

Agenda – Finance Committee

Meeting Venue: Hybrid – Committee
room 3, Senedd and video conference
via Zoom

For further information contact:

Owain Roberts

Committee Clerk

Meeting date: 5 February 2025

0300 200 6388

Meeting time: 09.30

SeneddFinance@senedd.wales

Registration

(09.00 – 09.15)

Private pre-meeting

(09.15 – 09.30)

1 Introductions, apologies, substitutions and declarations of interest

(09.30)

2 Paper(s) to note

2.1 PTN 1 – Letter from the Cabinet Secretary for Finance and Welsh Language: Interministerial Standing Committee (F:ISC) – 27 January 2025

(Page 1)

2.2 PTN 2 – Letter from the Public Services Ombudsman for Wales: Response to the Committee's report on the Review into the operations, processes and investigations carried out by the Public Services Ombudsman for Wales – 24 January 2025

(Pages 2 – 5)

2.3 PTN 3 – Letter from the Public Services Ombudsman for Wales: Response to the Committee's report on the Annual Scrutiny of the Public Services Ombudsman for Wales – 24 January 2025

(Pages 6 – 12)



- 2.4 PTN 4 – Letter from Audit Wales: Response to the Committee's report on the Annual scrutiny of the Wales Audit Office and the Auditor General for Wales – 23 January 2025
(Pages 13 – 21)
- 2.5 PTN 5 – Letter from the Llywydd and Chair of the Senedd Commission: Cardiff Bay 2032 project – 28 January 2025
(Pages 22 – 23)
- 2.6 PTN 6 – Letter from the Cabinet Secretary for Economy, Energy and Planning: Memorandum of Understanding between the UK government and the Welsh Government: Investment zones – 29 January 2025
(Page 24)
- 2.7 PTN 7 – Letter from the Comptroller and Auditor General: Administration of Welsh Rates of Income Tax 2023–24 – 29 January 2025
(Page 25)
- 2.8 PTN 8 – Welsh Government Draft Budget 2025–26: Written information from Sparkle (Children's Charity) – 29 January 2025
(Pages 26 – 27)

3 Visitor Accommodation (Register and Levy) Etc. (Wales) Bill:

Evidence session 9

(09.30 – 10.30)

(Pages 28 – 85)

Rowland Rees–Evans, Chair, Wales Tourism Alliance

David Chapman, Executive Director, Wales, UK Hospitality Cymru

Roy Church, Co–Chair, Welsh Association of Visitor Attractions

Supporting documents:

FIN(6)–05–25 P1 – Wales Tourism Alliance

FIN(6)–05–25 P2 – UK Hospitality Cymru

FIN(6)–05–25 P3 – Welsh Association of Visitor Attractions

FIN(6)–05–25 P4 – Additional evidence: Welsh Association of Visitor Attractions

Senedd Research Brief

Break

(10.30 – 10.40)

4 Visitor Accommodation (Register and Levy) Etc. (Wales) Bill:

Evidence session 10

(10.40 – 11.40)

(Pages 86 – 131)

Zoë Hawkins, Chief Executive, MWT Cymru

Emma Thornton, Chief Executive, Visit Pembrokeshire

Jim Jones, Managing Director, North Wales Tourism

Iwan Thomas, Chief Executive, PLANED

Supporting documents:

FIN(6)-05-25 P5 – MWT Cymru

FIN(6)-05-25 P6 – Visit Pembrokeshire

FIN(6)-05-25 P7 – North Wales Tourism

FIN(6)-05-25 P8 – PLANED

Senedd Research Brief

5 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from the remainder of this meeting.

6 Visitor Accommodation (Register and Levy) Etc. (Wales) Bill:

Consideration of evidence

(11.40 – 12.00)

Mark Drakeford AS/MS
Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language

Agenda Item 2.1

Llywodraeth Cymru
Welsh Government

Peredur Owen Griffiths MS
Chair, Finance Committee
Senedd Cymru

27 January 2025

Dear Peredur,

A meeting of the Finance: Interministerial Standing Committee (F:ISC) will take place on 27 February in Cardiff, which I will chair.

There will be a focus on the economic and fiscal context, including our shared ambitions in respect of driving economic growth and a look ahead to the UK Government's Spring Statement on 26 March 2025.

We will discuss devolved government engagement in the second phase of the UK Spending Review, which the Chancellor of the Exchequer has confirmed will conclude on 11 June 2025. This will include areas of shared interest such as local growth funding (post EU Structural Funds). I will provide an update on the Welsh Government's Spending Review and our Draft Budget 2025-26. As part of this, there will be discussion about the impact of changes to National Insurance Contributions.

We will continue previous discussions on fiscal flexibilities. I will outline the importance of the Welsh Government having appropriate budgetary flexibilities, and we will discuss options to enable us to maximise our resources.

Following the meeting, I will meet separately with the Chief Secretary to the Treasury to discuss Wales-specific issues, including rail funding and funding for coal tip safety.

I will write to the Committee after the F:ISC to update it on discussions.

Yours sincerely,



Mark Drakeford AS/MS
Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

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

Agenda Item 2.2

Our ref: MAM/CV
Date: 24 January 2025

Ask for: Michelle Morris



[REDACTED]

[REDACTED]

Peredur Owen Griffiths
Chair, Finance Committee
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN

By email only
seneddfinance@senedd.wales

Dear Peredur

Responses to Finance Committee's reports

I refer to the Committee's recent reports on its 'Review into the operations, processes and investigations carried out by the Public Services Ombudsman for Wales' and its 'Annual Scrutiny of the Public Services Ombudsman for Wales'.

I am pleased to attach my responses to the recommendations in each report.

Yours sincerely

M.A. Morris

Michelle Morris
Public Services Ombudsman

Encl.

Response to Finance Committee's 'Review into the operations, processes and investigations carried out by the Public Services Ombudsman for Wales'

I refer to the Committee's recent report on its **Review into the operations, processes and investigations carried out by the Public Services Ombudsman for Wales**. As the Committee's report notes, this has been a very difficult time for the office and for our staff and we have worked to support staff and prioritise their wellbeing during this period.

We welcome the Committee's conclusions that we have engaged transparently with the Independent Review and with the Committee, and that we are responding positively to the Independent Review's recommendations and lessons learnt.

We recognise that independence, impartiality, fairness and openness are fundamental principles underpinning our work, and we particularly welcome the conclusion that the Committee has confidence that the Public Services Ombudsman for Wales is able to undertake its work with impartiality and fairness.

The Committee's report is positive and constructive, and all the recommendations are agreed. I respond below to each of the report's recommendations.

Recommendation 1. The Committee recommends the Ombudsman provides a formal response to our report and recommendations as well as regular updates, including updates in its Annual Reports, to the Committee on progress thereafter in implementing the recommendations and lessons learned identified in the Independent Review.

Response: Agreed. In this letter I am responding formally to the report and to each recommendation. Progress in implementing the recommendations of the Independent Review and those made by the Committee will be reported to, and monitored by, my Audit & Risk Assurance Committee. I will provide further updates to the Committee, following the end of the financial year, and will also include updates in my Annual Report & Accounts.

Recommendation 2. The Committee recommends the Ombudsman considers introducing a new key performance indicator based on a sample of decisions made by Investigating Officers and Code Team Managers undergoing additional checks.

Response: Agreed. From 2025/26 we will include a new indicator, published alongside other key performance indicators in the Annual Report, that reflects the sample of Code of Conduct case decisions made by Investigation Officers or the Code Team Manager that are subject to additional checks.

Recommendation 3. The Committee recommends that the Ombudsman provides an update as to whether any follow-up work would be conducted following the Independent Review, including any associated financial and resource implications.

Response: Agreed. Dr Melissa McCullough, who undertook the Independent Review, will undertake a follow-up review, in the first quarter of the 2025/26 financial year, looking at our progress in implementing the recommendations of the Independent Review. This is not expected to be a substantial piece of work in terms of financial and resource implications. I can provide further detail of resource implications in due course.

Recommendation 4. The Committee recommends that the Ombudsman provides updates to the Committee on how it is monitoring staff compliance in respect of its social media policy.

Response: As discussed during the Committee's evidence session in October, our approach is to:

- *Review and strengthen our internal policies on social media use;*
- *Provide staff briefings to explain the requirements and expectations, and give guidance to staff on how to comply;*
- *Provide annual reminder briefings to staff.*

We recognise the rights of staff to a private life and we need to trust our staff to act appropriately, so we will not be undertaking proactive monitoring of staff social media activity. If it appears that a member of staff may not have followed the requirements of the policy, this would be considered in accordance with the Disciplinary Policy.

We have also reviewed our recruitment processes and now make clear, at application stage, that PSOW staff are subject to restrictions on their political activity and are required to comply with our policy on social media use. We now also require the proposed appointee to disclose their social media accounts and we arrange, with a third party, scrutiny of those accounts, prior to appointment, to identify any concerns or issues.

Agenda Item 2.3

Our ref: MAM/CV
Date: 24 January 2025

Ask for: Michelle Morris



[REDACTED]

[REDACTED]

Peredur Owen Griffiths
Chair, Finance Committee
Welsh Parliament
Cardiff Bay
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By email only
seneddfinance@senedd.wales

Dear Peredur

Responses to Finance Committee's reports

I refer to the Committee's recent reports on its 'Review into the operations, processes and investigations carried out by the Public Services Ombudsman for Wales' and its 'Annual Scrutiny of the Public Services Ombudsman for Wales'.

I am pleased to attach my responses to the recommendations in each report.

Yours sincerely

M.A. Morris

Michelle Morris
Public Services Ombudsman

Encl.

Response to Finance Committee's 'Annual Scrutiny of the Public Services Ombudsman for Wales' - November 2024

I refer to the Committee's recent report on its '**Annual Scrutiny of the Public Services Ombudsman for Wales**'. I welcome the Committee's report and its recommendations, and I write to respond to the report and to each recommendation. All the recommendations are accepted.

Recommendation 1. The Committee recommends that future Annual Reports provide an overview of why KPI targets have been adjusted and that KPI data for each year of the Strategic Plan is included to allow for meaningful comparisons between years.

Response: Agreed. It is intended that KPIs are retained for the life of the Strategic Plan, with targets for each KPI agreed annually. The Annual Report will include an explanation of any changes to KPI targets and will show the year's actual performance together with that for previous years.

Recommendation 2. The Committee recommends that the Ombudsman:

- reconsiders how it disaggregates the data in the Annual Report with a side by side comparison of complainant satisfaction levels subject to the outcome of the complaint; and
- provides further information on how it hopes to improve satisfaction levels for those who are not happy with the outcome of their investigation.

*Response: Agreed. Future Annual Reports will show complainant satisfaction levels a) for those satisfied with the outcome of their complaint, b) for those who were **not** satisfied with the outcome of the complaints and c) the total satisfaction levels. We will also extend future research to give more detail of satisfaction by detailed outcome/stage, and this will help inform our work to improve satisfaction. We will include the high-level findings of this further research and analysis in the 2024/25 Annual Report.*

It is acknowledged that complainants whose complaints are not investigated and/or are not upheld are unlikely to be as satisfied with our service as others. We will continue to work to improve complainant satisfaction levels. Our focus will be on improving communication, providing more regular updates to complainants and improving information provided about complaints that we do not investigate. We are exploring the use of a portal that could simplify correspondence and exchange of documents as well as providing simpler and more timely updates. The Annual Report will include a brief update on this work.

As the number of complaints we receive continues to increase, and the resources to consider them do not, a larger proportion of the complaints we receive will not be subject to full investigation. This is an added challenge in the work to improve overall complainant satisfaction.

Recommendation 3. The Committee recommends the Ombudsman provides information on any future plans she may have to alleviate workload pressures and the support that is available to staff.

Response: Agreed. As the number of complaints received increases, workload pressures, and pressures on staff, do increase. There is no single solution that will address these challenges. However, in managing these pressures we will be:

- *continuing complaints standards work and engagement with public bodies, encouraging candour, a focus on putting things right and on learning from complaints.*
- *simplifying and automating our processes for receiving and initial handling of complaints*
- *improving complaint handling processes and introducing further specialisation (where staff focus on particular stages of complaints consideration, or on specific types of complaints) where appropriate.*
- *continuing to resolve complaints at an early stage where appropriate, to deliver swift outcomes for complainants and to avoid lengthy investigations.*
- *focussing our investigations on the most serious and significant complaints, and, where a complaint is investigated, ensuring that*

investigations are focussed and cover only the more serious elements of the complaint.

