Dwellings](#) 2024). This provides an Adjusted Rate of STL. The [Highland Short Term Lets](#) Map allows users to interrogate individual data zones and deduce the Adjusted STL Rate within each one. The key findings are:-

- a. In total there are 8,350 STLs in Highland, which equates to 6,913 STLs when unconventional accommodation STLs are excluded. 6,913 therefore represents the number of potential *dwellings* being used as STLs across Highland.
- b. STLs differ between urban and rural contexts. In Inverness, the majority of STLs are flats, whereas the majority of STLs in rural data zones are detached properties, or often unconventional accommodation (pods and chalets). A map depicting the most common forms of STLs is shown in **Appendix 2**.
- c. The Average Adjusted STL Rate across all of Highland is currently just under 6%. This represents the proportion of potential dwellings that are being currently used as STLs across the whole of Highland. In 2023, the Average Adjusted STL Rate across all of Highland was 4.32%, which indicates an increasing trend overall.

- d. There is considerable variation in Adjusted STL Rates within Highland at data zone level as illustrated in **Appendix 3**. In 14 data zones, the Adjusted STL Rates exceed 20% of dwellings; five of these data zones are located in Skye, while three are in Lochaber.
- e. In three data zones, the Adjusted STL Rates exceed 25% of dwellings, two of which are located on the North end of Skye. The highest Adjusted STL Rate is recorded in a data zone in North East Skye, equating to 30.63% of dwellings.
- f. In Inverness, the data zones with the highest Adjusted STL Rates are located in Inverness Muirtown (22.41%), Inverness Central, Raigmore and Longman (20.26%) and Inverness Crown and Haugh (18.18%).
- g. Data zones with higher Adjusted STL Rates are evidently more concentrated in Central Inverness, Loch Ness, Skye, Northwest Sutherland, Lochaber and Badenoch and Strathspey.
- h. The threshold for a 'high' Adjusted STL Rate arrived at is 11.17%. This means that data zones with Adjusted STL Rates above 11.17% are considered to be outside the statistical normal range, relative to Highland as a whole. There are 49 data zones in Highland that exceed this threshold.
- i. There are 23 data zones with Adjusted STL Rates of 0%. Data zones with lower Adjusted STL Rates are more concentrated in Outer Inverness, Caithness, Nairnshire, the Black Isle, Mid Ross, and East Ross.

6.8 Analysis of Total New Housing Completions and the STL Licence Register reveals that just under 5% of all newbuilds completed across Highland in the past 5 years are now registered STLs, which ranges between 44-65 units per year, as shown in the table below. Within Skye, North, West and Central Sutherland, and Wester Ross, Strathpeffer and Lochalsh, the rate of newbuild completions that became STLs is much higher. A full breakdown of the numbers and rates of newbuilds that became STLs in individual wards is provided in **Appendix 4**.

Year	Became STLs	Total Completions	Percentage
2020/2021	46	821	5.6%
2021/2022	65	1522	4.3%
2022/2023	64	1386	4.6%
2023/2024	56	1060	5.3%
2024/2025	44	1001	4.4%
Grand Total	275	5790	4.7%

6.9 Members are alerted to the fact that the Council's [STL Public Register](#) is updated regularly and the National Records of Scotland releases [Small area Statistics on Households and Dwellings](#) annually, therefore these rates are likely to change with future releases. In areas where more dwellings are built, the Adjusted STL Rate will either remain the same or even decline. In areas where STLs continue to increase but where new dwellings cannot outpace this, the Adjusted STL Rate will increase. If the Adjusted STL Rate increases in many areas, then the overall threshold for a 'high' Adjusted STL Rate will also increase.

- 6.10 Members are also reminded that many areas across Highland have high levels of second homes and long-term empty dwellings which may further exacerbate housing pressures in our communities. Both of these categories are classed as 'ineffective stock.' The Adjusted STL Rate has not expanded to include these and should not be interpreted as reflecting the rate of total ineffective stock, which may in fact be higher. As part of the HNDA commissioned by the Council, pressures on housing supply caused by total ineffective stock including STL, second homes and long-term empty dwellings will be fully assessed in due course.
- 6.11 Officers have also identified areas with the 'fastest growing' Adjusted Rates of STL, by comparing the current rates with those from 2024 and 2023. This highlights areas which may have average or low Adjusted STL Rates but appear to be on an increasing trajectory and warrant observation and monitoring. Key findings between 2023-2024 are:-
- a. For Highland overall, the Adjusted STL Rates increased by 13.97%. There is again considerable variation at data zone level as shown in **Appendix 5**.
 - b. Adjusted STL Rates remained constant in 49 data zones. These are primarily located in Caithness, Mid Ross, Outer Inverness (particularly in the East of the city) and Badenoch and Strathspey.
 - c. Adjusted STL Rates fell in 40 data zones, again primarily located in Caithness, Mid Ross, Outer Inverness and Badenoch and Strathspey. The rates of decline were often small in these areas, averaging 1.6%.
 - d. In areas where Adjusted STL Rates either fell or remained the same, this was not caused by the numbers of STL units falling but rather by increases in the overall number of dwellings relative to the number of STLs.
 - e. Adjusted STL Rates increased in 181 data zones. Owing to this number, they are widespread and located throughout the authority. Rates of increase varied in these areas and averaged 22.92%.
 - f. Areas with the fastest growing Adjusted STL Rates are most often not those with the highest rates already. Thirty-two data zones saw their Adjusted STL Rates increase at a higher rate than the Highland average (14%) for the past two consecutive years, and 30 of these were not already above the high Adjusted STL Rate threshold. This suggests that a wider area than those already identified as 'high' is on an increasing trajectory.
 - g. Skye and Lochalsh, North West Sutherland, Wester Ross, Lochaber and Inverness Central are identified as areas where Adjusted STL Rates are High and continuing to grow faster than the Highland Average. Areas with highest and/or the fastest growing Adjusted STL Rates are shown in **Appendix 6**.
- 6.12 Since the introduction of the Ward 20 Badenoch and Strathspey STLCA, data zones within this ward have seen their Adjusted STL Rates decline or rise more slowly than the Highland average, as shown in **Appendix 7**. No data zones within Ward 20 saw their Adjusted STL Rates rise faster than the Highland average. This stalling or decline in the Adjusted STL Rates in Ward 20 is likely caused by the STLCA having a potential deterrent effect. There have been 35 refused planning applications for STLs in the ward, of which 2 were overturned by the DPEA at appeal.

