

# **Short-changed:**

## **Identifying the Gap in Safety Standards for Short-Term Lets in Scotland**



## Who we are

**Electrical Safety First is the UK consumer charity dedicated to preventing deaths, injuries and fires caused by electricity.** Our aim is to ensure everyone can use electricity safely in their homes. We are recognised by government and industry as the leading campaigning charity and technical authority on home electrical safety. We:

- collaborate with and advise governments on improving policy on electrical safety.
- campaign on behalf of consumers and electrical trade professionals to improve safety regulation and ensure safety messages are appropriate, up-to-date and well communicated.
- work with tenants, landlords and homeowners to reduce deaths and accidents in the home.
- provide expert information and advice to help people protect themselves from unsafe electrical goods, including counterfeit, sub-standard and recalled products.

## Contents

Executive Summary	<b>3</b>
<b>1.</b> Introduction	<b>6</b>
<b>2.</b> Policy Context	<b>7</b>
<b>3.</b> Why regulate?	
<b>3.1</b> Overview of Short-terms Lets in Scotland	<b>9</b>
<b>3.2</b> Electrical Safety and Protection Measures	<b>11</b>
<b>3.3</b> Product Safety	<b>12</b>
<b>4.</b> Policy Recommendations	<b>14</b>
<b>5.</b> Policy Implications	<b>15</b>
<b>6.</b> Conclusion	<b>16</b>

## Executive Summary

The Short-Term Let (STL) sector in Scotland has grown significantly over the last few years but it lacks a consistent regulatory safety framework to protect people, property and surrounding communities against the key risks and dangers presented by electricity. Nearly three quarters of all accidental house fires each year are caused by electricity<sup>1</sup>

In Scotland, housing and electrical safety standards are specific to each tenure and arrangement. This lack of a common electrical safety standard and the absence of a legal definition of a STL adds confusion as to what is required. The majority of STLs are in owner-occupied properties which only have basic electrical safety standards, in contrast with properties offered as private rentals, which have the highest level of protection in Scotland

STLs should be required to meet the same electrical safety standards as the Private Rented Sector in Scotland. This would ensure that people renting short term have the same safeguards as those renting longer term. There should also be new protections put in place to protect people against faulty and defective electrical products. The combination of these measures would provide safeguards for the owners of STLs by protecting their properties from a range of safety risks.

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<sup>1</sup> Electrical Safety First methodology of fire data provided by the Scottish Fire and Rescue Service

## Key Findings

- Last year, a report prepared for the Scottish Government showed there had been a **threefold increase in STLs over the last three years in Scotland**, from around 10,500 in April 2016 to 32,000 in May 2019.<sup>2</sup>
- There is currently no common electrical safety standard for the sector to ensure the safety of installations, products and people. Last year, 74% of accidental house fires were caused by an electrical source in Scotland. These resulted in nine deaths and 563 casualties.<sup>3</sup> **Despite electricity being the number one cause of all of Scotland's domestic fires, housing legislation and standards are subject to a 'tenure lottery' - with different 'levels' of protection for different tenures.**
- Recent research highlights that the **owner-occupied sector is the most popular housing tenure for STLs in Scotland**, accounting for 60% of all lets in a recent survey of hosts.<sup>4</sup> **The sector, however, has the lowest standards for electrical safety and, unlike other private rented lets, there is no specific requirement to complete regular electrical safety checks which help to reduce the risk of fire and electric shock.**
- **A recent survey of guests found that 25% had experienced an electrical safety issue whilst staying in a short-term let in Scotland.**<sup>5</sup>

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<sup>2</sup> <https://www.gov.scot/publications/research-impact-short-term-lets-communities-scotland/>

<sup>3</sup> Electrical Safety First methodology of fire data provided by the Scottish Fire and Rescue Service in February 2020.

<sup>4</sup> <https://www.gov.scot/publications/research-impact-short-term-lets-communities-scotland/>

<sup>5</sup> Survey by YouGov Plc. Total sample size was 1017 adults. Fieldwork was undertaken between 11th - 13th February 2020. The survey was carried out online. The figures have been weighted and are representative of all Scotland adults (aged 18+).

