

The Highland Council

Agenda Item	6
Report No	SCC/29/25

Committee: Sutherland County

Date: 1 December 2025

Report Title: Short Term Let Control Area

Report By: Assistant Chief Executive - Place

1 Purpose/Executive Summary

1.1 At the meeting of The Highland Council on 18 September 2025, Members considered an item setting out the process and options for implementing further Short Term Let Control Areas. 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 was agreed by members, where:-

- i. Area Committees will first decide on whether to progress with the introduction of a Short Term Let Control Area covering all or part of their Area;
- ii. The Economy and Infrastructure (E&I) Committee take the decision to formally commence the process with the evidence gathering and consultation;
- iii. the E&I Committee, having taken into account the evidence and feedback, decide on whether or not to continue with the process;
- iv. the final decision to designate a Short Term Let Control Area is for E&I Committee; and
- v. that a report would come to the next E&I Committee that explored the options for the Council to work in partnership with the UK and Scottish Governments to include Rural Housing in any new growth deal for the Highlands. With the aim to bring additional finance for housing delivery; identify and remove barriers across public agencies that currently hindered development; act as an enabler for innovative community-led housing solutions; and unlock development opportunities where these were supported by local communities.

- 1.2 This report summarises the prevalence of Short Term Lets in Sutherland specifically. Relative to other areas of Highland, and to Highland as a whole, there is a high rate of potential dwellings being used as Short Term Lets in Sutherland, with continued growth occurring in specific areas.

There is a clear indication that newbuild housing completions are being transferred to short-term letting at a higher rate than Highland as a whole. An assessment of the Sutherland Housing Market Area undertaken as part of the Highland Housing Need and Demand Assessment indicates that the area's housing market should be one of the more affordable Housing Market Areas within Highland, but affordability is hindered by low relative median household incomes in the area and a high share of sales to those living outwith the Highlands, which indicates that the area is subject to influence from external pressure. There is one registered Local Place Plan in Sutherland for Golspie, although in this instance the community have not expressed any concerns on Short Term Lets. One notified Local Place Plan for Kyle of Sutherland expresses concerns on the impact of Short Term Lets on local housing availability.

- 1.3 On balance, the evidence at this time indicates that the establishment of a Short Term Let Control Area may be justified in Sutherland. Members were informed of the process to designate further Short Term Let Control Areas in September, which involves a mandatory process of consultation with communities potentially affected by the proposal. Should the Area Committee decide to progress with the process of considering the introduction of a Short Term Let Control Area covering all or part of the Area, this would be referred to the Economy and Infrastructure Committee to formally commence the process and would afford communities in the Area with the opportunity to participate in that process.

2 Recommendations

2.1 Members are asked to:-

- i. **Note** the evidence presented demonstrating the degree of prevalence of Short Term Lets within Sutherland;
- ii. **Note** that this evidence, demonstrates that the housing market within parts of Sutherland, is subject to significant pressure, exacerbated by high rates of potential dwellings being converted to Short Term Lets;
- iii. **Note** that the designation of any new Short Term Let Control Area will have no retrospective impact on existing Short Term Lets where no material change of use had occurred at the time of establishment and will therefore only require planning permission from new Short Term Lets established after a Short Term Let Control Area comes into force.
- iv. **Note** that should the Economy and Infrastructure (E&I) Committee formally commence the process of introducing a Short Term Let Control Area, this will initiate a process of further evidence gathering and public consultation with communities;
- v. **Agree** that the Sutherland Area Committee therefore seeks to progress with the process of considering the introduction of a Short Term Let Control Area covering all or part of the Sutherland Area; and
- vi. **Agree** that progressing with consideration of a Short Term Let Control Area enables communities within the area to participate in that consultation at the appropriate stage.

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** –The Council has the power under Section 26B of the Town & Control Planning (Scotland) Act 1997, as amended by the Planning (Scotland) Act 2019, to designate a Short Term Let Control Area. Potential risks of legal challenge 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 specific 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 specific 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 report does not relate to the formal implementation of a Short Term Let Control Area but considers whether there is an evidence base that would justify progressing to a full evidenced gathering and consultation phase, and therefore an impact assessment is not required. If a decision was taken to progress to the next stage, which would involve evidence gathering and consultation, an impact assessment would be required in order to inform the decision on whether to progress with such a scheme.