- 6.13 The analysis undertaken to date corresponds to some of the empirical evidence mentioned within the [Short-Term Lets and Planning Circular 1/2023](#), although a fully evidenced proposal would require further analysis. The high Adjusted STL Rates found in both urban and rural contexts means that measuring “changes to the look and feel of a neighbourhood” as suggested within the circular would likely require a different approach to evidence gathering in these locations. Concentrations of STLs within Inverness that are predominantly flats are likely to display different characteristics than concentrations of detached STLs within remote rural areas. Officers are actively considering how best to collate this form of evidence, conscious that it may be perceived as subjective and prove difficult to defend.

7 Options

- 7.1 At the Member briefing held in November 2024, a number of potential options were discussed, which are outlined below:-

- **Option One: Individual Areas**
This would follow a similar process to that used for Ward 20 Badenoch and Strathspey and would involve proceeding to designate areas where evidence suggests that STLs are having the most significant impact, such as on the availability of housing stock.
- **Option Two: Two-Tier Highland-wide Approach**
This would designate two tiers of STLCA and involve recognition of wider systemic material planning considerations across one or more areas as noted in the Scottish Government’s Circular 1/2023. This may also reflect potential variation between the urban and rural impacts of STLs, which may therefore warrant a two-tier approach to address these.
- **Option Three: Single Highland-wide Approach**
This would designate the whole of the Highland Council Area as a STLCA and would result in planning permission always being required for any future changes of use to STLs within the Council area.
- **Option Four: Continue to monitor impacts and review in 12 months**
This would enable the completion of the HNDA which will provide a fuller evidence base in relation to housing supply pressures caused by STLs and other ineffective stock. This option would also enable the Council to progress any new STLCA in tandem with HLDP preparation which will provide the opportunity to review and/or amend the Council’s non statutory Short-Term Let Control Area Planning Policy and incorporate it formally within the HLDP.

- 7.2 At the Member briefing held in November 2024, there was no clear consensus on the preferred option. This was further reflected in the discussion at June Council where mention was made that it may be the case that ‘one size does not fit all.’ Having now been presented with the initial analysis, Members may now be better placed to respond to the options.

- 7.3 The [Highland Short Term Lets](#) Map provides an early indication that an area-based decision approach is required. Regardless of the option preferred, NPF4 Policy 30 and the Council's Short-Term Let Control Area Planning Policy will be applied to determine any proposed change of use from dwellinghouses to STLs within a designated STLCA. The Council's Short-Term Let Control Area Planning Policy details the instances where the Council will support the use of an existing dwellinghouse as a STL, but this does not currently define a specific threshold for overprovision. Members are also reminded that at present, the Council's Short-Term Let Control Area Planning Policy is non-statutory, in that it does not legally form part of the adopted development plan. As part of preparing the forthcoming Highland Local Development Plan (HLDP), there is an opportunity to bring forward policies to determine short term lets within the HLDP, which would therefore carry greater legal weight.
- 7.4 Members should note that the evidence base to underpin any further STLCA's may best lend support for proposals based on other geographic boundaries, such as Housing Market Areas or a collection of data zones, unlike a ward-based approach as used for the Ward 20 Badenoch and Strathspey STLCA. This may result in all or part of a Ward being proposed as a potential STLCA. This is because the most recently available evidence shows considerable variation between parts of the same Ward.
- 7.5 The conclusion of the HNDA process in Spring of 2026 offers an opportunity to consolidate a full evidence base on STLs and the bigger picture in relation to Highland's Housing landscape. Since the HNDA is required to undergo an assessment by the Scottish Government's Centre for Housing Market Analysis (CHMA) and receive robust and credible status, pursuing this enables the Council's STL evidence to be subject to an assessment that could hold it in better stead for scrutiny in any further STLCA designations.
- 7.6 The conclusion of the HNDA in Spring 2026 also affords Members sufficient time within their respective Area Committees to consider the initial analysis presented within Section 6 of this report and decide within their respective Area Committees, whether they seek to progress any further STLCA's covering all or a portion of their area. The forthcoming scheduled Area Committees are as follows:-
- Wester Ross, Strathpeffer and Lochalsh Committee - 3 November 2025;
 - Caithness Committee - 3 November;
 - Badenoch and Strathspey - 3 November 2025;
 - Black Isle and Easter Ross - 10 November 2025;
 - Lochaber Committee - 10 November 2025;
 - City of Inverness Committee - 17 November 2025;
 - Nairnshire Committee - 24 November 2025;
 - Dingwall and Seaforth Committee - 27 November 2025;
 - Sutherland County Committee - 1 December 2025; and
 - Isle of Skye and Raasay Committee - 1 December 2025
- 7.7 Initial analysis indicates that areas of Wester Ross, Strathpeffer and Lochalsh, Lochaber, Sutherland County, and Isle of Skye and Raasay have a stronger evidence base in relation to impacts on the availability of residential housing, with Inverness also demonstrating this in specified, central locations.