- *continuing to use temporary/bank staff to back-fill staff vacancies pending appointments, to alleviate pressures.*
- *continuing to take a flexible approach and reassigning work across our casework teams to ensure balanced workloads, and we will reassign staff to different teams when this is necessary.*
- *continuing our focus on staff wellbeing, maintaining and improving manager support, continuing a programme of wellbeing activities, maintaining access to stress risk assessments, staff counselling and Mental Health First Aiders.*
- *ensuring that staff wellbeing is an explicit consideration, for all leaders and managers, in developing and applying our Leadership Charter.*

Recommendation 4. The Committee recommends that the Ombudsman gives early consideration as to how resources can be effectively utilised to ensure the progress made in closing aged cases is maintained alongside the consideration of newer cases.

Response: Agreed. Good progress has been made in reducing the number of aged cases without undue impact on newer cases. There are therefore fewer aged cases, but we will continue to ensure that aged and newer cases are progressed. This will be through line manager oversight, improved display of investigator caseloads and the measures outlined in our response to recommendation 3. We will continue to focus our use of 'bank/temporary staff' to support staff to make progress on aged investigation cases with work such as drafting reports.

Recommendation 5. The Committee recommends that the Ombudsman considers how the case load projection is calculated to ensure that it remains fit for purpose.

Response: Agreed. We will review our approach to caseload projections. Whilst there is a clear upward trend, there is no consistent pattern of increase, but our Lead Data Officer will undertake further analysis with a view to improving our projections. We will also continue to engage with public bodies to understand trends in the number of complaints that they are handling, to inform our projections.

Recommendation 6. The Committee recommends that the Ombudsman updates the Committee on the work being undertaken with housing associations to adopt the model complaints policy.

Response: The approach we have adopted in our complaints standards work has been to prioritise those organisations that generate most complaints. The organisations now subject to complaints standards, including the model complaints handling policy, are those that generate around 85% of the complaints we receive. We provide free training to these organisations, as we support them to improve complaints handling and learning from complaints.

As at 1 January 2025, the Welsh Government's register of Registered Social Landlords identified 33 current housing associations and an additional 11 identified as De minimis. The Committee will be aware that housing associations in Wales are subject to ongoing changes, with a number of mergers having taken place or in train.

There are currently 23 housing associations subject to complaints standards. Following discussion with the PSOW Advisory Panel, we plan to commence work with a further 5 housing associations in April 2025, and work with the remaining (significant) housing associations from October 2025.

Recommendation 7. The Committee recommends the Ombudsman considers how the Estimate is presented to ensure that the information included aligns with the details presented in its Annual Accounts, so that year on year comparisons can be made.

Response: Agreed. Whilst there are different requirements for budget information presentation to the Welsh Parliament (and the Welsh Consolidated Fund) on the one hand and audited year-end accounts on the other, we will work to facilitate comparisons between information presented in the Estimate and that in the Accounts.

Recommendation 8. The Committee recommends that the Ombudsman informs the Committee of any proposed or confirmed changes to the April 2025 pay award and confirms whether it intends to submit a supplementary budget to cover any related increases in costs that cannot be absorbed within its current budget.

Response: Agreed. We will keep the Committee informed of developments on the April 2025 local government pay award for England and Wales, which applies to PSOW staff. In previous years this has not been settled until late in the year or early the following year. We will seek to cover the costs of the pay award within the agreed budget,

but are likely to need to submit a supplementary budget if the pay award exceeds the 3% provision in the budget.

Recommendation 9. The Committee recommends the Ombudsman considers the impact of the UK Government's budget on its estimate, including the rise in employers' national insurance contributions, and provides an update as soon as possible.

Response: The cost of the increase in employers' national insurance contributions cannot be accommodated within the budget and a supplementary budget will therefore be submitted. This will seek an additional £35k.

Recommendation 10. The Committee recommends that the Ombudsman gives further consideration as to how Artificial Intelligence or automation can be used to further increase efficiencies, and provides the Committee with an update on progress.

Response: Agreed. We will provide an update on development of automation and use of artificial intelligence, to help manage growing workloads, in our Annual Reports. This is ongoing work, but we have already made changes to reduce staff administrative input required on receipt of new complaints, for example through use of automatic acknowledgements with links to relevant factsheets. Our website now includes a complaints checker to help reduce the number of complaints coming to us that we are unable to consider.

Recommendation 11. The Committee recommends that the Ombudsman engages with staff at a regular basis to gauge how many agree that the PSOW is a good place to work.

Response: Agreed. We will arrange additional mini surveys, between the full staff surveys, to gauge staff perceptions. This will include measures to understand staff views on PSOW as a good place to work.

Recommendation 12. The Committee recommends that the Ombudsman publishes the results of its biennial staff survey as part of its Annual Report and Estimate.

Response: Agreed. We will include a summary of staff survey results in the Annual Report & Accounts.

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Peredur Owen Griffiths MS
Chair of the Finance Committee
Senedd Cymru

Via email

Reference: IR25001/AC476/caf

Date issued: 23 January 2025

Dear Peredur

Finance Committee Annual Scrutiny of the Wales Audit Office

Further to your report – the *Annual scrutiny of the Wales Audit Office and the Auditor General for Wales* – we are writing to set out our responses to the Committee’s recommendations, all of which we accept.

Annual Report & Accounts 2023-24

Recommendation 1. The Committee recommends that Audit Wales clarifies whether it continues to reprioritise resources from performance audit teams to support the delivery of its statutory programme in 2024-25.

To some degree we have always looked to deploy appropriately qualified staff resources from our performance audit and corporate teams to support accounts audit work, to help manage peaks in our accounts audit cycle. This has continued during 2024-25, although we are returning to more of a business-as-usual basis thanks to positive outcomes in recent recruitment exercises.

Our performance audit teams have continued to face some wider resourcing challenges of their own due to impacts from staff turnover and absence. However, as set out against the second of the organisational priorities in our *Interim Report 2024-25*, we have been taking action to address our wider performance audit delivery position.

We also described in the Interim Report the action we are taking to further invest in our trainee and apprenticeship schemes, including to provide better coverage of performance audit work. Our focus during this year and next will be on giving trainees exposure to general learning and development and work shadowing

opportunities to develop their knowledge and understanding of performance audit. By 2026-27, we expect to be able to return to a position where we are able to prioritise more of our trainee resource to support frontline performance audit delivery.

Recommendation 2. The Committee recommends that Audit Wales outlines the differences in the methodologies used for its externally and internally run stakeholder surveys and provides further information to explain the limitations of the internally-led survey.

The methodology for both the internally and externally run stakeholder surveys is a short on-line survey. The difference with the externally run survey being that the market research company has the systems and processes in place to send reminders more easily to those who have not submitted a completed survey, enabling a greater response rate. Also, they are commissioned to follow up the on-line survey with a smaller number of qualitative in-depth interviews with a representative sample of stakeholders to explore their views and experiences on the value and impact of our work. Having the survey and interviews conducted independently by a market research contractor provides expertise in the development of the surveys and ensures independence in the analysis of the responses. Importantly it enables respondents to respond anonymously to a third party and so avoids any risk that respondents might feel constrained in providing feedback directly to Audit Wales staff.

To give greater comparability over time, we have decided to collect stakeholder feedback through an external agency in both 2025 and 2026, with no separate internally run exercise. To minimise survey fatigue for participants, we will survey approximately half of our major audited bodies this year and the other half in 2026. In addition to the survey with our key stakeholders we also commission a small number of questions on a Wales Omnibus Survey to gauge the levels of awareness and understanding of our work among the wider public.

Recommendation 3. The Committee recommends that Audit Wales details any consideration it has given to developing an alternative KPI to measure staff satisfaction.

We put in place new arrangements to measure staff engagement in 2023. In common with most organisations, we elected to use our overall staff engagement score as our principal KPI relating to organisational culture and staff sentiment. We also publish other staff-related measures such as turnover and sickness rates, as part of our suite of KPIs, to give a balanced picture of the performance of Audit Wales.

Our employee survey is structured around 14 themes. Though these are not used as key performance indicators, significant results from the survey are used and

referenced in our Annual Report and Accounts. We also publish the results for each theme to ensure public transparency on performance at Audit Wales.

Recommendation 4. The Committee recommends that Audit Wales continues to publish the results of its annual People Survey prior to the Committee's annual scrutiny of the Annual Report and Accounts.

Agreed.

Recommendation 5. The Committee recommends that Audit Wales provides details of the four outstanding audits of 2022-23 accounts and the issues that have resulted in the delay.

Delays in completing these audits have been largely caused by matters arising in relation to accounting for capital reserves and asset valuations. These are taking some time for the audited bodies (Blaenau Gwent, Denbighshire, and Wrexham councils, and Eryri National Park) to resolve. Audit work has been completed on the sections of the accounts that are unaffected by these issues. In some cases, there are also some issues regarding the general quality of the accounts. Since the date of the Committee, the audit of Blaenau Gwent council has now been completed.

Recommendation 6. The Committee recommends that Audit Wales outlines how it is responding to the drop in performance against its trainee success rate indicator at 30 September 2024.

The fall in trainee exam success rates at the professional and advanced stage ACA exams is largely as a result of us taking a more lenient approach to exam failures at the certificate (early hurdle) stage during and immediately after the Covid pandemic. We took this approach because of the significant disruption to study patterns during this period which we felt may have impacted exam performance.

It is also a reflection of the smaller number of trainees in the 2021 and 2023 trainee cohorts which means that even a small number of failures has a disproportionate impact on the overall KPI. For example, the 23-24 KPI includes the professional level results for the 2023 cohort where two of only five trainees (40%) failed exams.

In 2024-25, we have been stricter in applying our trainee policy which allows for no more than two examination failures at each level. This will ensure that we retain only those trainees most suited to a career in public finance. We have also seen an increased number of applications for the trainee programme which means that we are recruiting very strong candidates for these roles.

Recommendation 7. The Committee recommends that Audit Wales details the risks associated with delays in delivering its three-year quality monitoring programme.

The programme is part of our response to a new quality management standard. Delays in delivery have been brought about by a combination of sickness and resource shortfalls in the very small team responsible for the programme. However the team is now back up to establishment levels, and we are also investing more resource into the team. As at December 2024, we are largely caught up with our plans and the additional resource will help us move forward with our wider quality agenda. As such, we do not think there is a remaining residual risk in this area.

Recommendation 8. The Committee recommends that Audit Wales reflects on the presentation of its Estimate and considers how it can provide more transparency and clarity around its headline figure.

We are pleased that the Committee welcomes the significant additional information around our Estimate breakdown included for 2025-26 in response to a similar recommendation on our 2024-25 Estimate. We will consider, though, whether there is further analysis that can be included in future years in particular providing an analysis of the baseline movement in cash in addition to that provided for resource.

Recommendation 9. The Committee recommends that, in future Estimates, Audit Wales considers how it can provide further information to detail both increases and decreases in budget lines separately, particularly where funding previously used for one purpose is reallocated elsewhere in the budget.

Appendix 1 to the Estimate details increases and decreases in budget lines in both resource and cash terms. More detail on budget areas is provided within the narrative. In future Estimates we will disclose separately where funding has been moved between lines.

Recommendation 10. The Committee recommends that Audit Wales explains why the change to movements in working capital is being taken in 2025-26 and provides further information on the circumstances that may result in a supplementary Estimate for the purposes of funding associated with movements in working capital.

Audit Wales receives most of the cash (c70%) that it requires to operate by means of fees charged to audited bodies which are billed throughout the year. For a normal business at year end, any balance of cash held would be retained to fund expenditure in the new financial year and vice versa. As Audit Wales has to return any cash held at year end to the Welsh Consolidated Fund (WCF), the movement

on working capital (mainly increases and reductions in debtors and creditors) impacts its cash requirements in any one year. The same is true for provisions funded from resource in one year (or over a period of years) which may need to be utilised in the following year hence increasing the demand for cash but not resource funding.