5 Background

5.1 Members will recall from the [previous report to Highland Council](#) in September 2025 that 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;

5.2 There is currently one STLCA within Highland, established in Ward 20 Badenoch and Strathspey. Members were reminded in the [previous report to Highland Council](#) in September 2025 of the scope of what development would and would not be considered within an STLCA. In summary:-

- Within an STLCA, a change of use of a dwellinghouse to STL (as defined) 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.
- 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.
- STLs are also subject to separate licensing requirements. Following the designation of a STLCA, the Council, as licensing authority, will require evidence that planning permission has been sought or is in force for when granting future STL licences within a STLCA.

5.3 Members were reminded of the process of designating an area as a control area essentially follows three steps as set out in regulation 3 of [The Town and Country Planning \(Short-term Let Control Areas\) \(Scotland\) Regulations 2021](#). Should the Economy and Infrastructure (E&I) Committee take the decision to formally commence the process with the evidence gathering and consultation described in Para 1.1 (ii), 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.

- 5.4 Using records from the mandatory [STL Public Register](#), the [previous report to Highland Council](#) in September 2025, detailed initial analysis undertaken on STL prevalence to allow consideration of impacts on the availability of residential housing, as informed by the [Short-Term Lets and Planning Circular 1/2023](#). Across Highland just under 6% of potential dwellings are licensed as short term lets, and around 5% of new housing completions across Highland within the last 5 years are now licensed short term lets, yet it is evident that there were marked differences across the authority as a whole. This report provides greater assessment of this analysis as it relates specifically to the Sutherland Area to support Members decide whether to progress to the first stage of the implementation of a short term let control area, namely the evidence gathering and consultation phase.

6 Assessment of Short Term Lets in Sutherland

- 6.1 Conducted as part of the ongoing Highland Housing Need and Demand Assessment (HNDA) a robust 'containment analysis' of sub-Highland Housing Market Areas, highlights areas with a high proportion of sales to those outwith the local areas, the Highlands or indeed outwith Scotland. 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.
- 6.2 While 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, Sutherland is identified as a Housing Market Area with low levels of containment. In Sutherland 31% of house sales were purchased by buyers already living in Sutherland. A further 17% of sales were purchased by buyers from elsewhere within the Highland Council, while 52% were purchased by buyers outwith Highland, Scotland, or indeed the UK as shown in **Table 1**.

Table 1 Sutherland Housing Market Area

	Sutherland	Highland
Median Household Income	£37,159	£42,195
HMA Containment	48%	71%
HMA Internal Self-Containment	31%	
HMA Containment Highland	17%	
Sales from Scotland, UK & Elsewhere	52%	29%
Average House Price (2019-2025)	£196,483.02	£209,125.12
Change in Average House Price (2019-2024)	34%	22%
Income Required to Afford Average House Price	£52,190.80	£55,548.86
% CAN'T afford Average House Price	68%	64%
Market Entry House Price	£115,000.00	£132,310.00
Income Required to Afford Market Entry House Price	£30,546.88	£35,144.84
% CAN'T afford Market Entry House Price	41%	41%
Empty Homes	8%	5%
Second Homes	7%	3%
Short Term Lets	8%	6%

- 6.3 The overall indicators as shown in **Table 1** indicate that while Sutherland is an area where average house prices and market entry house prices should both be more affordable than in other Highland Housing Market Areas, the lower median household incomes in the area relative to Highland indicates that local residents could face challenges in accessing housing at the current Average House Prices.

Average House Prices in Sutherland have increased by 34% between 2019-2024, which is the largest increase of all the Highland Housing Market Areas, in comparison with the 22% increase in Average House Prices across Highland as a whole. Instances where higher shares of house sales to buyers outwith the local area, where median incomes may be higher, provide indications of where housing markets may be distorted due to external influence.