- **There is also concern around PRS landlords switching to short-term letting because of the perceived lack of safety regulation.**<sup>6</sup> Landlords who might once have rented out a property to long-term tenants are now subject to tighter legislation in the PRS, making short-term letting a more attractive proposition.
- **Product safety must also be a key consideration for the sector.** Whole properties are the most popular type of short-term lets available which usually means a variety of electrical appliances being provided for guests to use during their stay.
- **Electrical products account for around 80% of all house fires each year**<sup>7</sup> and there are a range of safety issues arising from recalled electrical goods, particularly **white goods which caused a house fire almost every day in Scotland last year.**<sup>8</sup>

## Key Recommendations

- **Mandatory, five-yearly, electrical safety checks carried out by a qualified and registered electrician.**
- **A requirement to register electrical appliances provided with lets.**
- **The same enforcement and compliance measures as the PRS.**

We welcome the Scottish Government's recent announcement to regulate STLs by introducing a licensing scheme from Spring 2021, with a mandatory safety requirement. **We believe this should include a requirement for STLs to meet the Repairing Standard which applies to the PRS and includes mandatory, five-yearly, electrical safety checks.** This would provide alignment and parity in safety standards for all private lets in Scotland.

<sup>6</sup> <https://www.gov.scot/publications/research-impact-short-term-lets-communities-scotland/>

<sup>7</sup> Electrical Safety First methodology of fire data provided by the Scottish Fire and Rescue Service in February 2020

<sup>8</sup> [https://www.firescotland.gov.uk/news-campaigns/news/2020/01/electricity-safety-\(7\).aspx](https://www.firescotland.gov.uk/news-campaigns/news/2020/01/electricity-safety-(7).aspx)

There must also be a broader consideration of introducing additional measures to help prevent risks associated with defective or faulty electrical products, **including a requirement for hosts to register electrical appliances they provide with lets to ensure they are not subject to any product recalls or safety alerts.**

## 1. Introduction

This paper discusses electrical safety in the Short-Term Let (STL) sector in Scotland and identifies limitations and shortfalls with the current regulatory framework. Our methodology incorporated a review of current literature, housing legislation and standards, quantitative research, as well as an analysis of available fire statistics.

The paper provides a range of recommendations for policymakers to improve consumer and safety protections. We believe it is vitally important that any property which is privately let is of a suitable and electrically safe standard. These policy measures would serve to ensure the safety of guests, provide safeguards for owners by protecting their properties from risks and help to reduce the number of electrical fires and accidents in the home.

## 2. Policy Context

Following a public consultation on the regulation of STLs last year, the Scottish Government has announced plans to regulate the sector. In January 2020, the Housing Minister Kevin Stewart MSP stated in parliament that the Scottish Government will introduce licensing for STLs, under the Civil Government (Scotland) Act 1982, with a mandatory safety component.

Currently, STLs are only required to meet general fire safety requirements set out in the Fire (Scotland) Act 2005 which apply to existing residential premises with sleeping accommodation.<sup>9</sup> The legislation requires the provision of fire safety measures and this includes risk reduction measures such as a means of fire warning, fire-fighting, escape, staff training and instruction, as well as emergency procedures.

There is currently not a common or consistent electrical safety standard for STLs in Scotland. Properties let through peer-to-peer accommodation platforms cover a range of different tenure types and arrangements, and the housing and electrical safety standards required are specific to each one.

Since December 2015, the Repairing Standard was amended to place a duty on private landlords to have an electrical safety inspection of their property carried out by a competent and qualified electrician at least every five years, and also to complete portable appliance testing of any electrical appliances supplied with a let. In May 2020, the Scottish Housing Quality Standard was amended to include similar requirements for all social housing.

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<sup>9</sup> <https://www.gov.scot/publications/practical-fire-safety-guidance-existing-premises-sleeping-accommodation/>

Owner-occupiers, on the other hand, only need to meet the Tolerable Standard which is a "condemnatory" standard which states that it is not reasonable to expect people to continue to live in a house that falls below this standard. In relation to electrical safety, it only states a requirement that "the electrical wiring and associated components and fittings in a house are adequate and safe to use" and does not prescribe any specific measures to ensure that this is the case.