8 Process and governance

- 8.1 Under the provisions of [section 26B of the 1997 Act](#), a planning authority may designate all of its area, or any part of its area, as a control area. [The Town and Country Planning \(Short-term Let Control Areas\) \(Scotland\) Regulations 2021](#) came into force on the 1 April 2021. These Regulations provide the definition of a Short Term Let and set the requirements for designation of a STL Control Area. [Planning Circular 01/2023: Short Term Let Control Areas](#) was published by the Scottish Government on 17 May 2023 and provides further guidance on establishing a STL Control Area.
- 8.2 The process of designating an area as a control area essentially follows three steps as set out in regulation 3 of The Regulations. The planning authority must undertake:-
- **notification and consultation:** publish notice of their proposal to designate a control area and consult on the proposal;
 - **submission and approval:** submit their proposal to the Scottish Ministers and obtain their approval; and
 - **publicity:** subject to approval of the Scottish Ministers, the planning authority must give notice of the designation, setting out the area to be covered and the date on which the control area will come into effect.
- 8.3 A notice of the proposals is required to be published in a newspaper circulating in the area to be designated as a control area. The notice must also be published on the planning authority's website and sent notice to each community council within the area of the proposed control area. The notice must contain a statement that the planning authority proposes to designate the area as a control area and a description, in general terms, of that area; state how further information in respect of the proposal, including a map of the area covered by the proposal and a statement of the planning authority's reasons for proposing to designate the area as a control area, can be inspected free of charge; and, state how representations can be made to the planning authority and the date by which they must be made. The planning authority must allow a minimum period of 28 days from the last date on which notice is given for the submission of representations. Interest in participating in this process has already been indicated to the Council by the self-catering industry.
- 8.4 In considering the proposals, the Scottish Ministers will seek assurance that the planning authority has taken reasonable steps to raise awareness in the proposed control area(s) and consulted appropriately; taken account of the views expressed in consultation and considered this with any other relevant evidence; and come to a reasoned decision as set out in the accompanying statement. Obviously, a range of views may be expressed in consultation responses and the Scottish Ministers will be looking for a coherent and considered response, recognising that it is unlikely that proposals can be modified to satisfy everyone.
- 8.5 The final stage of the process of designating, varying or cancelling a control area is for the planning authority to publish notice of the designation. The planning authority must publish the notice in a newspaper circulating in the area and on the planning authority's website. At least 28 days must be allowed between the date of the publication of the notice and the STLCA taking effect.

- 8.6 This statutory process does not include the Council's own governance arrangements. On the basis of the evidence to date, it is considered that the responsibility for determining whether to begin the process of designating a STLCA should lie with the Area Committee. The next stage would be to seek E&I Committee approval to undertake the necessary research, evidence gathering and consultation. This does impact on the overall timescales for designation, as it will be reliant on Committee schedules, but overall can be managed.
- 8.7 This is in comparison to the work undertaken in progressing the STLCA for Ward 20, which was extensive and took 30 months overall. This was largely a matter of timing, being a new process, the evolving advice from Government, the need for legal opinion and awaiting the outcome of challenge to implementation elsewhere in Scotland, before confidently bringing forward the designation.
- 8.8 Having greater confidence in the process for designating an STLCA, unless any proposed designation is the subject of a legal challenge, it is not expected that any future process will take 30 months. 12-18 months, as set out in the above diagram, is considered a more realistic timeframe.

9 Resource

- 9.1 The main resource implications for the designation of a control area(s) relate to officer time. This includes the initial research and preparation of evidence; public engagement and consultation; review and analysis of consultation responses; consideration of amendments and next steps; preparing reports to Committee; along with continuing dialogue internally and with Members at each stage of the process. This would have to be met from existing Service budgets and by the existing staff resource, which would impact the services involved. This would require to be undertaken for each STLCA proposed.
- 9.2 The work undertaken in progressing the STLCA for Ward 20 was extensive and involved a significant number of officers across a variety of services prioritising this work, which negatively impacted on other work streams. Given our experience with the Ward 20 STLCA, which was one of the first to be designated, along with the legal opinions and judicial reviews, it is considered that the evidence to support any future control area(s) will require to be clear and robust.
- 9.3 It is expected that officers will provide a substantial proportion of the evidence required to support a potential designation(s), however there may be a requirement for evidence that cannot be met by staff resource. This would require the Council to engage consultancy support to prepare relevant studies. The Council has already engaged a consultant to undertake its HNDA to help with the preparation of the Highland Local Development Plan. This will report in Spring 2026 so timing wise it will be an important piece of research to this work. There may be a need for additional studies, particularly around the economic arguments. It is not possible at this time to determine what that might cost.
- 9.4 The process set out above will require to be undertaken for each designation brought forwards. If multiple designations are brought forward, the implications for staff resource will therefore be greater. There would be obvious advantage in progressing multiple STLCA's together, if proposed, particularly where there was conterminous geography.
- 9.5 In addition to the officer resource required to bring forwards an STLCA, there will inevitably be an officer resource required to process the resultant enquiries and

applications. While the STLCA does not apply retrospectively, with only new STLs following the designation automatically requiring planning permission, material changes of use to STL before the STLCA would still require planning permission.

- 9.6 Given the uncertainty surrounding the requirements for planning permission when Ward 20 was designated, this resulted in a large number of enquiries to the Planning Authority from both within Ward 20 and elsewhere in Highland. Since 2022 there have been 308 registered short term let enquiries relating to short term lets in Ward 20, with 970 registered in total across Highland.
- 9.7 In Ward 20, from 1 September 2022 to 1 August 2025, we received 427 applications for STLs which represents 47.98% of all applications received in Ward 20 over that same period. This resulted in a significant backlog which has taken a substantial amount of staff time and resource to resolve. 126 of those applications were for planning permission which require to be referred to Ward Members as per the Council's Scheme of Delegation. 298 of those applications have been for Certificates of Lawfulness relating to existing STLs which have either not been a material change of use or have been operating for 10 or more years. A more detailed breakdown of application figures is shown in **Appendix 8**.
- 9.8 The potential resource impact on the Service from the work to establish a STLCA and the consequent increase in enquiries and applications is set out within **Appendix 9**.