As Sutherland has relatively lower median household incomes and a higher share of house sales to buyers from outwith Highland, Scotland and the UK, this is interpreted as meaning that such impacts are significantly felt in Sutherland, in contrast to other areas of Highland. Sutherland is a Housing Market Area that has higher rates of total ineffective stock, which include short term lets, second homes and long-term empty homes, than Highland in Sutherland 8% of potential dwellings are currently licensed STLs, which is higher than 6% across Highland as a whole. in general.

- 6.4 The [Highland Short Term Lets](#) Map uses records from the [STL Public Register](#) and the National Records of Scotland [Small area Statistics on Households and Dwellings](#) (2024) to identify concentrations of STLs within small statistical areas known as data zones which illustrate precise areas where STLs are concentrated. A breakdown of registered STLs in Sutherland wards as of 30th July 2025 is shown in **Table 2**. The majority of STLs in Sutherland are detached dwellings, followed by unconventional accommodation (pods and chalets). Within and around the town of Brora, STLs are varied, including a mix of housing stock such as self-contained flats, semi-detached houses and unconventional accommodation. Around Golspie, STLs are predominantly terraced houses and unconventional accommodation and around Bonar Bridge unconventional accommodation and detached dwelling STLs are most common. In east Dornoch, the predominant type of STL is self-contained flats. A map depicting the most common forms of STLs across Sutherland is shown in **Appendix 1**.

Table 2 Profile of Sutherland STLs

	Ward 1	Ward 4	Sutherland Total
Detached House STLs	327	137	464
Semi-Detached House STLs	33	53	86
Terraced House STLs	1	24	25
Self-Contained Flat STLs	14	61	75
All Potential Dwelling STLs	375	275	650
Unconventional Accommodation STLs (Pods, chalets etc)	80	29	109
All Short Term Lets	455	304	759

- 6.5 Unconventional accommodation STLs (pods, chalets and other forms of accommodation not transferrable back to housing stock) are excluded to arrive at the Adjusted Rate of STL, which reflects the potential dwellings used as STLs. In Sutherland 8% of potential dwellings are used as STLs.

At smaller data zone level, a Map is provided in **Appendix 2**, which illustrates that all west coast data zones in Sutherland have an Adjusted Rate of STLs (>11.17%) which is higher than the Highland average (6%), particularly in the south-west near the border of Wester Ross, Strathpeffer and Lochalsh which exceeds 17.27% Adjusted Rate of STLs.

- 6.6 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 three data zones in Sutherland that exceed this threshold, plus an additional data zone which overlaps into Sutherland from Wester Ross, Strathpeffer and Lochalsh.
- 6.7 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.

A map showing where Adjusted Rates of STLs are changing in Sutherland is shown in **Appendix 3**. There were 5 data zones in Sutherland where Adjusted STL Rates increased faster than the Highland average, and 11 data zones where Adjusted STL Rates increased more slowly than the Highland average, but the actual numbers of STL's remained small in real terms. Adjusted STL Rates declined in 3 Sutherland data zones. The [Highland Short Term Lets](#) Map allows users to interrogate specific areas and view the rates of change.

Areas where Adjusted Rates of STLs have increased faster than the Highland average for 2 consecutive years are shown in **Appendix 4**, which includes all west coast data zones and the area north of Dornoch around Embo.

- 6.8 Analysis of Total New Housing Completions and the STL Licence Register reveals that of the total 278 housing completions in Sutherland (Ward 1 and 4) in the past 5 years, 22 have since become STLs, which equates to 7.9% of completions (12.3% in Ward 1 and 6.6% in Ward 4). This is higher than the Highland average of 5%.

Table 3 Newbuild Completions in Sutherland (Ward 1 and Ward 4) since used as STLs

	Ward 1			Ward 4		
Year	Total Completions	Became STLs	%	Total Completions	Became STLs	%
2020/2021	9	2	22.2	9	2	22.2
2021/2022	11	2	18.2	21	2	9.5
2022/2023	13	1	7.7	63	5	7.9
2023/2024	22	-	-	58	4	6.9
2024/2025	10	3	30.0	62	1	1.6
Grand Total	65	8	12.3	213	14	6.6

- 6.9 A review of the Sutherland Area Place Plan and registered Local Places Plans has been undertaken to identify communities that have expressed concern regarding prevalence of STLs, or that have explicitly prioritised designation of a STLCA in their area. Planning authorities are to take into account any registered LPP when they are preparing or amending an LDP.