Finally, there is currently no statutory definition of what constitutes a STL in Scotland. The term is widely used but has different meanings depending on the speaker and the context. The Scottish Government states that for a STL to take place: "a host offers short-term accommodation to one or more guests, i.e. it does not become the main residence of the guest. Short-term lets are not private residential tenancies, which require that the tenant occupies the property (or part of it) as their only or principal home. Therefore, guests do not have the same rights in law as tenants."<sup>10</sup>

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<sup>10</sup> <https://www.gov.scot/publications/short-term-lets-consultation-regulatory-framework-scotland/pages/3/>

## 3. Why regulate?

### 3.1 Short-Term Lets in Scotland

- STLs are most commonly properties which are advertised on peer-to-peer platforms, like Airbnb, Booking.com, HouseTrip and HomeAway. They will usually offer accommodation for up to a six month period and tend to be let as whole properties rather than private or shared rooms. In May 2019, 69% of active Airbnb listings were entire homes or apartments.<sup>11</sup> STLs can offer people a flexible travel option and have contributed positively to Scotland's tourism industry and local economies across the country. However, we have concerns about the lack of an appropriate and consistent electrical safety standards for the sector which results in a risk to consumers.
- STL cover a range of different tenure types and arrangements. This could range from an owner occupier letting a room in their property via an occupancy arrangement, through to PRS landlords or Bed and Breakfast proprietors using Airbnb as an additional platform to let their property. In each case, the housing and electrical safety standards required are specific to each tenure and arrangement.
- We know the majority of STLs in Scotland come from the owner-occupied sector, which accounted for 60% of all lets in a recent survey of hosts,<sup>12</sup> and this sector only has to comply the Tolerable Standard which has a basic electrical safety requirement. In comparison, both the rented sectors (social and private) require regular inspections at least every five years.

<sup>11</sup> <https://www.gov.scot/publications/research-impact-short-term-lets-communities-scotland/>

<sup>12</sup> <https://www.gov.scot/publications/research-impact-short-term-lets-communities-scotland/>

- We also know that apartments and flats tend to be the most popular type of STL property in Scotland. A study of hosts highlighted that 50% of respondents let out some type of flat.<sup>13</sup>
- We believe there are specific safety issues with multi-apartment blocks due to the sheer number of units, potential impact of fire on neighbouring properties, diversity of tenure and ultimately the divergent electrical safety regimes of different tenure types.
- There has also been concern around some landlords switching to short-term letting from long-term lettings because of the perceived lack of safety regulation.<sup>14</sup> Landlords who might once have rented out a property to long-term tenants are now subject to tighter legislation in the PRS.
- This is supported by recent research showing there has been a shift of properties from the residential sector to STLs – host respondents stated that over a third of STL properties listed (36%) were previously either long-term residential lets, or owner-occupied homes.<sup>15</sup>
- A report by the National Residential Landlords Association highlights there are other factors at play, finding one in three landlords moving towards short-term lets because of changes in mortgage interest relief.<sup>16</sup>
- Although not safety related, landlords will likely be encouraged by the more lucrative offer of short-term letting because it allows for flexibility in pricing, as opposed to the open-ended private residential tenancies now in place in the Scottish PRS. Some short-term rentals can command 30% more than long term equivalents.<sup>17</sup>

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<sup>13</sup> <https://www.gov.scot/publications/research-impact-short-term-lets-communities-scotland/>

<sup>14</sup> Ibid

<sup>15</sup> Ibid

<sup>16</sup> <https://research.rla.org.uk/report/long-term-lets-short-term-lets-airbnb-new-buy-to-let/>