Historically, Audit Wales included a contingency in its Estimates to allow for these movements which (other than for provisions) cannot be estimated at the time that the Estimate is prepared. As this has caused confusion in previous Estimates, the Board made the decision to remove this contingency for 2025-26 and future years. This does mean that in the event that Audit Wales has surplus cash at the year end (from fees charged to audited bodies) which will be returned to WCF, there may be a requirement for a Supplementary Estimate in the following year to recover the cash that has been returned.

Recommendation 11. The Committee recommends that Audit Wales outlines how it intends to reach its savings target for 2025-26.

As in previous years, Audit Wales has a robust Financial Sustainability Review (FSR) process which challenges budgets and processes to identify opportunities for savings. This process is already underway for 2025-26 to ensure that the savings needed to balance the budget are identified.

Recommendation 12. The Committee recommends that Audit Wales:

- **sets out the factors it considers when formulating pay proposals, including the inflationary measures it considers; and**
- **confirms which inflationary measure it has used to support the proposed 3.5 per cent uplift in 2025-26.**

Audit Wales considers a range of factors when developing its pay strategy, including benchmarking with the public and private sector, and the other UK audit bodies. We also take part in the annual QCG pay survey that benchmarks pay and remuneration for regulated bodies. In addition, we consider correspondence on budgeting from the Minister for Finance and Local Government, inflation trends and projections, recruitment and retention rates, and trends in staff departures to our competitors. We did not use a single inflationary measure to inform the 3.5 per cent uplift, but rather a combination of all of the factors listed.

Recommendation 13. The Committee recommends that Audit Wales explains why it is considering a different approach to previously proposed National Insurance increases in 2022, with a proportion of that increase funded from the Welsh Consolidated Fund and the balance funded through fees.

The timing of the increase in National Insurance in 2022 and, importantly, the absence of a clear steer from HMT on how this would be funded for the public sector, meant that we elected to reflect the increase both in our fee rates and our call on WCF for 2023-24. The increase for 2025-26 was announced just before we laid our Estimate in October along with confirmation from HMT that funding would be provided for public sector bodies. As this funding will be for staff budgets only and not for consequential increases in services such as audit fees it feels inappropriate to pass on these costs to audited bodies in the form of increased fees, rather than drawing directly on the WCF to cover costs in directly funded bodies.

Recommendation 14. The Committee recommends that Audit Wales demonstrates in future Estimates how the one-off £25,000 increase in governance costs in 2025-26 is reducing.

The one-off increase in governance costs relates to the cost of an external and independent review of the Board's effectiveness which is carried out cyclically every 3 to 5 years in line with good practice. A budget for such a review is therefore to be expected cyclically but not annually as a recurring cost.

Recommendation 15. The Committee recommends that Audit Wales provides further information on the impact of its Data Analytics function in terms of driving savings and efficiencies.

We have a Data Vision for Audit Services which states that all Data Analytics projects must seek to achieve one or both of the following intended benefits: time saving for auditors, and/or improved audit quality.

The Data Analytics team has recorded numerous examples of securing time savings as well as equally important improvements in audit quality. The team is saving time by removing the need for repeated data tasks like data cleansing, analysis and visualisation, as well as automating and streamlining of certain audit tasks.

Specific examples of time-saving projects include creating a data tool that has successfully streamlined the delivery of smaller audits. Our main financial audit product - Analytics Assisted Audit (AAA) - is already securing quality improvements and time savings and is due for wider rollout. And our work on community pharmacy data has identified potential savings for the wider public sector.

Recommendation 16. The Committee recommends that Audit Wales confirms whether the £40,000 additional investment in cyber security represents a one-off or ongoing cost.

This investment relates to the creation of immutable back-ups i.e. back-ups which cannot be altered, deleted or changed in any way by cyber criminals, and so gives greater defence and resilience, particularly in respect of Ransomware. This investment will be required on an ongoing basis.

Recommendation 17. The Committee recommends that Audit Wales provides further detail and a breakdown of how specific elements of its capital funding will be spent in 2025-26 and also includes the same level of detail in future Estimates.

Please see additional breakdown below for 2025-26– this level of detail will be provided in future Estimates.

	2025-26 £'000
Change Programme	180
<ul style="list-style-type: none"> • Changes to office accommodation £60,000 • Audit of Accounts Platform development £50,000 • Corporate information systems updates £70,000 	
ICT Strategy – rolling replacement programme for laptops and other ICT equipment.	100
IFR16 re West Wales office.	187
Total	467

Recommendation 18. The Committee recommends that Audit Wales sets out the anticipated total cost of developing its SharePoint-based audit management platform and the timescales for delivery.

The £50,000 included in the Estimate is for a ‘proof of concept’ piece of work relating to our audit of accounts audit management platform.

Version 1 of our platform is complete and has been in operation for two audit cycles. This is working very well and will achieve savings of over £0.5 million over its initial 10-year life.

We know that there are many ways in which we can enhance the platform through putting in place further quality safeguards; enhancing the user experience; and to support the longer-term effectiveness and efficiency of our work.

The proof of concept is designed to identify what additional functionality could and should be built into a future version of the platform. The results of the proof-of-concept work will be reflected in a future business case, should we determine that this is the direction we wish to take in the future.

Recommendation 19. The Committee recommends that Audit Wales provides more detail on the areas of commissioned work it would consider appropriate, as well as the associated opportunities and risks

As part of our ongoing workforce planning, we are firming up the number of staff that will be required to deliver our work programme post 2026 when we will have completed all of our backlog work. To the extent we may have any surplus capacity available we believe this presents us with an opportunity to broaden our portfolio of work and explore areas of commissioned work.

We are still exploring the areas where there might be potential to expand our commissioned work. These include other parts of the public sector and support for countries and territories with less well-developed public audit systems. We will continue to engage closely with the Finance Committee and the Welsh Government as we explore options, some of which could require legislative change in the medium to longer term.

The vast majority of our work would continue to be on our existing portfolio and delivering the Auditor General's statutory duties will always be the priority. But by exploring other options we believe we would be able to keep audit fees lower; decrease our call on the Welsh public purse; contribute to the wider public good; and provide our staff with valuable development opportunities, which will increase our competitiveness as an employer of choice.

Please do not hesitate to contact us if there is any further clarification we can helpfully provide.

Yours sincerely



DR IAN REES
Chair, Wales Audit Office



ADRIAN CROMPTON
Auditor General for Wales

Agenda Item 2.5

Senedd Cymru
Welsh Parliament

Welsh Parliament
Senedd Commission

Peredur Owen Griffiths MS
Chair of the Finance Committee
Senedd Cymru
Cardiff Bay
Cardiff
CF99 1SN

28 January 2025

Dear Peredur,

You will recall that the Finance Committee undertook its scrutiny of the Senedd Commission's Draft Budget for 2025–26 in October last year and made several recommendations to the Commission later that month.

Recommendation 8 asked the Commission to provide information regarding how decisions relating to the Cardiff Bay 2032 project will be taken, including when Members of the Senedd will be involved in such decisions and related timescales.

I wanted therefore to update you on a decision taken by Commissioners at their last meeting on 20 January to proceed to the procurement phase of the Bay 2032 project.



This means that a Contract Notice is being issued today setting out specifications in terms of space and requirements that will need to be met by any prospective bidders.

The Commission fully recognises the various pressures on public finances. However, due to the current lease on Tŷ Hywel expiring in 2032, doing nothing is not an option.



Our work to date has identified there are three options that meet our core requirements – staying in Tŷ Hywel (and upgrading it); a new building; a combination of new building plus an existing building. No decisions have been made on these options – they are simply what our external professional advisers have identified as being the choices.



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We have robustly assessed two business cases (the Strategic Outline Case and Outline Business Case), prepared by our external professional advisers, and have taken external legal advice as well as considering the extensive, detailed work undertaken by our officials, all of which clearly indicates that a procurement process is the only way for us to secure the best value outcome for the people of Wales.

I am copying this letter to all Senedd Commissioners.

Kind regards,



Elin Jones MS/AS

Llywydd and Chair of the Senedd Commission

Croesewir gohebiaeth yn Gymraeg neu Saesneg / We welcome correspondence in Welsh or English





Llywodraeth Cymru
 Welsh Government

Ein cyf/Our ref: RE/27/2025

Mike Hedges MS
 Legislation, Justice and Constitution Committee
 Senedd Cymru

29 January 2025

Dear Mike,

In accordance with the inter-institutional relations agreement, I am writing to notify you that a Memorandum of Understanding between the UK Government and Welsh Government was published on 8 January 2025. It can be found [here](#).

This Memorandum of Understanding summarises and formalises the overarching principles for and approach to the use of UK Government funding for Investment Zones agreed between the UK Government and the Welsh Government.

I have also copied this letter to the Economy, Trade, and Rural Affairs Committee and the Finance Committee.

Yours sincerely,

Rebecca Evans AS/MS
 Cabinet Secretary for Economy, Energy and Planning
 Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio

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

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Correspondence.Rebecca.Evans@gov.wales
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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

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



National Audit Office

Comptroller and Auditor General
Gareth Davies

Peredur Owen Griffiths MS
Chair, Finance Committee
Welsh Parliament
Cardiff Bay
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Email: SeneddFinance@senedd.wales

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Agenda Item 2.7

The UK's independent public spending
watchdog

Switchboard +44 (0)20 7798 7777

Email [REDACTED]

Date 29 January 2025

Dear Peredur,

ADMINISTRATION OF WELSH RATES OF INCOME TAX 2023-24

I am pleased to be able to share with you my [report on the Administration of Welsh rates of income tax 2023-24](#), which was published last week.

I should be very happy to discuss the findings of my report with you and other members of the Committee, if you would find this useful.

Yours sincerely,

GARETH DAVIES



Agenda Item 2.8

Welsh Government Draft Budget 2025-26 - Written information from Sparkle (A Children's Charity based in Gwent)

I am writing to you today on behalf of Sparkle, a registered children's charity based in Gwent, serving the population of disabled and developmentally delayed children aged 0-17 years, and their families living in the greater Gwent area (Newport, Torfaen, Caerphilly, Blaenau Gwent and Monmouthshire).

Sparkle currently supports 260 children attending fortnightly clubs, over 3,000 families and professionals receive regular information from our Family Liaison Service, while almost 2,500 parent-carers received 1:1 support from this unique support service last year alone. In addition, over 1,200 families accessed our tailored family activities for children with all range of disabilities, while more than 4,000 children and their families accessed screenings in our dedicated Medicinema, who could not otherwise attend a cinema. In addition, we provide lifesaving swimming lessons to these children, who at extremely high risk of drowning due to their disability, or the challenges their neuro-diversity, and other medical difficulties pose. Not only do we provide access to life experiences that other children take for granted, but our specialist support enables the children to thrive - in the words of a parent '*she has achieved a sense of belonging and improved self-esteem from accessing Sparkle clubs.*' (2024 Impact Report attached)

Providing these essential services to children with complex needs has been described as 'lifesaving' by our families, and our colleagues in Health and Social Care have come to rely on our vital services. In the words of a professional we work with "The Family Liaison Service is invaluable to families and professionals in providing an accessible service to all who need it. For professionals, it is hugely efficient to have a service where families can be directed to for accurate signposting and support."

However, the costs of providing our services have risen and continue to rise. Last year we had to make the extremely difficult decision to reduce staff through redundancy due to a significant drop in income from donations and grants following the pandemic. While we have received some support from the Local Authorities we serve, and we work closely with Aneurin Bevan Health Board, with the additional burden of NI and minimum wage increases in April this year, we may again have to look at cost savings through staff redundancy and service reductions i.e. loss of specialist play or Family Liaison Service support. We have already limited the services we can provide by cancelling our hugely popular 'outward bound' trips for young people, the majority of whom need 1:1 or 2:1 support to be able to access activities, which can provide a crucial opportunity to enhance their independence and their daily living skills. We have also reduced the frequency that children attend our specialist clubs, from weekly to fortnightly, to meet the rising demand for services.

A recent in depth analysis of disability trends that we conducted (report attached), has shown that despite the predicted fall in birth rate over the next 10 years, it is likely that the current trend for increasing numbers of children with disability will continue, such that in 10 years' time up to 17.5% of all children in Wales are likely to have a disability. We know that if our services are to be reduced further, the strain on families and the statutory services supporting them (Health and Social Care) will be immense, and it is likely that some of our

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families simply will not cope, resulting in these children with complex needs requiring full time residential care.