At the time of writing this report, the Highland Council has registered a total of 14 Local Place Plans (LPPs), and the [Local Place Plan Register Map](#) shows the status of areas that have formally registered LPPs, in addition to those that have notified us that they intend to submit one. There is one registered LPP in the Sutherland Area – Golspie 2034/44 Place Plan. The Golspie LPP does not make any mention of short term lets.

6.10 There are several notified LPPs in Sutherland:-

- Kinlochbervie: The draft Kinlochbervie LPP submitted to Council makes no mention of short-term lets.
- Tongue, Melness and Skerray: Notification of intent to submit an LPP received.
- Melvich: Notification of intent to submit an LPP received.
- Helmsdale and District: The draft Helmsdale and District LPP submitted to Council makes no mention of short-term lets.
- Brora: Notification of intent to submit an LPP received.
- Rogart: The draft Rogart LPP submitted to Council makes no mention of short-term lets.
- Dornoch: Notification of intent to submit an LPP received.
- Kyle of Sutherland: The draft LPP for Kyle of Sutherland proposes, to ensure that second home ownership and short term lets don't continue to take over large portions of the area's housing stock, consideration could be given to introducing a rural housing burden for all new affordable housing stock. In areas such as Rosehall and Bonar Bridge, an issue widely discussed is the abundance of short term let and holiday homes in the area. While it is accepted that these properties exist it may not be beneficial to the village to see these numbers expand without consideration to developing more permanent homes. In Altass and Linside, an issue of contention in the village is the abundance of short term let and holiday homes in the area. While it is accepted that these properties are now in place and a small amount does allow for economic mix in the area it may not be beneficial to the village to see these numbers expand further. In the consultation it was stated that 50% of homes in Linside alone are designated as second homes. The designated sites identified for the Local Place Plan should be allocated with the requirement of no holiday home/short term let applications being permitted.
- Lairg: The draft Lairg LPP submitted to Council makes no mention of short-term lets.
- Bettyhill, Altnaharra and Strathnaver: Notification of intent to submit an LPP received.
- Assynt: Notification of intent to submit an LPP received.
- Edderton: The draft Edderton LPP submitted to Council makes no mention of short-term lets.

6.11 A Local Place Plan can only be placed on the register if it is valid, meaning if the requirements for Local Place Plans set out within paragraphs 1(4) and 2(1) of [Schedule 19](#) of the Town and Country Planning (Scotland) Act 2019 as amended, and Regulations 2, 3, 4 and 5 of [The Town and Country Planning \(Local Place Plans\) \(Scotland\) Regulations 2021](#), have been complied with in relation to it. Communities may wish to come forward in due course with further LPPs, which would be duly considered at the appropriate stage, but at the present time, there is only one registered LPPs in Sutherland, which has not raised concerns regarding STLs in their community.

6.12 In the [Sutherland Area Place Plan](#), empty homes, second homes and homes used for short term lets were all identified as additional sources of pressure on housing in Sutherland. The increase in this type of tourism business has not positively impacted population figures. People suggested solutions such as housing burdens, control of short term lets and purchase of empty homes as possible solutions, although others recognised the economic benefit that tourism brings.

- 6.13 The NorthWest2045 is a community vision for the future of the North West Highlands. The project comprises community groups, local development trusts, statutory bodies and community, private and eNGO landowners. The NW2045 vision, updated in 2025, seeks a repopulated rural economy and resilient, thriving communities. Steps to achieve the NW2045 vision, including the need to shift to a position that every policy, strategy and service which has a bearing on day-to-day life in our area now, is also designed with arresting and reversing ongoing depopulation in mind.

Within Highland, North West Sutherland was proposed as one Repopulation Zone, and remains an area of focus for the Council that continues to receive Scottish Government funding from the Addressing Depopulation Fund. A settlement officer was specifically appointed for North West Sutherland in November 2022 and remains in post who participates with local community groups in identifying possible sites for housing projects to support the Councils enabling role in housing provision.