<sup>17</sup> <https://www.landlordnews.co.uk/short-term-lets-long-term-lets/>

## 3.2 Electrical Safety and Protection Measures

- During 2019, official statistics show there were nearly ten fires a day caused by an electrical source - 3,426 in total, accounting for 74% of all house fires in Scotland.<sup>18</sup> This percentage has remained at similar levels over the last five years.
- A recent survey of guests found that 25% had experienced an electrical safety issue whilst staying at a STL in Scotland. Issues ranged from discovering burn marks around sockets or light switches, to finding broken, damaged or overheating electrical appliances supplied by the landlord. Some guests also experienced exposed wiring in the property.<sup>19</sup>
- 79% of respondents thought it was very important that STLs should be required to meet formal electrical safety regulations.
- Every electrical installation deteriorates with use and age. The risk of fire and shock can be reduced by ensuring that the electrical installation and appliances are safe through regular checks. An interval of no more than five years is the recommended period in rented residential accommodation as set out in BS 7671, the UK Standard for the safety of electrical installations.
- The sector may view the cost as a key implication of this proposal. However, the estimated costs for inspections are between £150-£200 every five years, and hosts would benefit in terms of helping to protect their investments. An outlay which equates to as little as £30 per year seems reasonable when considered in the context of the lucrative market of short-

<sup>18</sup> Electrical Safety First methodology of statistics provided by the Scottish Fire and Rescue Service in Feb 2020.

<sup>19</sup> Survey by YouGov Plc. Total sample size was 1017 adults. Fieldwork was undertaken between 11th - 13th February 2020. The survey was carried out online. The figures have been weighted and are representative of all Scotland adults (aged 18+).

term letting. A study in 2018 showed that the average cost of an Airbnb for one night was £76.20 in Scotland.<sup>20</sup>

- There was widespread support from stakeholders for STLs to meet the electrical safety requirements of the Repairing Standard which includes a legal requirement to complete five-yearly electrical safety checks. In the public consultation last year, this approach was supported by a number of organisations including the Scottish Association of Landlords, Shelter Scotland and CIH Scotland.<sup>21</sup>

### 3.3 Product Safety

- We also have concerns with product safety in STLs, particularly as most of the properties available for let are whole properties which will usually mean a full range of electrical appliances, including white goods, will be provided for guests to use.
- Last year, electrical products were the source of 80% of all house fires<sup>22</sup> and white goods, such as washing machines, tumble dryers and dishwashers, caused a house fire almost every day in Scotland.<sup>23</sup>
- Product recalls are an issue, with most achieving just a 10-20% response rate.<sup>24</sup> There are significant problems with the UK's current product recall system which have been highlighted by Whirlpool's ongoing recall of over a million tumble dryers and washing machines.

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<sup>20</sup> <https://www.witter-towbars.co.uk/blog/airbnb-vs-hotels-a-price-comparison>

<sup>21</sup> [https://consult.gov.scot/housing-services-policy-unit/short-term-lets/consultation/published\\_select\\_respondent](https://consult.gov.scot/housing-services-policy-unit/short-term-lets/consultation/published_select_respondent)

<sup>22</sup> Electrical Safety First methodology of statistics provided by the Scottish Fire and Rescue Service in Feb 2020.

<sup>23</sup> <https://www.firescotland.gov.uk/news-campaigns/news.aspx?page=1&tags=prevention&year=2020&month=0>

<sup>24</sup> <https://www.electricalsafetyfirst.org.uk/product-recalls/>

- Manufacturers and retailers experience major problems tracing consumers with a recalled item if it has not been registered. Our research has found that only a third of Scottish consumers register their electrical appliances.<sup>25</sup> We believe this supports our recommendation that STLs should be required to register any electrical appliances provided as part of the let.

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<sup>25</sup> YouGov survey of 2102 people, representative of the UK population, carried out in January 2020.

## 4. Policy Recommendations

There is already a well-established and comprehensive regulatory framework for the PRS in Scotland which includes landlord registration, Repairing Standard requirements, licensing of Houses in Multiple Occupation and regulation of letting agents. As a minimum, we believe that STLs should be required to comply with the same electrical safety requirements as the PRS to ensure parity in standards across all private lets. Policymakers should also consider introducing additional measures to ensure the safety of guests from key electrical product safety risks.