It currently costs Sparkle £750,000 per year to provide our services, and it is estimated that the increase in costs in line with NI and minimum wage increases will lead to this figure rising to £800,000. If we cannot provide our services, the statutory agencies will be required to provide this essential support. While we are doing all we can to raise the necessary sum, if we cannot, then our services will have to be reduced.

This financial year the charity received two unexpected donations amounting of £175,000, without which we would have been in further severe financial difficulty. This amount, combined with the additional 50K shortfall in core costs, leaves us with an overall projected shortfall of £225,000 for the coming 2025 /2026 financial year.

Any financial support that the committee can give Sparkle will help to ensure an essential service provision that this highly vulnerable group of CYP and their families are not only entitled to, but clearly deserve, need and value. Sparkle is happy to provide further information about its services and evidence of the need for financial support should the committee require it. Sparkle is also happy to appear before the committee should that be an essential part of the process.

Related reports:

[Sparkle Impact Report 24](#)

[Disability Prevalence report](#)

Agenda Item 3

Cyflwynwyd yr ymateb i ymgynghoriad y [Pwyllgor Cyllid](#) ar [Bil Llety Ymwelwyr \(Cofrestr ac Ardoll\) Etc. \(Cymru\)](#)

This response was submitted to the [Finance Committee](#) consultation on the [Visitor Accommodation \(Register and Levy\) Etc. \(Wales\) Bill](#).

VAB105: Ymateb gan Cynghair Ywristiaeth Cymru | Response from: Wales Tourism Alliance



1. Introduction

The Welsh Tourism Alliance has made a thorough analysis of the Visitor Levy Bill and Explanatory Memorandum and details in this document, and a sister document sent to the LJC Committee, a number of significant, fundamental issues and questions relating to both documents and the supporting Impact Assessments.

That analysis has confirmed that the WTA and its members are right to oppose this policy, for the reasons set out in this document. It also has serious concerns about the Bill itself, which extends far beyond the original policy intent, and which also exposes a lack of policy development where detail would be necessary by Stage 2 of the Bill. We have raised this with the LJC Committee along with other drafting concerns.

We detail our questions, observations and concerns in Sections 3 to 11, our headline observations are

- that the WG’s own EM and IA suggest that this policy will not cover its own costs of administration,
- that the Bill extends well beyond tourism visits,
- that local authorities will have sole control of the net tax take and sufficiently wide interpretation of the Bill as drafted to spend it outside a tourism-led focus
- the data drawn on and assumptions made are unreliable to a concerning degree
- the research provided by the industry, including Wales own fora chairs, has not been given due weight
- Welsh tourism provision is more fragile than it has been for many years and the timing of this proposal is adding to the pressure rather than being a small part of relieving it
- that the inclusion of recreational vessels (other than those permanently situated in one place for the primary purpose of providing overnight accommodation on a commercial basis) and outdoor education establishments is counter to the WG’s objectives to promote sustainable tourism and health and well-being through recreational sport.

A summary of our key observations is below:

1. Baseline data for tourism has been taken from 2019 which represented an all-time high before a number of global, UK and Welsh changes that make that data almost irrelevant to assess today’s tourism market in Wales. These include:
 - a. 2020: The global coronavirus pandemic which has – and continues to – significantly influence patterns of domestic and international travel. As a result, trends in Wales are for last-minute, shorter-length, lower-spend stays, which are more expensive re promotion and cleaning/laundry schedules (accommodation)¹. Wales faces newly aggressive marketing campaigns promoting overseas holidays. Visit Wales also has significantly less to invest than its equivalent bodies within the UK to compete for domestic trade in this new environment.
 - b. 2022: The war in Ukraine which significantly increased energy costs and therefore the cost of delivering holiday accommodation in Wales.

¹ <https://www.gov.wales/sites/default/files/statistics-and-research/2024-10/wales-tourism-business-barometer-2024-summer-wave-report.pdf>

- c. 2023: The introduction of the “182 day rule” under which “holiday let” properties must achieve occupancy for a minimum of 182 days a year or move from small business rates into paying council tax².
- d. 2023: The introduction of up to 300% council tax premiums on “second homes” which applies to those businesses unable to achieve 182 letting days.
- e. 2024: The cost-of-living crisis which has impacted consumer spending patterns.
- f. 2020-2025: The 40% increase that has been put on the national living wage, which has gone from £8.82 in April 2020 to £12.21 from April 2025. This does not just affect the lowest earners as business are forced to introduce incremental increases on all other pay bands.
- g. The increase in National Insurance being implemented from April 2025 will further impact the market, following a damaging period of high interest rates.

There is clear evidence already available that these changes have had negative impacts on the market and employment, and that legislative changes are not achieving the desired policy effects (e.g. increasing affordable housing where it is needed) but this is being ignored^{3 4}.

Welsh Government has not taken the opportunity to review the effect of existing policies affecting tourism, especially the 182-day rule and business rates/council tax changes, despite having received evidence of damage to tourism providers and secondary businesses without any corresponding gain on policy aim.

This is in marked contrast to the approach to tree-planting in farms and the 20mph policy, both of which are newer active policies, and, indeed, the approach to reform of the school year.

It has also deferred the policy of ‘weeding out’ unregulated opportunists operating in the self-catering market, something which needed to be achieved before asking professional self-catering businesses to charge and collect a levy. Without this, the self-catering section of the levy register will be both incomplete (as it is easy for the more unscrupulous to avoid) and no guarantee of safe and legal operators.

Welsh Government has been open in admitting the evidence for the creation of the 182-day rule was largely speculative and that there have been a number of unintended consequences. “Unintended” is not the same as “unforeseeable” and a greater willingness to believe representations from the industry would have prevented a number of those consequences without any damage to the policy intention.

We are concerned, then, that the same lack of regard will be given to the expertise and experience of the industry this time. Welsh Government is simply not in a position to accurately define the scope and impact of any proposed Visitor Levy, something which is clearly evident from the EM.

To place another significant stressor on the industry without proper assessment would be disastrous and have long term impacts on the Welsh economy and in particular the local

² <https://www.pascuk.co.uk/wales-182-days-reports/>

³ https://www.wta.org.uk/uploads/8/3/7/1/83716138/tourism_alliance_surveys_october_2024_-_wales_report_27th_november_2024.pdf

⁴ <https://www.wta.org.uk/news/second-homes-and-professional-holiday-lets-on-the-market-dont-make-affordable-homes-says-new-report>

economies of tourism-reliant areas of Wales.

2. Many of the assertions on which the Visitor Levy has been based, as outlined in the Explanatory Memorandum:
 - a. do not align with the findings of the Welsh Government’s own research and/or
 - b. have not been considered holistically in relation to each other and other research and/or
 - c. are based on flawed assumptions.

We cite the following examples, although there are many more in our detailed analysis:

- a. The ALMA data which has been used to determine the impact of a Visitor Levy on Wales is largely based on international tourist data. However international visitors make up less than 10% of Welsh tourism and so there is no certainty that the ALMA data is applicable to Wales⁵.
 - b. The Explanatory Memorandum claims that there is no evidence to suggest that a visitor levy would result in a negative impact on children and young people from lower socio-economic backgrounds. However, the Views of Consumers and
 - c. Residents clearly shows that a levy would deter those in poorer socio-economic groups from visiting Wales, which would inevitably have a negative impact on children and young people in those groups.
 - d. The Views of Consumers and Residents survey uses quantitative data from only 16 people (less than one person per local authority in Wales) and its findings are based on a description of the proposed Visitor Levy that does not align with that outlined in the Bill. A more comprehensive and updated survey should be carried out. This is not to say that there is not valuable information within the existing survey – which contains useful information about consumer views such as concerns about the impact on lower socio-economic groups and the need for revenues to support the tourist offering.
 - e. The omission of important information as the role of VAT including whether VAT would be charged on the levy inclusive figure and the impact of mitigating drop-in VAT rates on tourism and hospitality businesses in countries which charge a tax, ie those businesses pay a lower rate than other businesses in the economy
3. The Explanatory Memorandum frequently claims that the VL has been set up to be “simple and straightforward”. However, the VL has not been sufficiently well scoped as yet to make this claim. There are too many unknowns and poorly defined concepts (see sister document provided for the LJC Committee). We cite the following two examples of lack of scoping and potential for complexity:
 - a. The introduction of a council-determined “premium”, which was not discussed in any previous consultation, adds a level of complexity that is not discussed anywhere in the Explanatory Memorandum nor in any of the Impact Assessments. There is no scope around the premium, no definition of how it will operate and it is not included in the development or operational costs.
 - b. The proposed method of refunds does not appear to be assessed in terms of its impact on the development or operational costs or processes for either the WRA or

⁵ <https://www.gov.wales/sites/default/files/publications/2024-11/the-potential-economic-and-greenhouse-gas-impacts-of-a-visitor-levy-in-wales.pdf>

the VLB. For example, if a refund must be claimed within a month of staying but a return may not be made for a year after that, what process will be involved centrally and locally to check the validity of a claim?

4. Finally we do not believe that any Visitor Levy should be introduced where the Welsh Government's own research shows that it will result in a net loss of jobs even in the best case scenario.

2. Abbreviations

The following abbreviations are used for documents and other frequently used terms and phrases:

- EIA = Economic Impact Assessment
- EM = Explanatory Memorandum
- IA = Impact Assessment
- LA = Local Authority
- VA = Visitor Accommodation
- VAP = Visitor Accommodation Provider
- VLB = Visitor Levy Bill
- WG = Welsh Government

3. Reliability of Data

Our primary concern is over the validity, consistency and reliability of the data on which the Bill has been based. The EM and IAs outline just how uncertain the data is. The following are examples of wording used:

“To model the impact on economic output and employment several assumptions had to be made that may not be valid in reality”

“This method is (again) imperfect.”

“We are ignoring here some issues around the application of a levy, in the mid-2020s on a sector that is constrained to supply and demand in 2019”

“The link between visitor levies and visitor numbers is complex and often inconclusive”

“Unknown operational requirements which will only become identifiable during implementation”

“No robust source of data for numbers and type of accommodation”.

The figures being used vary significantly giving little confidence in the validity of the costs and benefits being estimated. To give just two of many examples:

- a. VAPs are estimated at between 16,000-55,000 in number across Wales.
- b. One off aggregate costs for existing VAPs to register range from £40k - £815k.

Given this range the costs and benefits simply cannot be anywhere nearly accurately assessed.

We are deeply concerned that an industry which directly employs more than 20% of the population in some parts of Wales (and indirectly employs many more) is going to be subject to a tax for which the analysis is nowhere near robust enough to deliver any confidence in the impact nationally, regionally or locally.

We also draw your attention to a peer review⁶ of the Explanatory Memorandum and Impact Assessment document for the 182-day rule by (recently retired) Westminster civil servants, which was highly critical of the lack of detail and basis for assumptions. In their opinion, a document with so many holes would not have found its way to a Secretary of State's desk. We are concerned that the Cabinet Secretary is being asked to make a serious and impactful decision despite the same concerns as to the robustness of data in the documents supporting the Bill.

It would be better to put an accommodation register in place as a first stage and use that stage for the following:

- a. To ensure basic health and safety compliance which would be a beneficial baseline for visitors.
- b. To more accurately assess the costs and benefits of implementing a VL.
- c. To allow LA's to more accurately assess whether implementing a VL would make sense for their area.

Specifically, in respect of the data, we raise the following concerns

- 3.1. The data on the number of accommodation providers shows a massive possible range (16,000-55,000). This range is too great to accurately assess key information such as implementation costs, potential income, etc. This is evident in a number of statements in the EM.
- 3.2. ALMA data has been used to assess the potential impact of the VL. However, as the EIA states, "most [of the ALMA] studies...appear to concentrate on the behaviour and responses of tourists undertaking international trips." International visitors form less than 10% of Wales' overnight visitor trips.

With domestic tourists making up over 90% of our visitors the ALMA data could be almost irrelevant and is not a good basis on which to assess impact of a VL on the Welsh market which will be more price inelastic by its nature. Greater analysis of the international and domestic markets are necessary.