- 6.14 The NorthWest2045 Full Report highlights that tourism is a vital sector within the local economy and is part of the tourism success story with growing annual visitors in recent years yet recognising that that causes pressure on local infrastructure and in recruiting and retaining staff. The report also mentions the impact of ineffective stock such as long-term empty homes and second homes in the area. It further discusses the low affordability of housing in the area and presents a range of empirical evidence to support this including the NRS Small Area Statistics on Households and Dwellings 2023; it does not, however, include Short Term Lets as a form of ineffective stock and does not make any implicit concerns known about the concentration of short term lets and their impact on housing supply in the area.

- 6.15 The [Short-Term Lets and Planning Circular 1/2023](#) states that Planning authorities should consider whether there are systemic material planning considerations across one or more areas in the planning authority area as part of deciding whether to designate one or more control areas. Systemic might mean the same consideration repeated many times or that there is a cumulative impact from the use of dwellinghouses as short-term lets. Example indicators include:

- 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.
- Detrimental impact on local amenity, with some businesses, schools or other services that serve, and are reliant on, permanent residents closing or relocating

The evidence presented within this report responds to this in detailing the housing indicators from the Housing Need and Demand Assessment. In relation to detrimental impact on local amenity, there have been two primary schools in North, West and Central Sutherland that have closed, namely Stoer and Altnaharra. Both schools closed before the introduction of mandatory licensing of Short Term Lets and it is therefore not possible to deduce the proportion of potential dwellings that were used as Short Term Lets at that time. This report should not be interpreted as meaning that Short Term Lets are the sole contributor to these closures, as the area has consistently higher rate of second homes than other areas of Highland. It is however, accepted that there is an established history of Short Term Let accommodation within the area and that these school closures are likely an impact of cumulative impacts related to rural depopulation, which have already warranted intervention through the Addressing Depopulation Fund aforementioned.

7 Conclusion

- 7.1 This report summarises the prevalence of Short Term Lets in Sutherland and potential impacts on availability of residential housing in Sutherland specifically. Relative to other areas of Highland, and to Highland as a whole, there is a high rate of potential dwellings being used as Short Term Lets in Sutherland. There is some indication that newbuild housing completions are being transferred to short-term letting at a higher rate than Highland as a whole. An assessment of the Sutherland Housing Market Area undertaken as part of the Highland Housing Need and Demand Assessment indicates that the area's housing market should be one of the more affordable Housing Market Areas within Highland, but affordability is hindered by low relative median household incomes in the area and a high share of sales to those living outwith the Highlands, which indicates that the area is subject to influence from external pressure. There is one registered Local Place Plan in Sutherland, where communities have not expressed any concerns on these matters. The Sutherland Area Place Plan aforementioned, while there were concerns raised within consultation feedback on short-term lets, others recognise the economic benefit that tourism brings.

The North West of Sutherland continues to receive ongoing input and support to address depopulation and to find housing solutions for prospective residents in the area. It is considered important that these efforts are not undermined by further conversions of existing dwellings to Short Term Lets, which would have the potential to exacerbate the housing supply further.

- 7.2 On balance, the evidence at this time indicates that further consideration of a Short Term Let Control Area would be justified in Sutherland, particularly in North West Sutherland. Progressing with further consideration of a Short Term Let Control Area enables communities within the area to participate in that consultation at the appropriate stage and would define the exact boundaries of any proposed Short Term Let Control Area for further consideration, which may not cover all Wards or all of a Ward, owing to the variation within it. While there is undoubtedly strong tourist demand in the area, further purpose-built tourism accommodation could be provided following the usual planning process. Housing is evidently a finite resource and continued loss of housing stock in an area characterised by little volume housebuilder development interest has significant potential to exacerbate housing availability in the area.