10 Conclusion

- 10.1 The introduction of the Ward 20 Badenoch and Strathspey STLCA has demonstrated an impact in reducing the concentrations of STLs and the loss of potential dwellings to STLs. There is evidence that these impacts would also benefit other communities across Highland and Members can consult this analysis when considering whether to pursue further STLCA's. Concentrations of STLs in Inverness (being predominantly self-contained flats) will required a different approach to evidence gathering, than in rural areas. Resources will likely be significant in both the process of adoption and the ongoing implementation of any further STLCA's.
- 10.2 Given that 'no one size fits all' it is suggested that the appropriate approach is for the Area Committee to consider whether to progress with work to identify any future STLCA based on the available evidence (subject to agreement by E&I Committee). Clearly where proposed areas are geographically close, consideration will be given to progressing these together.

Designation: Assistant Chief Executive – Place

Date: 22 August 2025

Author: David Mudie, Strategic Lead – Planning and Building Standards
Meadhbh Maguire, Principal Planner
Jennifer Mair, Planner

Background Papers: None

Appendices:

Appendix 1 Highland Housing Market Area Containment Analysis

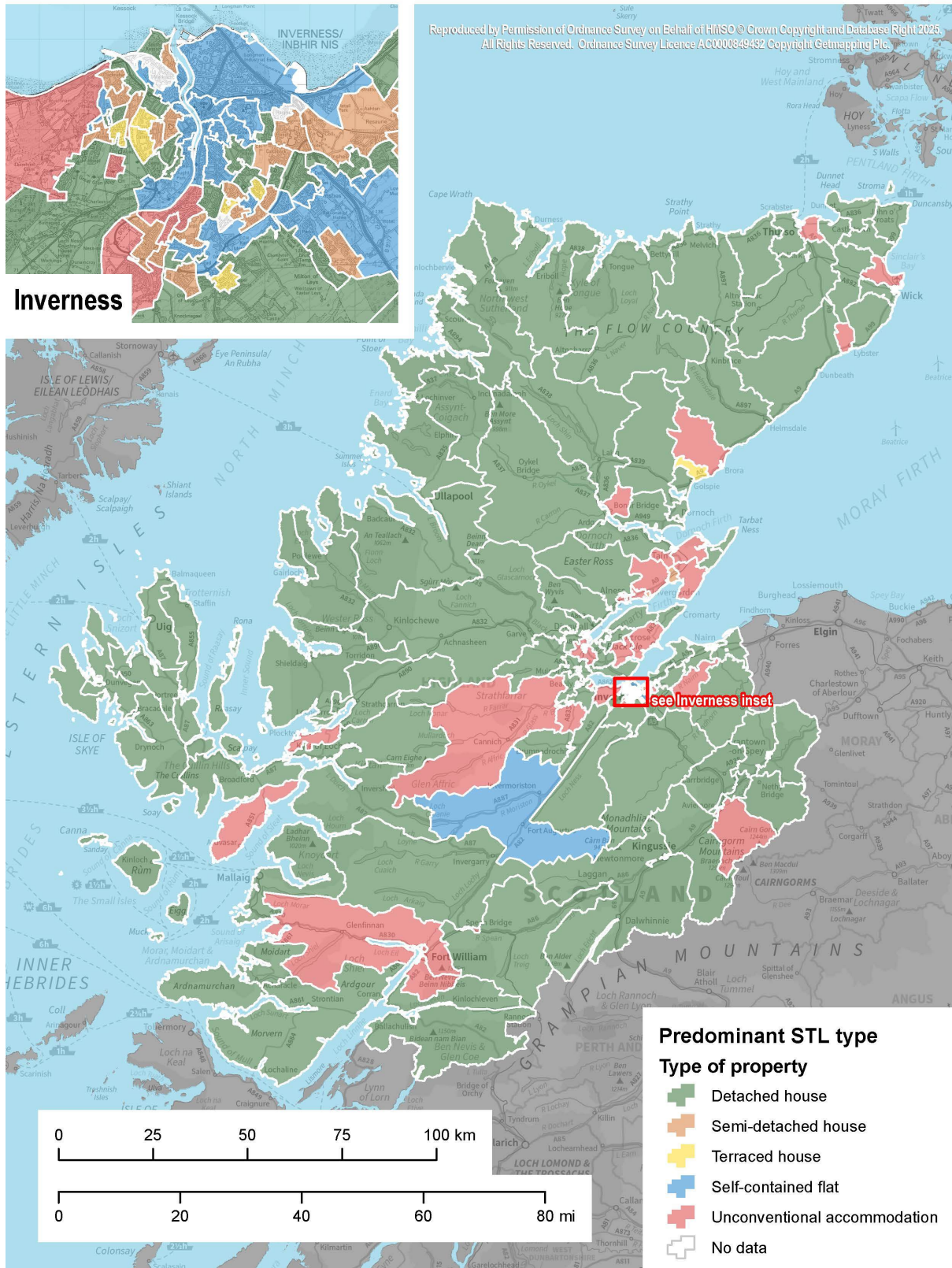
Appendix 2 Highland Short Term Lets Predominant Property Type

Appendix 3 Highland Adjusted Short Term Lets Rates by Data Zone
Appendix 4 Newbuild Completions that have become Short Term Lets
Appendix 5 Highland Adjusted STL Rate Change 2023-2024
Appendix 6 Highland High and Fastest Growing Adjusted STL Rates
Appendix 7 Ward 20 Badenoch and Strathspey Adjusted STL Rates
Appendix 8 Ward 20 Applications
Appendix 9 Potential Resource Implications