- 3.3. The lack of conclusive, consistent or even available data on the following basic inputs renders any cost/benefit analysis too weak to be a valid tool for assessing impacts:

6

<https://business.senedd.wales/documents/s130831/Correspondence%20from%20the%20petitioner%2007%20October%202022.pdf>

- a. The number of overnight stays
- b. The number of VAPs
- c. The types of VAP
- d. The impact on domestic visitors
- e. The impact of VAT

Without more definitive and validated input data the costs and benefits cannot be accurately assessed. This is clear in the report where it is recognised that the VL may not even deliver sufficient income to cover the WRA costs. It is unrealistic to expect all 22 local authorities to introduce the levy as tourism is not a feature of their economy. Those that already look favourably upon the idea in principle, based on their own incomplete data, will get no comfort from the EM and IA as to the certainty of the scope, costs or income that they can expect from the levy programme.

How can Members approve the use of taxpayers' money for it? And how can an LA assess with any assurance whether or not to implement the VL?

- 3.4. The data used for some of the baselining is 2019, an all-time high. Specifically this year has been used as the baseline for visitor figures. However, since 2019 we have been through a global pandemic resulting in new patterns. Welsh tourist businesses have been/are being/will be impacted by the implementation of new legislation and other economic issues including:
- a. 182 day rule
 - b. Council tax premiums
 - c. Article 4 (Gwynedd)
 - d. National Insurance Tax increases
 - e. The 40% increase in the national living wage since 2020
 - f. The war in Ukraine (leading to rising fuel costs)
 - g. The cost of living crisis.

The above changes have rendered the tourism and hospitality industry in an entirely different position to that of 2019.

The Welsh Government has not assessed the impact of recent changes in particular the impact in particular of the combination of the 182 day rule – and council tax premiums. This has not been fully understood or analysed. We know that initial feedback and evidence from the housing market and surveys carried out by the WTA, PASC (see previous references) and others shows that this has had a significant impact on a range of factors from local employment to the mental health of VAPs.

To place another significant stressor on the industry without proper assessment could be disastrous and have long term impacts on the Welsh economy and in particular the local economies of tourism-reliant areas of Wales.

- 3.5. The Welsh Government relies on the argument that that some kind of tax has worked in other places and in particular in some cities. However the economy in a city is very different to that of a rural destination and does not make a good comparator. For example, it would not be relevant to say that a tourism tax in Manchester would be a valid comparison for introducing one in Wales, especially when that tax is a voluntary

BID arrangement led by the accommodation providers themselves - not what is being introduced in Wales. Looking at places like Anglesey and Pembrokeshire vs Cardiff:

	Anglesey/Pembrokeshire	Cardiff
Type of visitor	Holiday makers.	Tourists, working people, contractors.
Type of visits	Seasonal Domestic	Year-round International
Main type of accommodation	Microbusinesses	Hotels
Alternative employment (to tourism and hospitality)	Negligible	Plentiful

We would suggest therefore that the impact of introducing a VL will have a greater impact on the economy and people of more rural areas which are more dependent on leisure visitors

- 3.6. The Welsh Language IA assesses the impact on the Welsh Language as “negligible”. However the Economic IA states that between 250-750 jobs will be lost in tourism/hospitality as a result. There appears to have been little consideration of the strong correlation between areas in which the Welsh language is most widely spoken and areas that are most reliant on tourism, where local employees are best placed to demonstrate that Welsh is a living language, and where alternative employment is less available.

We believe that this area requires further analysis to better understand the impact on Welsh-speaking tourism-reliant communities to understand whether the VL will result in more Welsh speakers being forced out of their communities in search of work.

- 3.7. There is clearly a high degree of uncertainty over the behavioural response to a visitor levy. This has been clearly stated in the EM. The “Views of Consumers and Residents” (VCR) report was undertaken to assess the potential impact however:
- It includes a qualitative survey of just 16 people (less than one person per county).
 - It is based on a VL description (page 23) that does not reflect the proposed VL in the VLB.
 - Much of the feedback from the VCR has been ignored or discounted.
- 3.8. The Balearic Islands and Iceland have been highlighted as having projects that have used a Tourist Tax to benefit the visitor economy. It would be helpful to have more detail on:
- How those projects are chosen and assessed within those countries?
 - Whether the WG proposal mirrors this?

Our brief assessment of the schemes run by the Balearic Islands and Iceland versus that proposed by the WG indicates:

- a. According to the “Review of Impacts of Visitor Levies in Global Destinations”⁷ research both Iceland and the Balearics use a Grant making model, which WG is not proposing.
- b. Iceland’s levy is managed and distributed by an independent Tourism Board via a Tourist Site Protection Fund to ensure money is spent on tourism projects. This is not the model proposed by the WG where responsibility is designated to LA’s and there is no independent Tourism Board.
- c. Both Iceland and the Balearics have Ministries/Ministers which specifically include tourism in their title/remit – recognising the importance of the industry. This is not the case in Wales.
- d. Tourist Taxes are sometimes introduced to control visitor numbers and behaviours, not to raise money – how will WG ensure that it’s not seen as the former?
- e. Those countries have lower VAT rates for tourism and hospitality

3.9. Why have only two options been assessed: (1) Do nothing or (2) full implementation?
There are a number of other options that could and should be considered including implementing a register (including health and safety compliance) and then assessing the viability of a VL.

4. Register of Visitor Accommodation Providers

There are a number of areas in which words and phrases and concepts are provided with respect to the scope of the VAPs, but with no clear definition or explanation giving a great deal of scope for interpretation, debate and disagreement. Where scope is unclear or subject to debate, implementation/post implementation costs will inevitably rise. We would be grateful for consideration of the following:

- 4.1. VLB/Part 2: The VLB makes reference to the register of accommodation, the EM suggests that roll out of the register may be staggered by LA. Both also state that LAs can opt in or opt out of the VL. It would be helpful to confirm the following:
 - a. Is the register to be enforced and updated nationally or will it depend on the decision of the LA to opt in?
 - b. Over what period of time will the register be developed?
 - c. If the register will be staggered by LA who will decide the order of LAs for accommodation registration?
- 4.2. VLB/2(1)(e) and 2(2)(b): The Bill specifies different rules for “permanent/semi-permanent” accommodation (re mobile home, vessel, vehicle) but gives no definition of permanent/semi-permanent. “Semi-permanent” must be definitively clarified to remove debate and uncertainty. For example:
 - a. Is accommodation that can be moved (e.g. a shepherd’s hut) permanent, semi-permanent or neither?
 - b. Does accommodation need to be moved during an accounting period to be considered non-permanent? If so:
 - i. How often does it have to be moved?

⁷ <https://www.gov.wales/sites/default/files/statistics-and-research/2024-11/review-of-impacts-of-visitor-levies-in-global-destinations-611.pdf>

- ii. How far does it have to be moved?
 - iii. For what period of time must it be away from its “usual” plot?
 - c. What evidence will be required to support whether accommodation is non-permanent, semi-permanent or permanent?
- 4.4. VLB/9(1)(a): An exchange is inherent in a contract) but there is no specification of financial or other consideration. In previous discussions the terminology included the word “commercial” in respect of the contract but this does not feature in the Bill – why is this? Without the specifics of consideration in terms of forming a contract it is impossible to ascertain what constitutes a chargeable visit. Would these examples constitute a contract? Would the provider need to register? Would a levy need to be paid? Examples:
- a. I own a property with a large garden and have relatives who camp in the summer in exchange for a meal out.
 - b. I own a farm property which people stay in at certain times of the year, but instead of making a financial charge, my visitors exchange accommodation for working on the farm.
 - c. I “house swap” with another family. There is no financial consideration but we use their house for a holiday at the same time as they use ours.
- 4.5. VLB/3(1)(a)]: The Bill states that the VAP is a person providing accommodation in the “course of trade or business” but this is not defined and is therefore subject to interpretation.
- 4.6. VLB/3(1)(c) (and other places): The Bill states that the VAP must be an “occupier”? This is not defined anywhere but the legislation applies only where the VAP is an “occupier” of the premises. This definition is fundamental to the Bill. This matter is further examined in the sister document sent to the LJC Committee.
- 4.7. The EM states that the register will be staggered between Local Authorities over multiple phases to manage costs, but there is no clarification of what this means. The following questions arise:
- a. What does this mean?
 - b. How will it work?
 - c. Will it prioritise some types of data?
 - d. Will it prioritise some types of accommodation?
 - e. Will it prioritise some local authorities? If so which ones if there is no clear indication of which will adopt a VL?
 - f. The figures provided in the EM also do not reflect a staggered or phased approach because all the development and onboarding costs are up-front.

5. Implementation and Costs

In many parts of the EM it states that the levy is “simple in design and burden will most likely be minimal”. However, we note that the VL has not been designed (merely outlined conceptually) and has already introduced complexities (e.g. the introduction of a potential premium, vagaries around what types of accommodation will be included, etc). We believe that without a detailed outline of the scope of the VL this statement cannot be valid and therefore the costs included are little more than a finger in the air.

In particular we cite the following:

- 5.1. The EM states that there are no costs included for communications, training, change, etc. This is an invalid assumption as there will inevitably be associated costs and these need to be identified and taken into account.
- 5.2. EM Section 8.5.15 states that there are some “unknown operational requirements which will only become identifiable during implementation”. This is deeply concerning and requires more explanation. It underlines the lack of robustness in the proposal.
- 5.3. The cost model is based on the assumption that people will comply (EM section 8.5.15). What evidence is there for this assumption given that there is no certainty (indeed a huge variation in estimates) of the number of VAPs and therefore no baseline on which to assess compliance?
- 5.4. EM Table 4 indicates that “infrastructure” cost will be £25k in year one and £60k in year 2. This is a total cost of £85k for infrastructure. Given that infrastructure is (we assume) for the WRA technical implementation of a system that has not yet been scoped and of which demand and complexity has not been modelled (because individual complexities are not yet understood), what exactly does the “infrastructure” figure cover and how has it been arrived at? Experience of other new bespoke technical projects would suggest a significantly higher infrastructure figure should be put in place. Is there any contingency for this?
- 5.5. EM Section 8.5.53 suggests 2.5FTE to cover “collection, compliance, remittance and enforcement”. However, there is no clear indication of how or what will be enforced. Are these FTE’s responsible for enforcing registration, carrying out audits to ensure that returns are accurate, collecting the levy, chasing up absent returns, enforcing payments where these are not forthcoming? If the top end of the estimate on VAPs (55,000) is correct then a team of 2.5FTE is going to struggle to ensure collection, compliance, remittance and enforcement, particularly given there is no figure for LA take up or premium levies.

It would appear it is also clear that no enforcement costs have been scoped because there is no enforcement provision in the Bill, merely powers to introduce them. At this stage, it is not even clear where those costs would fall.
- 5.6. EM Section 8.5.41 states “there are significant fixed costs that will not be covered to support the running of the system.” What does this mean? What fixed costs are not covered? Who will cover them? How significant are they?
- 5.7. EM Section 8.5.50 refers to “processing additional data from OTAs (online travel agents)” but there is no further detail about what additional data this will be or what part of the system it will engage with.
 - a. What will the engagement with OTAs look like?
 - b. Are there specific OTAs being considered?
 - c. What data will they be providing? How will GDPR be addressed?
 - d. Will OTAs have to include a VAP/accommodation registration number on their website or, at least, only accept registered clients?
- 5.8. EM Section 8.5.53 mentions “compliance techniques and tools for VL have been developed” but there is no other mention of what these are and where the costs for development are included. It would be helpful to understand what this is, what it will cost, whether it is in or

outside of the current scope/costs, and what element(s) of compliance it relates to?