Designation: Assistant Chief Executive - Place

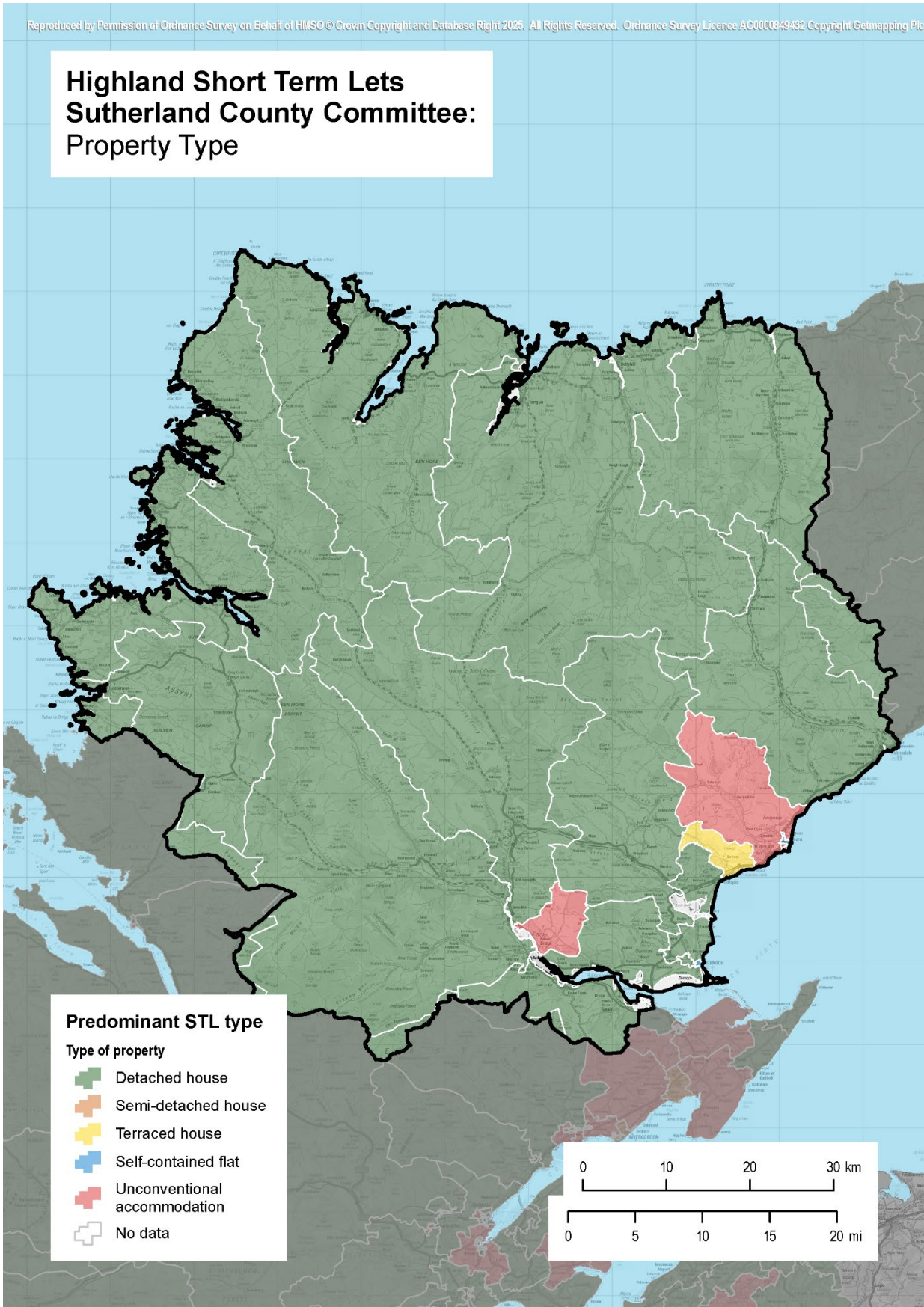
Date: 10 November 2025

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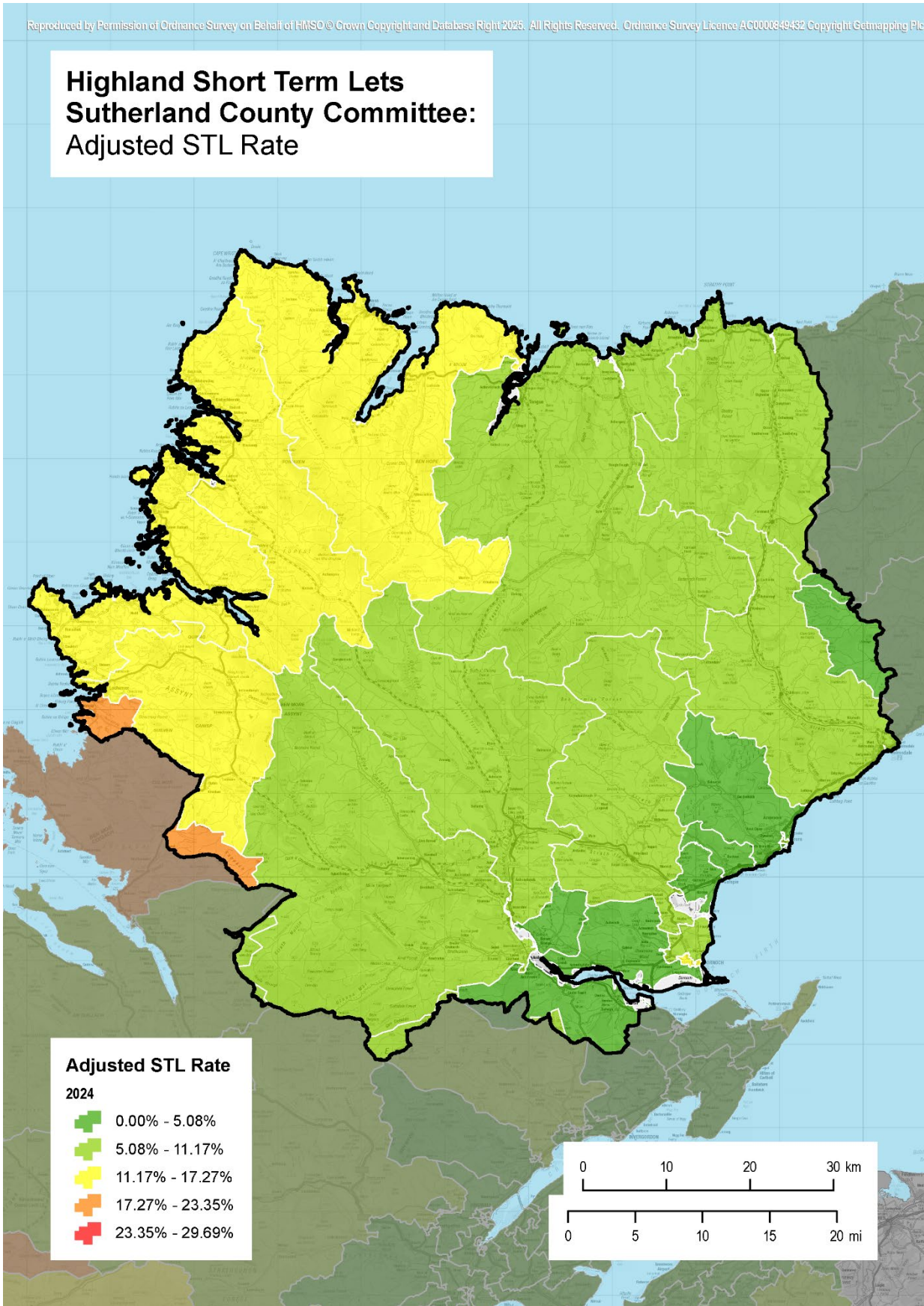
Background Papers: [Report to Highland Council](#) 18 September 2025

Appendices: Appendix 1 - Short Term Lets Predominant Property Type
Appendix 2 - Adjusted Short Term Lets Rates by Data Zone
Appendix 3 - Adjusted STL Rate Change 2023-2024
Appendix 4 - High & Fastest Growing Adjusted STL Rates