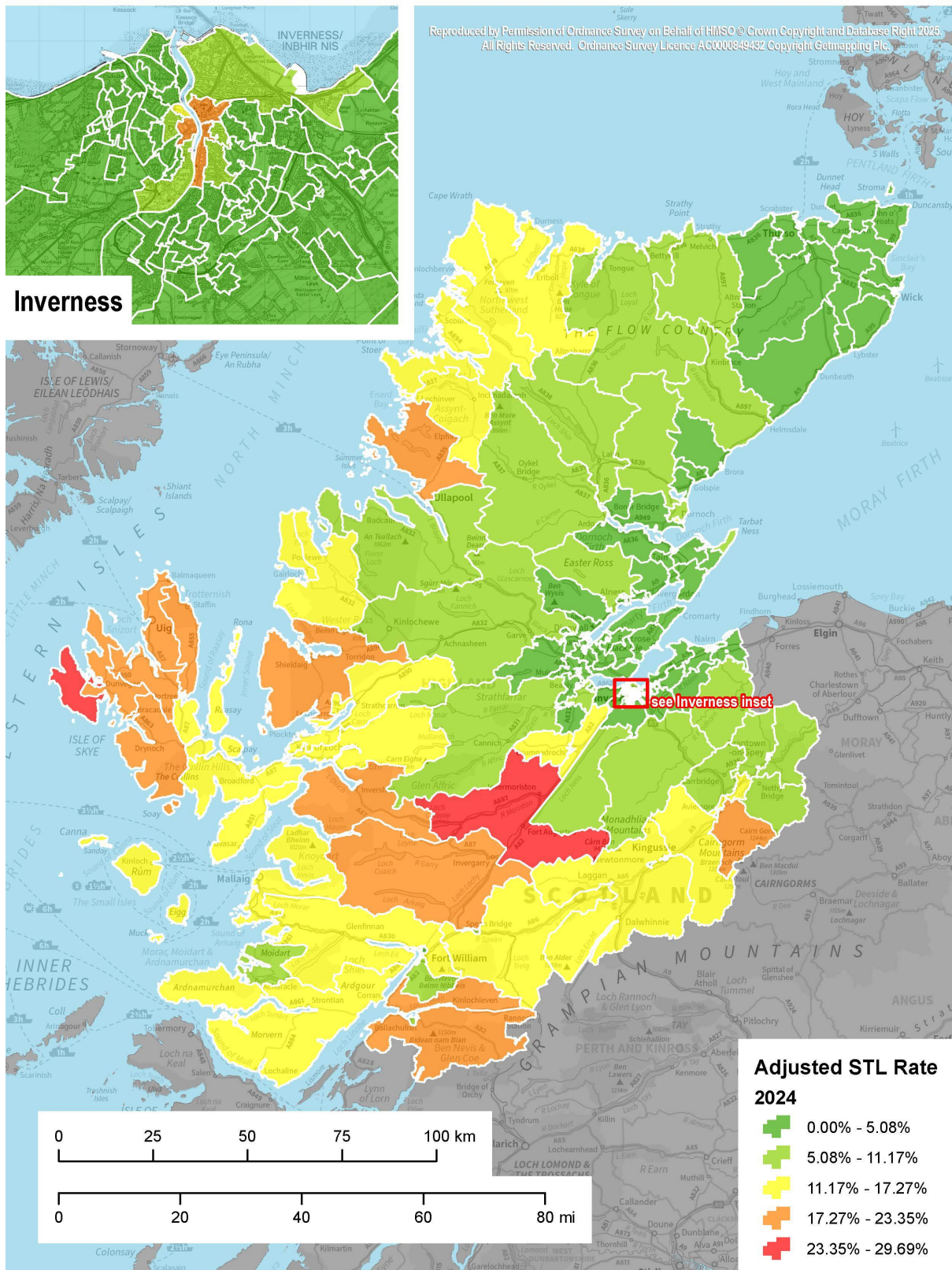
Appendix 1 Highland Housing Market Containment Analysis

	Badenoch & Strathspey	Caithness	East Ross	Inverness	Lochaber	Mid Ross	Nairn	Ross & Cromarty West	Skye & Lochalsh	Sutherland	Highland
HMA Containment	51%	77%	78%	81%	61%	80%	67%	47%	45%	48%	71%
HMA Internal Self-Containment	46%	70%	53%	65%	57%	45%	45%	26%	41%	31%	
HMA Containment Highland	6%	7%	25%	15%	4%	35%	22%	22%	4%	17%	
Sales from Scotland, UK & Elsewhere	49%	23%	22%	19%	39%	20%	33%	53%	55%	52%	29%
Empty Homes	6%	7%	4%	4%	5%	4%	3%	7%	6%	8%	5%
Second Homes	8%	1%	1%	1%	4%	1%	2%	9%	6%	7%	3%
Short Term Lets	10%	2%	2%	4%	10%	2%	2%	12%	18%	8%	6%