- 5.9. EM Table 13:10 – there is little, if any, context around what this table means and how it fits into the figures already given. Does this mean that there’s an estimated cost to LA’s implementing the VL of £1-1.4m annually? Is this per LA or to be aggregated over LA’s that adopt the VL? – please can you explain this split in more detail? It does not seem to reflect the estimated annual costs for LAs seen elsewhere in the EM.
- 5.10. EM Table 14 suggests that the cost of producing guidance for LA’s will be £24k and will be incurred in 2025/26. This cost is based on staffing costs in 2023/24 so will be hiked for two years of pay awards. It is not clear how the time allowed for this work has been assessed nor how it fits into the 2025/26 timeframe only. Given that the VL solution is still unspecified, and its operation is still merely conceptual, how realistic is the timescale and time required for this exercise? It is also considered to be a one-off cost, however once implementation goes live there are likely to be changes to adapt to unknowns (particularly given the number of unknowns there seem to be). This which will mean that guidance produced in 2025/26 will need to be revised in subsequent years but there is no cost included for this.
- 5.11. The above also applies to the information campaign cost of £50-100k in EM section 8.5.64 and which only applies in 2025/26. It is unlikely that this will be a one year only cost, although it is likely to be lower in subsequent years.
- 5.12. All the costs in EM section 8 are flatlined (ie no account is taken of inflation) and it is not clear where they are baselined (for example the staff costs are baselined in 2023/24 but it is unclear where other costs have been derived from). EM Section 9 states that costs have been adjusted to take account of anticipated inflation which is the case in that section but not in EM section 8.
- 5.13. EM Section 8.5.52 states in the final sentence “this is expanded to include a compliance officer. It is unclear what this means. Does the EO 0.5 FTE include compliance officer responsibilities or is this a separate role and if so what FTE is it?
- 5.14. EM Section 8.5.53 states that 2 FTE to support compliance activity (or more) could be added once a better understanding of compliance has been ascertained. This should be part of the planning process once reliable data has been obtained and underlines just how fragile the figures being used are.
- 5.15. EM Section 8.5.57 states that a BA will “facilitate the sprints” – what are sprints?
- 5.16. EM Section 8.5.58 states that “These costs are not included in the estimates as it is not envisaged that there will be an increase in these costs, although this is currently unclear”. This again underlines just how poorly scoped the proposal is.
- 5.17. There is nothing in the staffing section of the EM to indicate which role will be responsible for managing/administering refunds, nor is there any indication of what the levels of refunds are likely to be.
- Has the number of likely refunds been assessed/estimated?
 - What will the refund process be?
 - Who will be responsible for administering refunds?
 - How much time has been allocated for administering refunds?

- e. Has information about refunding been taken into account in marketing/communication costs (eg letting visitors know that they can get a refund and how)?
- f. What will the validation/audit requirements be for refund applications?

Experience suggests that refunding is likely to be one of the more resource-heavy aspects of the process and one of the most difficult to quantify and model due to its potential complexity.

- 5.18. Where refunds are being managed, how will this be assessed against returns. For example, if someone applies for a refund they have a month to do so, but the return that applies to their stay may not be remitted for another 12-24 months.
- a. Will there be a requirement on the VAP to confirm a stay if a refund is requested?
 - b. Has this been taken into account within the estimated costs to VAPs?
- 5.19. EM Section 8.5.64 states that the campaign costs have been based on other campaigns run by the Welsh Government. It would be helpful to know:
- a. What campaigns the figures have been based on?
 - b. Whether those campaigns took account of the fact that not all VAPs live in Wales so this cannot be a Wales-only campaign if it is going to be fair and equitable? c. When were these campaigns run?
 - c. Whether inflation has been taken into account in the figures (given that we know the staffing baselines are 2023/4 and have not been adjusted for inflation)?
- 5.20. EM Section 8.5.69 assumes a budget of £30-50k for communications activities for LAs.
- a. Is this per Local Authority?
 - b. How does it fit with the £1-£1.4m pa cost from table 13?
 - c. How can you assess this if you don't know which LAs will take part or when they'll engage?
- 5.21. EM Section 8.5.71 states that “the associated costs for formal cost implementation review is difficult as it make take several years for LA’s to sign up for the scheme”. This does not seem to be properly nor effectively scoped. A cost of £20k pa has been included for an annual telephone survey but this will not cover many providers. Given that there will be a database of all VAPs there should be a cost included for regular surveys to all owners.
- 5.22. EM Table 15 – the communications and marketing activity will need to be rolled out beyond 2025/26 to capture VAPs who have not registered or are entering the market, but there is no cost included for this.
- 5.23. EM Section 8.5.78 states that two LAs that provided initial estimates for consultation and ongoing costs for administration. It would be helpful to know which LAs these were, what the costs are and how they were assessed. What work has been put in by WG to validate their estimates?
- 5.24. EM Table 16 - there seems to be no cost included for consultation beyond 2025/26. However, it has been emphasised that Councils are expected to consult with local people, tourism groups, etc about what the VL should be used to for. It is also clear from the Review of Consumers and Residents – and other data gathered – that it is very important to people

that the money is used on enhancing the tourism experience.

The visitor experience needs of an area cannot be a one-off consultation (at the start of the process). Councils will not know how much money they will receive and priorities/technologies/etc change. Therefore the Consultation and Decision Making costs for councils should be reiterated annually to take account of this process.

- 5.25. EM section 8.5.86 states that the VL could raise up to £33m per year in revenue, based on poor data and full buy-in. There are a number of fundamental matters that need to be fully quantified and full compliance with the levy cannot be assumed. This is a headline figure and needs to be approached with considerable caution.
- 5.26. There is nothing detailed in the Bill or the EM about annual levy increases. We ask the WG to commit to not to raise the figure for ten years which is the assessment period.
- 5.27. EM Section 8.5.107 states that estimated costs for providers in Scotland are likely to be higher because of additional complexities of the Scottish system. However, if LAs in Wales can add a premium this will add complexities to our system rendering the statement invalid.
- 5.28. EM Section 8.5.115 states that the cost to visitors as a whole could be up to £33m. However, there are implementation and ongoing operational costs to VAPs that will also inevitably be passed on to visitors. If the implementation costs to businesses provided in the EM are correct the cost to visitors may be double that figure (see Business Impact).
- 5.29. Section 10.1 states that “a formal post implementation review will be difficult to commit to”. Such a review should not be dependent on whether/which LAs adopt the VL. A review should be carried out even if no LAs adopt it and therefore this should be included in assumptions and costs.
- 5.30. EM Section 11.3 states that cash costs and cash releasing benefits in this assessment have been adjusted to reflect anticipated inflation during the appraisal period. But all of the costs prior to section 9 are flat lined and no account has been taken of inflation.
- 5.31. With regard to ongoing enforcement operations:
- a. Who is responsible for checking/verifying the number of people staying under a contract?
 - b. What happens when people come and go or have an overnight guest?

6. Operation of the Scheme:

We do not believe that the operational aspects of the scheme have been fully scoped. There is also much that is underpinned by inclusive/incomplete data. In particular we raise the following questions/concerns:

- 6.1. VLB/9(2)(a): The Bill states that the VL will not be charged on visits of <31 days and these days do not need to be consecutive.
- a. Is that 31 days per year? If so, do they have to be consecutive?
 - b. If booked by (for example) construction company, do the individuals staying in that period have to be the same people or would churn be permitted?
 - c. What happens if the 31 days falls between two years (eg if the accounting period runs in line with the financial year what happens to someone renting from, say, 15 March

- to 20 April)?
- d. Could a visitor rent single property for 5 separate weeks (e.g. 2 weeks at Christmas, 2 weeks at Easter and two weeks in the Summer) and not have to pay the levy. d. Could several individuals/families/groups rent a single property for >31 days under a single contract, with different individuals coming and going over that period, and not pay the VL because the total contract duration is >31 days?
- 6.2. VLB/10(1): The person required to pay the levy is the VAP. Does this mean that if the visitor(s) leaves without paying (for whatever reason) the VAP is still liable to pay the Visitor Levy?
- 6.3. VLB/10(2): The Levy is liable as soon as a person enters the visitor accommodation. Is the Levy still payable if the visitor(s) decide not to stay overnight – for example if the accommodation is not to their liking after they enter it?
- 6.4. VLB/13(1)(b): The Levy is liable at the lower rate for a dormitory/room “normally provided” on the basis that it “may be shared with other people...under a different contract”. There is no definition to “normally provided”. Does this mean that if a school or youth group rent a dormitory in a venue:
- a. If the venue sometimes rents its rooms out to individuals rather than groups (ie under different contracts) then the school/youth group will be charged the lower rate despite being under a single contract?
- b. If so, how often would the room need to be available under different contracts to meet this criterion?
- c. If the venue only rents its rooms to groups under a single contract, why should those groups have to pay the higher rate when the accommodation they are using is of a similar nature to accommodation rented under multiple contracts and therefore payable at a lower rate?
- 6.5. VLB/15(1)(c)(ii): How is “accompanied” defined? Is this person a carer? Or, if they could be staying under a different contract, could they just be anyone staying in the same premises at the same time?
- 6.6. VLB/15(5): There is no provision for refunds for those with disabilities outside of the UK. Does this mean that no-one with a disability visiting from overseas will be eligible for a refund?
- 6.7. Vessels that are permanently or semi-permanently moored for the use of holiday accommodation is within scope of the VLB and we have raised concerns previously in this document about the definitions of “permanent” and “semi-permanent” which apply to such vessels. VLB 1(4)(b) “grants the Welsh Ministers a power to extend this Act so that it applies in relation to berths and moorings provided for vessels”. Our understanding from the technical briefings was that berths and moorings were not included due to the complexities they present. We understand the complexities, for example there is a considerable difference between a visiting cruise ship containing thousands of passengers and a leisure boat which is largely self-contained and has minimal impact on local services. However the inclusion of this power to extend creates unnecessary uncertainty which will have negative impacts on the industry. The power to extend the Act to include berths and moorings should therefore be excluded from the VLB.

7. Use of Proceeds

There is limited definition in the Bill (VLB/23) concerning the consultation process for use of proceeds. There is no requirement at all for ongoing or iterative consultation. Given that the needs of an area will inevitably change over time this should be better defined so that principal councils are accountable. In particular we cite:

- 7.1. VLB/24(3): there is no definition around “as soon as reasonably practicable”. This could mean that a report could be published a year after the proceeds have been spent. There should be a defined date by which the report must be published and this should be no later than three months after the end of the financial year to which the report applies. The criteria for VAPs returning data is much more stringent than that for LAs.
- 7.2. VLB/25(7)(b): In addition to summarising representations received the report should also summarise the council’s response to those representations.
- 7.3. VLB/26(6) and 43(2)(a)(i): There should be a requirement to publish such a notice more widely. Given that the Council would have a register of VAPs it should go to them directly as well as to the mandatory consultees outlined in 25(4)(b-g).
- 7.4. There has been no expectation set concerning the introduction of the “premium” that councils can apply to the VL. It appears in the VLB but there is almost no detail or background to the decision to include a premium in the EM. To our understanding it was not mentioned in the VCR report and has not been raised in any of the consultations. The introduction of a potential premium has the following impacts:
 - a. It introduces unnecessary complexity and uncertainty into what is purported to be a “simple and straightforward” scheme.
 - b. It does not appear to be included within the scope of the programme design and implementation.
 - c. It has the potential to make the VL more unfair whereas the WG has always said that it wants the VL to be fair, for example:
 - a. The introduction of a premium will impact accommodation closest to the border with another county (where visitors are more likely to choose to stay in the lower price county and just visit the higher priced one).
 - b. The added costs related to the complexity of a premium will fall on the WRA not on the council. How will proceeds be correctly apportioned to those counties?
- 7.5. EM Section 4.2.7 states that many respondents to consultations wanted a levy to be consistent. The EM further states that 66% of respondents disagreed with local autonomy. These issues have been recognised in other countries which, for example, adopted a grant based system which can also access benefits of scale and cross-sector best practice/learning. It would be helpful to understand why the WG has chosen a model of distributions that does not reflect best practice and has been rejected by consumers and residents. The WTA firmly believes that a local/regional **partnership** spend model would be the most beneficial.

8. Business Impact

- 8.1. VLB/27(2): Details of the type of contract are relevant here (as highlighted in 1.3 above). If the contract is not defined then could it be with a third party provider (e.g. an online travel

agent) in which case if I sign a contract with an OTA to rent my property out for the next five years will I not be liable for the Visitor Levy because the contract is agreed before the levy is introduced?