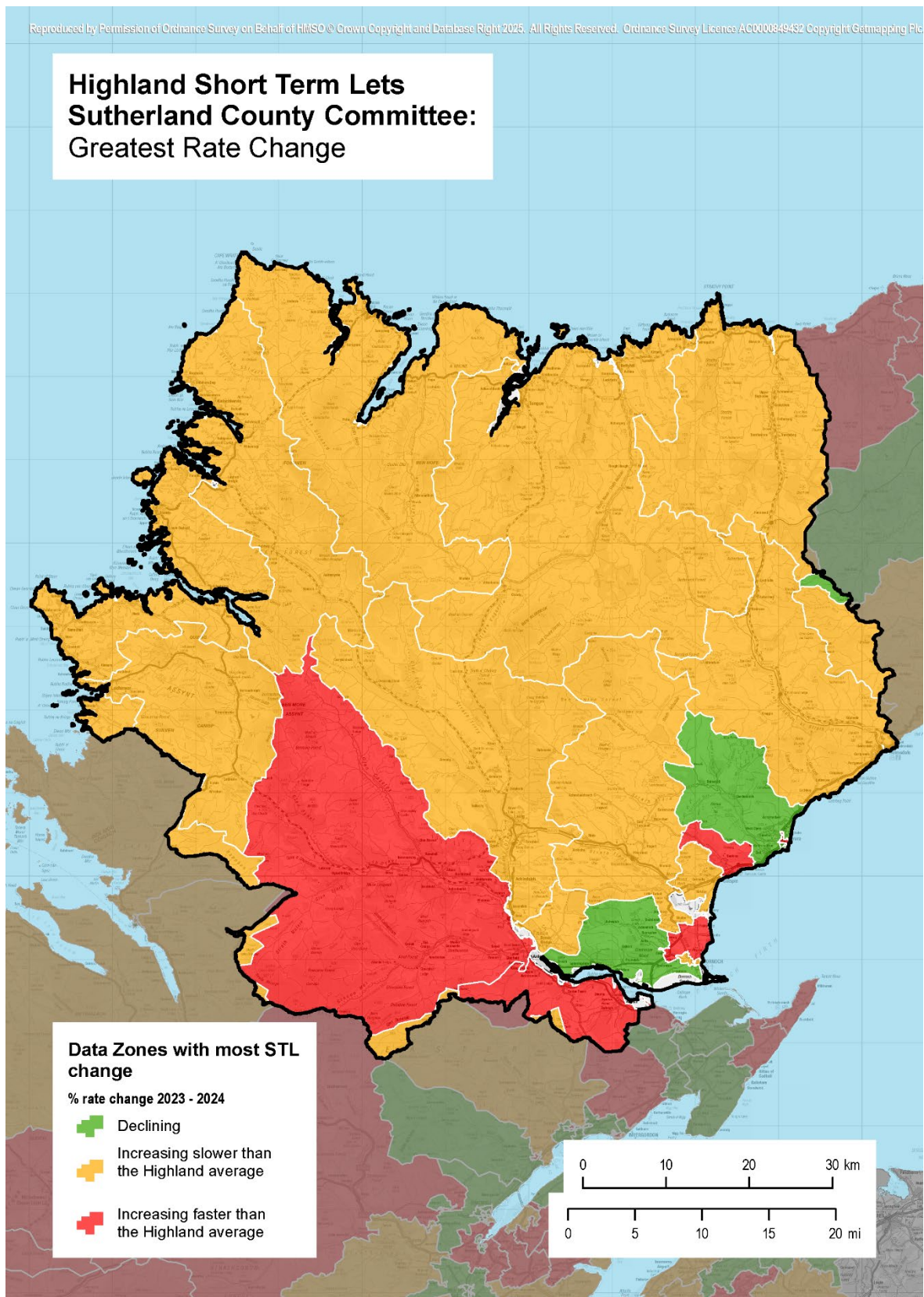
Short Term Lets Predominant Property Type



Adjusted Short Term Lets Rates by Data Zone



Adjusted STL Rate Change 2023-2024



High & Fastest Growing Adjusted STL Rates

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**Highland Short Term Lets
Sutherland County Committee:
High and Growing Adjusted Rates**