Highland Short Term Lets: Property Type



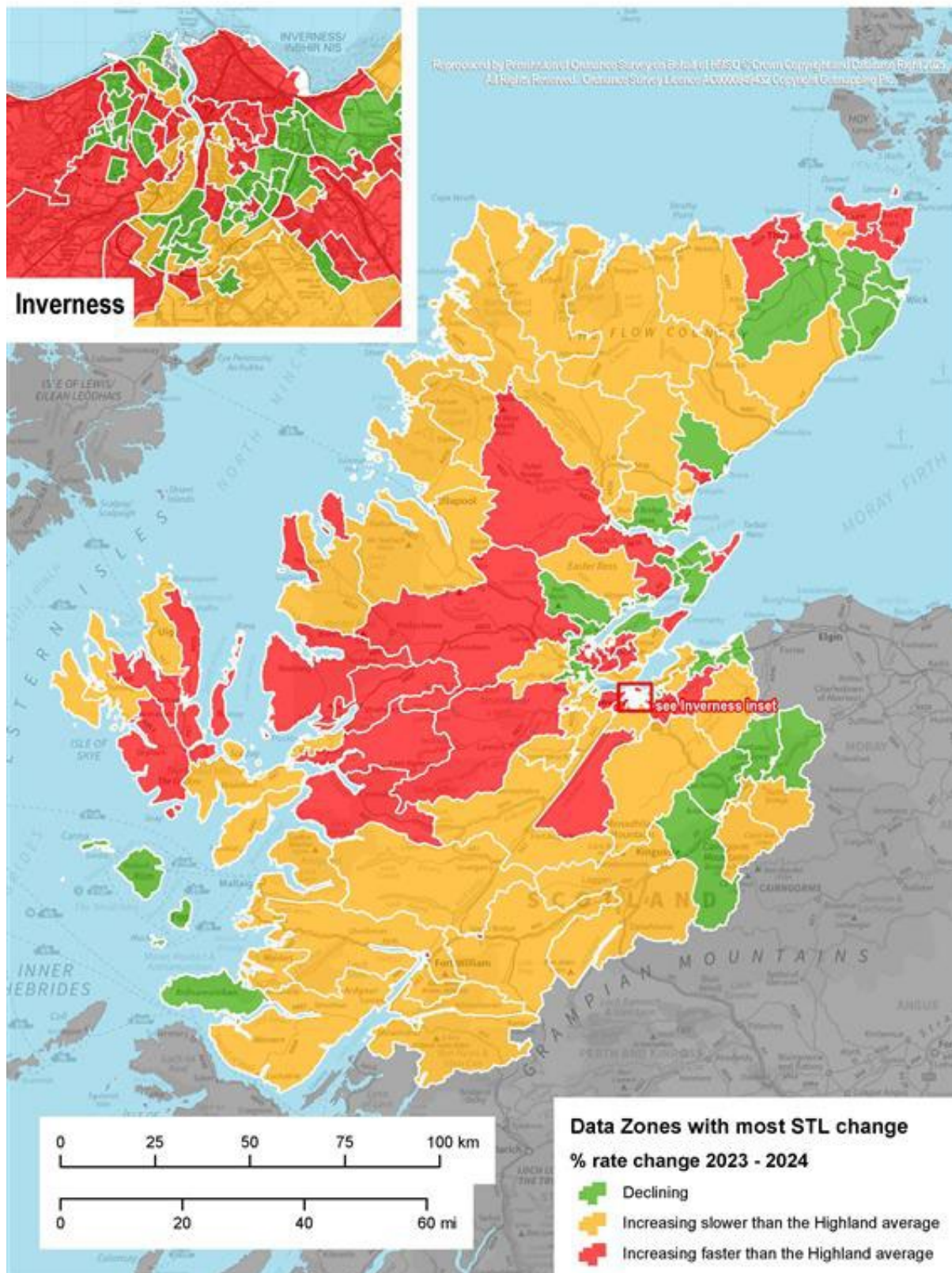
Highland Short Term Lets: Adjusted STL Rate



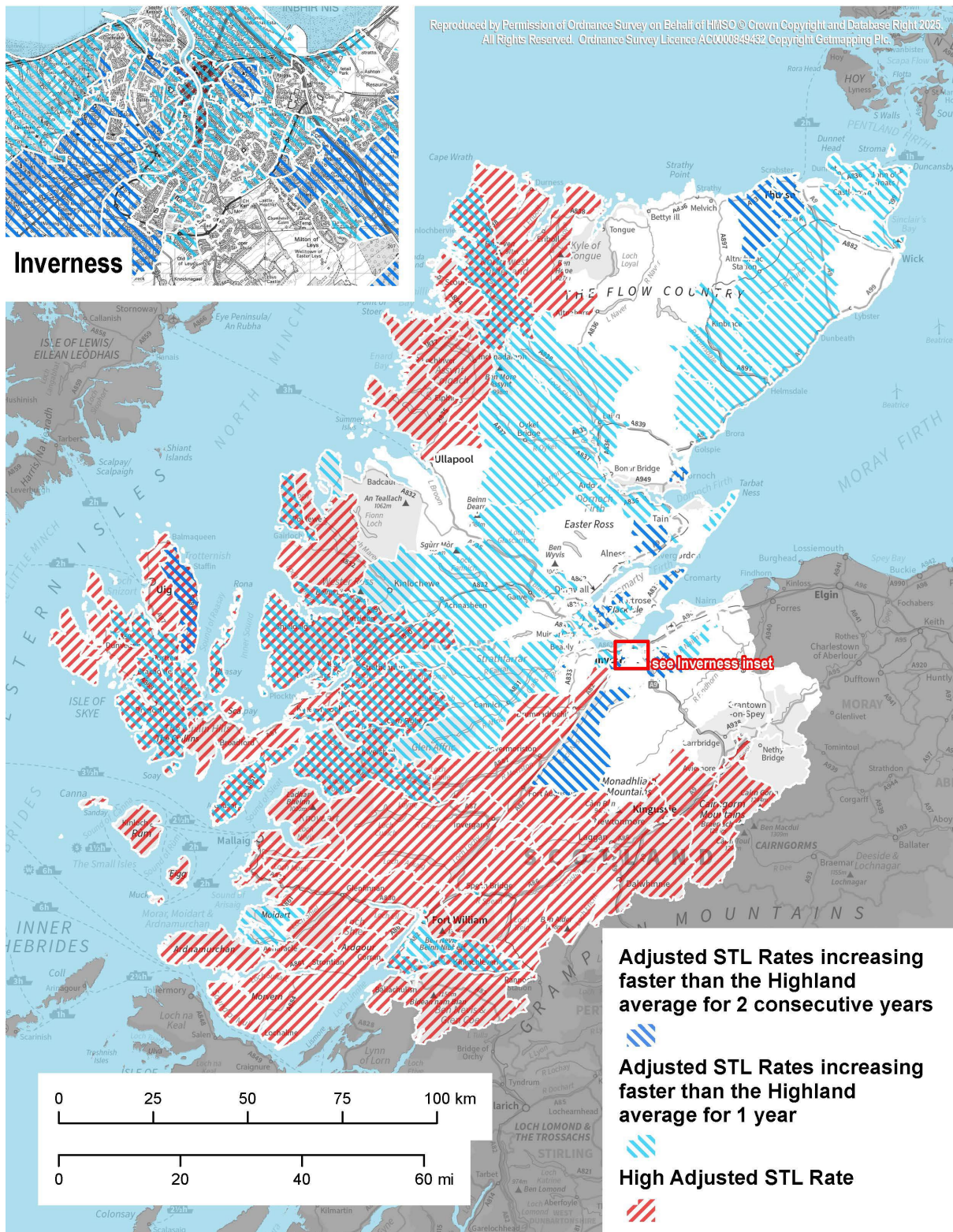
Appendix 4 Newbuild Completions that have become Short Term Lets