- i. Hosts should be required to have an electrical safety inspection of their property completed every five years by a qualified registered electrician, covering both the electrical installation and any appliances provided as part of the let.** A copy of the latest inspection report must be made available to guests on arrival and hosts should have to declare that they are compliant with this requirement prior to their property being listed on any accommodation booking platform.
- ii. Hosts should be required to register any electrical appliances they provide with lets to ensure they are not subject to any product recalls or safety alerts.**
- iii. The same compliance and enforcement measures which are place for the PRS should be adopted for these proposals. The First-tier Tribunal Housing and Property Chamber should preside over any case where it is alleged that the host has failed to comply with these requirements.** The local authority should have third-party reporting rights in the same way that they do over longer term lets in the PRS. This is particularly important as guests staying in short-term accommodation are unlikely to want to get embroiled in a protracted dispute over safety standards.

## 5. Policy Implications

- Improving the electrical safety of STLs in Scotland will lead to a range of benefits. We believe our proposals would contribute towards a reduction in the number of electrical-related house fires and injuries. **Guests would be protected** from potential electrical risks and **hosts would also experience benefits** from taking steps to safeguard their investment by improving the safety and condition of their properties. More widely, the proposals outlined in this paper would **contribute to the Scottish Government's Safer and Stronger Strategic objective and positively impact on National Outcomes**.
- Our central recommendation for STLs to meet the same electrical safety requirements as the PRS would provide the same level of protection for all private lets in Scotland and showcase the sector as having a high – and leading – standard when compared to other countries. We believe that the changes proposed reflect best practice which much of the industry will already strive to meet.
- The cost of these proposals would fall on the owner, but we do not believe they would introduce an unreasonable financial pressure. The average cost of an electrical safety check is around £150-£200 every five years – so as little as £30 per year. We also know that STLs will usually yield a higher rental level which should help to alleviate any concerns. Our other proposals would only require a small amount of administration time and resource.
- We believe the associated costs are relatively low, in comparison to ongoing liabilities for electrical repairs and maintenance which would otherwise arise, provided that sufficient lead in time is allowed for hosts to comply.

## 6. Conclusion

In the last few years, the Scottish Government has led the UK in protecting private tenants by requiring regular electrical checks to be carried out by a competent and qualified electrician in all privately rented homes. Steps have also been taken to provide the same level of protection for tenants living in the social housing sector. The short-term letting sector, just like the other rental sectors, needs fair and transparent regulation that protects hosts and guests alike.

Our main concern is that housing and electrical safety standards are specific to each tenure and arrangement in Scotland. This lack of a common electrical safety standard and the fact there is no legal definition of a STL adds confusion as to what is required. The majority of STLs are in owner-occupied properties which only have basic electrical safety protections. While owner-occupiers can choose the level of risk in their homes, the decision does not extend to their guests.

We need clear and fair regulations that protect guests and hosts, while ensuring that short-term letting does not have a disruptive impact on the PRS. We believe there should be an aligning of electrical safety standards in STLs with the PRS which would ensure parity in protection for those staying in all types of private lets, and this should apply regardless of whether the accommodation is let occasionally or regularly.

This would remove the incentive for landlords to choose STLs over long-term renting to avoid having to invest in a property to bring it up to a higher standard. There is already a well-established enforcement mechanism in place for the PRS which could be adopted to ensure compliance for these new proposals. It is also important that all private lets – in both the short-term and private rented sectors – should be required to meet specific measures to protect against defective or faulty electrical products being provided as part of lets.

We fully appreciate the impact the COVID-19 pandemic has had on the short-term let industry. However, recent research from Statista shows that, after a visit to the hairdresser, a holiday is next on the list of things that the UK public is most likely to want to do as restrictions ease. Whilst it is encouraging to know that there will be a demand for accommodation as travel limitations are lifted, it is imperative that the short-term let industry is fit for purpose and offers guests an electrically safe, home from home, experience.

We believe our proposals would not place an undue regulatory or financial burden on the industry and would benefit both guests and hosts by reducing the key risks from electrical fire and shock to people and property.

**For further information on this paper, please contact Wayne Mackay,  
Public Affairs Manager, Scotland and Northern Ireland, by email at  
[wayne.mackay@electricalsafetyfirst.org.uk](mailto:wayne.mackay@electricalsafetyfirst.org.uk)**