- 8.2. VLB/120E(2): There is no definition as to a scale of penalties. A flat rate £100 will hit a micro-business much harder than a large business. This is not fair or equitable.
- 8.3. The impact of VAT has not been assessed, as has been confirmed by officials. This is material to the matter and we draw attention to the failure of WG to secure certainty on the position of HMRC in developing the Childcare Funding (Wales) Bill 2018 which resulted in last minute changes and additional burdens on LAs.
- 8.4. There is no real clarity on the number of VAPs or the extent of their business and whilst there is an estimate of the number currently subject to VAT there is no indication of how many others may be pushed into VAT registration by the VL. Entering VAT registration significantly changes a business' profitability and therefore viability and will put additional strain on the sector. Will there be a different lower VAT rate (as there is in some countries)?
- 8.5. EM Section 8.5.105 states that the costs for businesses to implement will need to be passed on to tourists making the impact greater. This does not align with the expected maximum cost to visitors of £33m. That figure does not take into account:
 - a. VAT
 - b. Share of the VAP's VL implementation and administration costs (including refund administration)
 - c. Share of the VAP's potential council tax (plus premium) if 182 days isn't achieved (a cost which is already being passed on to visitors but is not included in any of the impact assessments). If visitor numbers reduce (which is likely based on the Views of Consumers and Residents survey although stated as uncertain in some areas of the EM) this will increase the number of VAPs unable to achieve 182 days and therefore facing increased council tax liabilities which will need to be passed on to visitors.

It is estimated that this could double the cost passed on to visitors, raising the actual cost of VL implementation passed on to a family of 4 for a week from £35 to over £70. This would double the total cost to the visitor from an estimated £33m to £66m without improving the proceeds of the levy.

- 8.6. EM Sections 8.5.105 and 8.5.108 suggests that the higher implementation and running costs are higher for microbusinesses than for SMEs, but there is no explanation of where these figures have been derived from nor why the variance. Given that over 99% of businesses in Wales are SMEs and over 96% are microbusinesses why are these businesses expected to take more costs?
- 8.7. EM Section 8.5.110 states that that there are ~595 small-large businesses in the sector. The remainder are microbusinesses – this equates to around 35,000 microbusinesses (or between 15,500 and 54,500 taking into account the variances). The vast majority of these are Welsh people operating local businesses and paying into the Welsh and local circular economies. Assuming 35,000 businesses and £850 each to implement the tax and taking inflation into account the additional cost to businesses will be ~£30m – just under what the tax will bring in if it achieves its absolute best possible outcome. There is therefore little or no overall benefit to the economy.

9. Impact on local environment and businesses

- 9.1. Implementing the VL is likely to push campers/mobile home owners/others into fly camping/parking to avoid paying additional costs. This will create more localised tourism problems without providing any income. It will also reduce the numbers visiting registered camping/caravan sites and thus impact the viability of such sites. If this happens, sites will close leading to even more fly camping/parking. We are already seeing evidence of this on social media sites such as Vanlife which shares information on free carparks for people in mobile homes.
- 9.2. Even the most optimistic figures in the economic impact assessment are significant in terms of loss of jobs and does not take into account the potential cross-sector impact. By increasing costs and reducing tourist numbers (and therefore income) the amount of money available for the local economy reduces. VAPs will stop investing in their properties and may reduce their own local spend, thus other industries will be impacted. VAPs will spend on smaller scale projects that need local tradespeople. Evidence in the report presented to the Housing Minister by the WTA/PropertyMark in November 2024 (referenced previously) shows that 182 days and Article 4 are both impacting local construction and trades industries. However, the full effect has not yet had time to be assessed or quantified.
- 9.3. Whilst there is some offset in jobs created there is no assurance that these will offset evenly in affected areas. Jobs created may not be in Wales (e.g. software to manage VAP returns), are more likely to be in South Wales (where the WRA is based) and/or will be on contracts placed by LAs with larger construction firms which are more likely to bring in external consultants and workers. When looking at the jobs gained v jobs lost the WG is comparing apples and pears.
- 9.4. EM Sections 8.6.11 and table 21 show net job losses but it would be helpful to have the full losses and gains from the Economic Impact Assessment more fully outlined and explained here.

10. Tourism benefits

- 10.1. EM Section 8.5.60 states that “there is a risk that it may not be possible to recover sufficient levy receipts to cover the cost of administration”. Taking into account the fact that this is taxpayers’ money this statement clearly underlines that implementation should not go ahead without significant further work on gathering robust data and scoping the solution. This is a big risk and we do not feel that sufficient funds have been included for the ongoing operation of the scheme.
- 10.2. EM Section 3.2.3 states that “areas [with a higher workforce employed in the tourism industry] receive a much greater benefit from tourism in comparison to [other areas]”. This does not take account of the fact that more people are employed in tourism as a percentage because alternative employment does not exist. Other areas of Wales receive a much greater benefit from other industries like manufacturing or service industries but these industries are not being taxed.

Furthermore, the claim that these areas have a greater benefit from tourism is offset by the statements elsewhere that tourism has negative effects in some areas (tackling those effects is after all one of the points of the VL). The net benefit/negative is – as with most industries – extremely difficult to accurately assess and does not give a reason for tourism to be selected for specific taxation.

It also needs to be understood that, whilst it is accommodation which collects the levy and deals with the immediate cost and administration implications, the impact is also felt in secondary spend. Every penny spent on a levy is a penny not spent directly in the local economy. We are already observing behaviour change in how overnight visitors buy food (deliveries and bringing food with them) more cheaply, at the same time as hospitality prices have had to increase. For some businesses, every ice cream matters. Empty business premises are not tourism-based improvements to a destination.

- 10.3. EM Section 3.2.8 states that there is nothing in the taxation system to directly account for visitor use of public services. This, however, is not really an accurate reflection of the taxation system in the UK. Local people pay taxes even when they are elsewhere (working/on holiday/etc) and expect to use public services in those areas without paying into that local economy. This should offset the taxation demand. The data indicates that 90% of tourists to Wales are domestic which means that 90% of our visitors are paying taxes to central Government which is used to directly (or through the Barnett formula for devolved services) to pay for public services. We are sure that tourists would rather be supporting local wages than benefit payments.
- 10.4. EM Section 3.2.9 states that not all businesses (in tourism-heavy areas) are aligned to the tourism offer therefore local taxation doesn't take account of tourism negatives. This ignores the following:
- a. Local economies are complex, interdependent and holistic – they are not siloed.
 - b. If a local economy is heavily reliant on tourism then so are all other businesses (because people who make money from tourism buy other goods and services that are not tourism related).
 - c. There are negative impacts of other industries (e.g. industrial waste, over-building, etc) but the WG doesn't place industry-specific taxes on them.
- 10.5. The visitor levy concept that was surveyed in the VCR report was “Holiday destinations with Wales are considering charging a visitor levy to UK and overseas Tourists staying overnight in paid-for accommodation. This small charge would be used to support sustainable tourism through helping to fund local services and infrastructure used by visitors and residents. The actual fee has not yet been decided but it would be comparable to existing charged in European destinations representing a small percentage of a visitor's overall spend on accommodation. It would be set at a level relative to the cost of the accommodation”.

This does not match up to the contents of the VLB as follows:

- a. The Bill makes no reference to “paid for” accommodation; the “commercial” element of this policy has been completely lost
 - b. The concept says that the charge would be set at a level relative to the cost of the accommodation, but this is not the case.
 - c. EM Section 8.5.117 states that “investments of this nature could be used to improve Wales' tourism offer”.
- 10.6. More importantly, the VCR is clear that this is a “tourist tax” but the VLB clearly does not apply to only tourists. The drafting of the Bill says that the tax applies to “business, leisure and education visits”, but then includes a specific list of exemptions (eg travellers, individuals on bail, refugees/asylum seekers, circus performers, live-in staff, some contract staff).

However other non-tourist “visits” (under 31 days) are not exempt (although some may or

may not have a right to refund) for example domestic violence escapes, people staying overnight before or after a hospital visit, families visiting elderly relatives in care homes, children going on educational visits, people working away from home, Welsh parents taking their own children to visit Welsh cultural heritage sites, etc

This does not, in our opinion, support the claim of a “fair” tax and does not align with the consultation carried out in the VCR report.

- 10.7. The concept outlined in the VCR specifies that the money will be used to support sustainable tourism and it is clear from the responses in this document that this is important to respondents. However, the rhetoric throughout the EM waters this commitment down stating that it “could” be used to improve the tourism offer and will be “broadly hypothecated” for the purposes of Destination Management and Improvement.

There is no requirement for *regular* consultation with stakeholders on the use of any proceeds from the VL by LAs. There is insufficient detail about how the VL will be used to improve the tourism offer and what expectations will be made about what constitutes good spend and good practice consultation. This whole area needs to be far more specific and detailed so that LAs are accountable to the industry and tax payers.

11. Other Impacts

- 11.1. EM Section 8.6.13 states that “based on evidence from other countries, a reasonable set of assumptions and what we know about the economy in Wales, the economic impact of the levy...is likely to be small relative to the size of the economy in Wales and small relative to the size of the tourism sector in Wales.” However, given the lack of confidence in the data (outlined above) the claim that the impact will be “small” cannot possibly be justified or quantified.

- 11.2. EM Section 9.2.4 states that “we did not identify any evidence that suggests a visitor levy would result in [a negative impact on children and young people from lower socio-economic backgrounds] occurring.” However, there is clear evidence in the VCR (page 35) that a levy would deter those in poorer socio-economic groups from visiting Wales. The potential impact on children is reiterated in the EM section 9.8.1.

- 11.3. Furthermore, the implementation of the levy in educational environments will also negatively impact on children and young people because it will make a difference to schools and youth groups ability to undertake overnight cultural/outdoor education visits in Wales. A glance at the geographical spread of National Museums of Wales, for example, will demonstrate that the cultural education opportunities for children in North Wales will be impacted in a significantly greater way than those of children in South Wales.

Because the levy takes no account of the reason for a visit there is a risk that families and young people particularly in lower socio-economic groups will be deterred from visiting relatives living in Wales, which would have a negative impact on families and communities.

There is also an impact on children and young people living in an area where tourism is hit, and jobs are lost (see the Economic IA of jobs lost).

Finally children are often involved in flight from domestic violence and abuse frequently

under circumstances where access to money is not readily available. The added complexity of being in a situation where tax has to be paid upfront, reducing the money available to feed them, is very much an impact on children.

11.4. Section 9.4 of the EM states that the revenue raised may offset or positively impact rural communities, and yet elsewhere the EM is clear that there is no certainty that implementing the VL will even pay for itself. We suggest therefore that the claim that rural communities will benefit should be treated as optimistic.

11.5. Section 9.5 of the EM discusses data protection and suggests that this will not be an issue. However there is no clarity about what data will be collected, what will be publicly available, to whom it will be made available and how it will be made available. There are also no obvious cybersecurity costs included in the specification.

11.6. Section 9.6 of the EM states that “there are no direct impacts...on the use of the Welsh Language or Welsh Language communities”. However there is a strong correlation between rural areas with strong Welsh Language communities and those most reliant on tourism. If – as the economic impact suggests – the legislation will lead to job losses in tourism, this will hit Welsh speaking areas hardest and therefore risks the loss of Welsh language where those areas have limited alternative employment options and local people will be forced to leave in search of work.

11.7. Question 5 of section 9.10.2 of the EM is arguably YES not NO. We say this on the basis that the EM estimates that 35,000 (or potentially up to 54,500) micro-businesses will be impacted, most of which have already been impacted by other recent legislation. Further stressors on this sector are likely to lead to more VAPs leaving the market which may significantly change it.

12. Summary

Given the lack of sound baseline data, the huge number of unsupported assumptions on which this is based, the wide variation in impact assessments (in terms of income/cost/impact on the market, etc) and the fact that previous changes have not been properly assessed, the Welsh Government’s time and resources would be better spent establishing good data and ensuring accurate projections than implementing a policy which has so many unknowns into an industry already reeling from change.

We would also point out that this policy was considered by Welsh Government in 2016 and dropped, even though tourism figures had started to rise towards the 2019 highpoint. This was before the higher costs, change in customer behaviours, world events, burdensome policies of the post-covid era (which included a temporary period of property demand, now in the process of reversal) and increasing digital influence on customer choice and lower investment in Visit Wales.