	2020/2021			2021/2022			2022/2023			2023/2024			2024/2025			5 Year Totals		
Ward	House Comps	STL Comps	%	House Comps	STL Comps	%	House Comps	STL Comps	%	House Comps	STL Comps	%	House Comps	STL Comps	%	House Comps	STL Comps	%
Aird and Loch Ness	24			77	12	15.6%	55	1	1.8%	95	4	4.2%	81	2	2.5%	332	19	5.7%
Badenoch and Strathspey	66	7	10.6%	28	2	7.1%	144	18	12.5%	100	4	4.0%	103	2	1.9%	441	33	7.5%
Black Isle	10			82	1	1.2%	50	1	2.0%	31	1	3.2%	26	4	15.4%	199	7	3.5%
Caol and Mallaig	22	4	18.2%	26	7	26.9%	123	1	0.8%	58	6	10.3%	70	3	4.3%	299	21	7.0%
Cromarty Firth	27			65			59			51	4	7.8%	54			256	4	1.6%
Culloden and Ardersier	141			172	3	1.7%	231	2	0.9%	115	1	0.9%	104			763	6	0.8%
Dingwall and Seaforth	38			68			55			57	1	1.8%	34			252	1	0.4%
East Sutherland and Edderton	9	2	22.2%	21	2	9.5%	63	5	7.9%	58	4	6.9%	62	1	1.6%	213	14	6.6%
Eilean a' Cheò	49	12	24.5%	94	12	12.8%	70	10	14.3%	110	14	12.7%	64	12	18.8%	387	60	15.5%
Fort William and Ardnamurchan	21	3	14.3%	74	6	8.1%	37	3	8.1%	46	5	10.9%	70	1	1.4%	248	18	7.3%
Inverness Central	41			10			64	1	1.6%				7	2	28.6%	122	3	2.5%
Inverness Millburn	31	1	3.2%	37			1			10			28	1	3.6%	107	2	1.9%
Inverness Ness-side	73			250			111	1	0.9%	110	1	0.9%	79	1	1.3%	623	3	0.5%
Inverness South	68	2	2.9%	214	6	2.8%	128	1	0.8%	34	2	5.9%	60	2	3.3%	504	13	2.6%
Inverness West	25	5	20.0%	98	3	3.1%	64	2	3.1%	50			58	2	3.4%	295	12	4.1%
Nairn and Cawdor	86	1	1.2%	29			26	6	23.1%	33			11			185	7	3.8%
North, West and Central Sutherland	9	2	22.2%	11	2	18.2%	13	1	7.7%	22			10	3	30.0%	65	8	12.3%
Tain and Easter Ross	13	1	7.7%	51	2	3.9%	13			12			15	1	6.7%	104	4	3.8%
Thurso and Northwest Caithness	9	1	11.1%	7			16	1	6.3%	12	2	16.7%	7			51	4	7.8%
Wester Ross, Strathpeffer and Lochalsh	32	1	3.1%	74	5	6.8%	36	7	19.4%	40	6	15.0%	38	6	15.8%	220	25	11.4%
Wick and East Caithness	27	4	14.8%	34	2	5.9%	27	3	11.1%	16	1	6.3%	20	1	5.0%	124	11	8.9%
Highland	821	46	5.6%	1522	65	4.3%	1386	64	4.6%	1060	56	5.3%	1001	44	4.4%	5790	275	4.7%

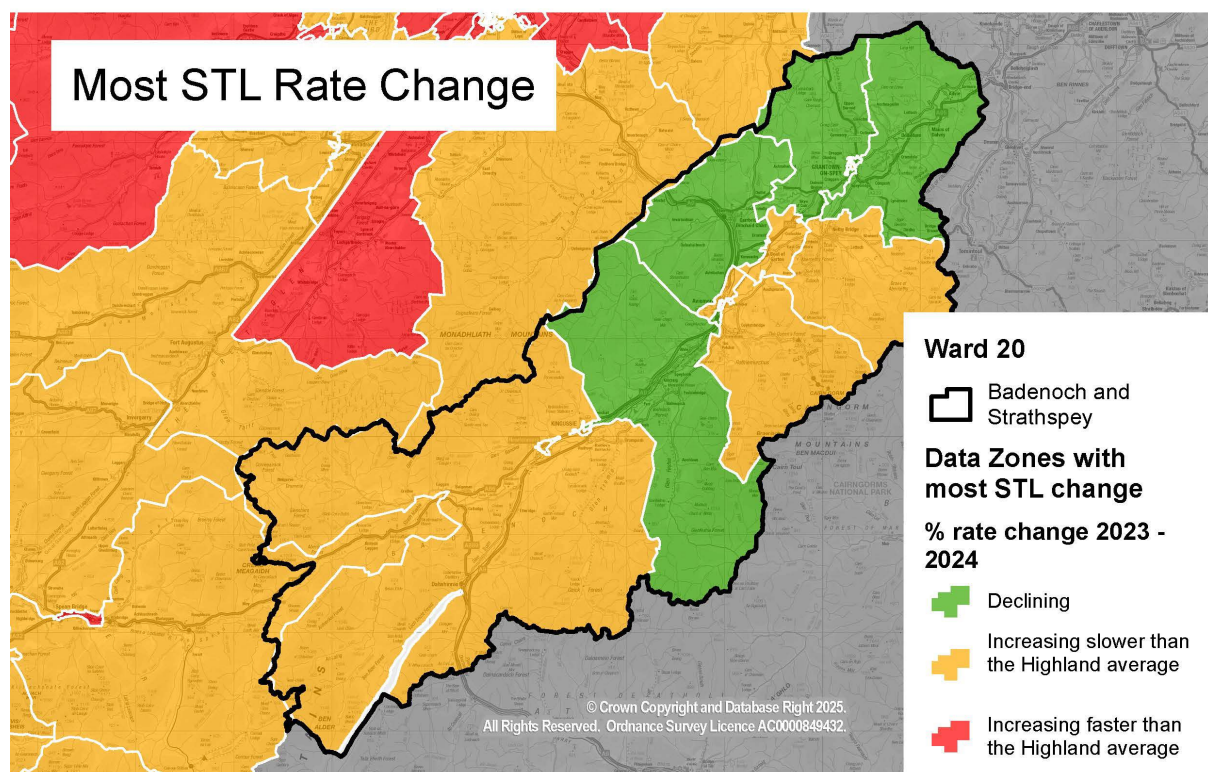
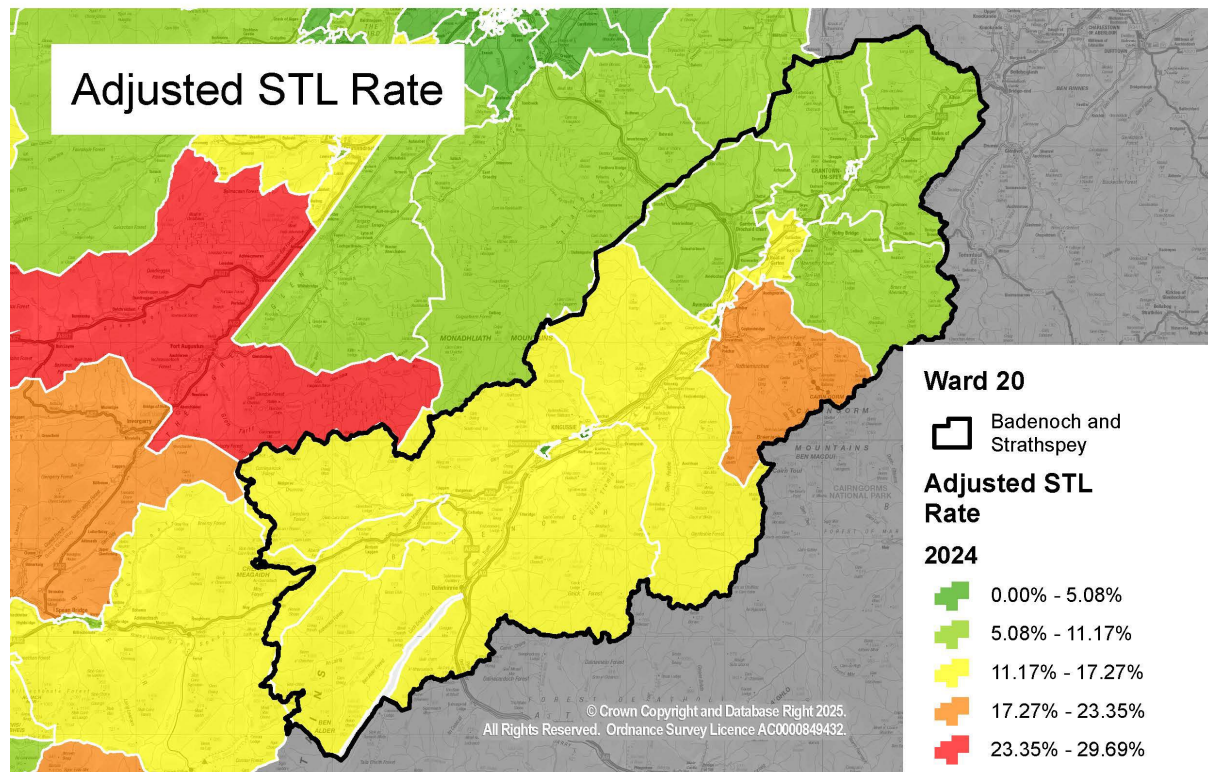
Highland Short Term Lets: Greatest Rate Change



Highland Short Term Lets: High and Growing Adjusted Rates



Highland Short Term Lets: Ward 20, Badenoch and Strathspey



Appendix 8

Year	STL Apps Ward 20	All App Types Ward 20	% STL Ward 20 vs All Apps Highland Ward 20
2022*	84	140	60.0
2023	99	260	38.08
2024	221	389	56.81
2025*	23	101	22.77
Total	427	890	47.98

* Not full calendar years

Potential Staffing Implications

Investigation/introduction of STLCA

Preparation for Area and E&I Committee – **1 officer day per Committee**

Drafting Committee Reports – **2 officer days per Committee**

Collecting/preparing evidence – **20 officer days (multiple officers)**

Consultation Process and Portal – **14 technical officer days + 5 other officer days**

Attending Consultation Events – **Prep Time - 1 officer day; Attendance - 2 officer days (multiple officers)**

Collating and Analysing Consultation Responses – **5 officer days (multiple officers)**

Officer meetings (miscellaneous) – Briefings, Licensing, Process, Management – **10 officer days**

Total = **60 days (1 FT Planner over 5 STLCA's)**

Advertisement/Press Notice costs – **c£1000**

Additional consultancy support costs - **£TBC**

Development Management Workload (if 5 areas taken forward)

Likely increase in Certificate of Lawfulness applications – **20% of all STLs - 960**

Increase in retrospective applications – **100**

Increase in enquiries – **600**

Increase in workload, without full cost recovery = 2 FT Planning Officer & 1 FT PSO