In response to the question “What has changed?” since 2016, the answer for tourism as part of the Wales foundation economy is that the picture is so very much worse. It is less able to face this change than in 2016. In recognising that local authorities are finding it tough, we also say that tourism is no golden goose. The recent policy changes are making it harder not easier to contribute to the economy, to adapt, invest and be part of making communities more attractive places to live and work, to upskill young people coming out of school in an environment which enhances resilience and people skills, to give them reasons to stay or come back.

Wales Tourism Alliance



VAB97 UKHospitality Cymru

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Bil Llety Ymwelwyr (Cofrestr ac Ardoll) Etc. (Cymru) | Visitor Accommodation (Register and Levy) Etc. (Wales) Bill

Ymateb gan UKHospitality Cymru | Evidence from UKHospitality Cymru

General principles

1. What are your views on the general principles of the Bill and the need for legislation to deliver the Welsh Government's stated policy objective, which is to:

- **ensure a more even share of costs to fund local services and infrastructure that benefit visitors between resident populations and visitors;**
- **provide local authorities with the ability to generate additional revenue that can be invested back into local services and infrastructure to support tourism;**
- **support the Welsh Government's ambitions for sustainable tourism?**

(We would be grateful if you could keep your answer to around 500 words).

UKHospitality Cymru welcomes this opportunity to give views on the draft legislation, given the considerable impact it will have on the accommodation sector in Wales. Whilst we remain of the view that a visitor levy should not be the way forward (see our response to the 2022 consultation, where 78% of consultation respondents disagreed with a levy), if it is to progress, we feel that it must follow certain core principles:

- Scope: equitability and a level playing field is crucial – including accommodation providers utilising a short-term letting model.
- Minimise cost and administrative burden on operators (many of whom are small businesses). The levy must be kept simple and clear.
- Consistency of rate via national framework.

We are pleased that the Bill has, in some areas, taken into account our previous feedback and that of our members. However, there does remain particular areas of concern, including:

- How the proceeds raised from the levy will be used. Since the visitor levy announcement, we have been in regular discussions with the Welsh Government, and it was clear that the stated rationale for the levy was to aid local authorities and businesses in areas with high tourist numbers. With this in mind, we are very disappointed with the proposals on how the proceeds raised from the levy will be spent. It is our view that the classifications are very broad and do not specify assistance to tourism and services relating to tourism. For instance, while being fully supportive of all efforts to defend and support the Welsh language, we strongly disagree that this levy should be used for those purposes. The Welsh Government should include specific clauses that limit local authority spending to areas that can be seen to directly benefit the tourism sector. It is essential that this is done in collaboration with industry, with businesses and industry representatives involved in the spending processes across each local authority seeking to adopt the levy.

In addition, we believe there needs to be included a displacement principle that insists that levy proceeds should not be used to replace existing funding by local authorities.

Further asks include:

- Local authority consultations must be completely transparent and fully impact-assessed (with costings presented as part of any consultation).
- Display of levy pricing to consumers. Due consideration must be given to UK competition legislation, including recent changes ('drip pricing' display for example).
- Administration: more detail is required around who is responsible for registration (head office/site level), and frequency of re-registration. In short, for those accommodation businesses already registered for business rates and other forms of taxation, licensing etc. any new requirements to register should be kept to the absolute minimum.
- Rates and exemptions. While we are prepared to accept the suggested £0.75p and £1.25p accommodation flat rates, we want assurances that there will be no future rises at least within the term of the next parliament (2026-31) and thereafter to be actively involved in any discussions about any rise.
- Children: We ask that children are exempted, to bring Wales into line with many European nations (including Belgium and France) that implement a levy, and

to enable Welsh and UK families on a tight budget to enjoy their holidays in Wales rather than elsewhere.

The Bill's implementation

The Regulatory Impact Assessment is set out in Part 2 of the Explanatory Memorandum (<https://senedd.wales/media/g5ipwvwh/pri-ld16812-em-e.pdf>). This includes the Welsh Government's assessments of the financial and other impacts of the Bill and its implementation.

2. Are there any potential barriers to the implementation of the Bill's provisions? If so, what are they, and are they adequately taken into account in the Bill and accompanying Explanatory Memorandum and Regulatory Impact Assessment?

(We would be grateful if you could keep your answer to around 500 words).

The Impact Assessment highlights the changes made from UKHospitality Cymru and other organisation responses that have been taken into account in the draft legislation, which we are grateful for. However, the scope of how levy funds can be spent is too wide at present. Other barriers include if the registration/administration requirements are too onerous.

3. Are any unintended consequences likely to arise from the Bill?

(We would be grateful if you could keep your answer to around 500 words).

The Impact Assessment notes, and we would agree, that there is the possibility of a reduction in the number of visitors to Wales/local authority levy areas. The impact is unquantified in the Impact Assessment. As we have stated before, additional costs imposed on visitors and businesses will lead to negative impacts which again highlights the use of a levy only when backed by strong evidence from the local area it will apply to and full consultation with affected businesses.

4. What are your views on the Welsh Government's assessment of the financial and other impacts of the Bill?

(We would be grateful if you could keep your answer to around 500 words).

The Impact Assessment states that the aggregate costs for existing Visitor Accommodation Providers to register will range between £40,000 - £815,000. Ongoing costs for providers are estimated to be between £3,000 and £163,000 per annum. The costs for visitors will be up to £33 million per year. We recognise that these costs relate to a situation whereby if all local authorities decide to bring in a levy in their areas, however even fractions of these costs based on a limited number

of authorities taking up a levy are significant and will hit Welsh accommodation businesses and visitors at a time when costs are high across the board.

Subordinate legislation

The powers to make subordinate legislation are set out in Part 1: Chapter 5 of the Explanatory Memorandum (<https://senedd.wales/media/g5ipwvwh/pri-ld16812-em-e.pdf>).

The Welsh Government has also set out its statement of policy intent for subordinate legislation (<https://business.senedd.wales/documents/s155951/Statement%20of%20Policy%20Intent.pdf>).

5. What are your views on the balance between the information contained on the face of the Bill and what is left to subordinate legislation? Are the powers for Welsh Ministers to make subordinate legislation appropriate?

(We would be grateful if you could keep your answer to around 500 words).

The powers contained within the subordinate legislation are significant, such as amending the future levy rates, how an accommodation provider is defined, the administration and registration requirements and many more. It is likely these will be the elements that will have the most impact on the day-to-day consultation, running of and compliance with any levy, therefore these elements will need appropriate scrutiny by the Senedd and businesses to ensure that practical, admin and cost issues can be mitigated.

Other considerations

6. Do you have any views on matters related to the quality of the legislation?

(We would be grateful if you could keep your answer to around 500 words).

7. On 26 November, the Cabinet Secretary wrote to the Finance Committee with some indicative additional registration and enforcement provisions

(<https://business.senedd.wales/documents/s155952/Letter%20from%20the%20Cabinet%20Secretary%20for%20Finance%20and%20Welsh%20Language%20Indicative%20Stage%202%20amendments%20that%20.pdf>) **he intends to bring forward at Stage 2 of the legislative process**

(https://senedd.wales/NAfW%20Documents/Assembly%20Business%20section%20documents/Guide%20to%20the%20Legislative%20Process/Guide_to_the_Legislative_Process-eng.pdf).

Do you have any views on the indicative additional registration and enforcement provisions the Welsh Government intends to bring forward at Stage 2?

(We would be grateful if you could keep your answer to around 500 words).

As this is a new and wide-ranging piece of legislation that will affect many businesses, including small and micro establishments, that consideration be given to a light touch and educational approach in the first instance rather than immediate enforcement and penalty action in the case of genuine errors or lack of awareness.

8. Are there any other issues that you would like to raise about the Bill, the accompanying Explanatory Memorandum and Regulatory Impact Assessment, or any related matters?

(We would be grateful if you could keep your answer to around 500 words).

To date, UKHospitality Cymru has been involved in a wide-ranging series of meetings, including regular meetings with the Visitor Levy Forum, where we have always played a full part in discussions around making the Bill better. Sadly, a number of our key points have been ignored in the bill, especially relating to the tax benefitting the industry. This industry has suffered more than any other over the last four years and needs both breathing space and support to maintain its exceptional pre-Covid economic growth performances and job creation efforts. While our trading circumstances have been reflected in decisions from some areas of Government, including the extension of business rates relief, while the unjust NDR system is reviewed, it is disappointing that a valuable and supportive financial opportunity is in danger of being missed. We ask that the purposes of the levy be reviewed and that outputs that will help our industry continue to rebuild and attract visitors to Wales be assisted.

FIN(6)-05-25 P3

VAB42 Welsh Association of Visitor Attractions

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Bil Llety Ymwelwyr (Cofrestr ac Ardoll) Etc. (Cymru) | Visitor Accommodation (Register and Levy) Etc. (Wales) Bill

Ymateb gan Cymdeithas Atyniadau Ymwelwyr Cymru | Evidence from Welsh Association of Visitor Attractions

General principles

1. What are your views on the general principles of the Bill and the need for legislation to deliver the Welsh Government's stated policy objective, which is to:

- **ensure a more even share of costs to fund local services and infrastructure that benefit visitors between resident populations and visitors;**
- **provide local authorities with the ability to generate additional revenue that can be invested back into local services and infrastructure to support tourism;**
- **support the Welsh Government's ambitions for sustainable tourism?**

(We would be grateful if you could keep your answer to around 500 words).

Tourism Levy

Economic Impact Assessment of the introduction of a Visitor Levy conducted by Calvin Jones of Cardiff Business School in conjunction with the Welsh Government.

Based on an Estimated a 1.6% drop in Visitor Numbers.

Scenario High Impact -

A loss of 730 Sector Jobs with an income reduction of £47.5 Million – (GVA of £26.8 M)

Total Loss £74.3 million

Scenario Medium Impact –

A loss of 485 jobs with an income loss of £31 M – (GVA £17.7 M)

Total Loss of £48.7 million

Scenario Low Impact –

A loss of 250 jobs with an income loss of £16 M – (GVA £9.1 M)

Total Loss of £25.1 million

Estimated funds the levy will generated to be £33 million less WRA costs / local authority costs etc.

Show me the economic sense of this exercise.

The Bill's implementation

The Regulatory Impact Assessment is set out in Part 2 of the Explanatory Memorandum (<https://senedd.wales/media/q5ipwvwh/pri-ld16812-em-e.pdf>). This includes the Welsh Government's assessments of the financial and other impacts of the Bill and its implementation.

2. Are there any potential barriers to the implementation of the Bill's provisions? If so, what are they, and are they adequately taken into account in the Bill and accompanying Explanatory Memorandum and Regulatory Impact Assessment?

(We would be grateful if you could keep your answer to around 500 words).

The charges are too high. It will cost two adults and two children nearly £40 for one week and £70 for two weeks. Many will simply go elsewhere.

3. Are any unintended consequences likely to arise from the Bill?

(We would be grateful if you could keep your answer to around 500 words).

<https://gov.wales/sites/default/files/statistics-and-research/2022-09/evidence-review-of-elasticities-relevant-to-a-visitor-levy-in-wales-331.pdf> *(Domestic GB tourism stats (overnight trips 2022/23.))**Report produced by Calvin Jones of Cardiff Business School and Welsh Government.***Professional Association of Self-catering surveys.

Please note that this press release has an embargo until 9.00 am Monday 9th December.

In the latest commissioned W.G. report,** your own findings were that in the worst scenario over 700 tourism jobs could be lost by this tax, with a revenue loss of £40 + million. W.G. figures were based a reduction of 1.6% in visitor numbers

4. What are your views on the Welsh Government's assessment of the financial and other impacts of the Bill?

(We would be grateful if you could keep your answer to around 500 words).

Last year Wales lost 23% of its overnight stay visitors. Few if any Welsh attractions have caught up on their visitor numbers since Covid, and 60% reported in 2024 that their visitor numbers had declined from 2023.

To put a tax on visitors when Wales is experiencing a decline in trade compared to other regions is sheer madness and shows how out of touch [redacted – named Member of the Senedd] is. Average wage in Welsh Valleys £28/30K his salary £75 plus no wonder he does not think people will mind paying an extra tax based on his salary.

Subordinate legislation

The powers to make subordinate legislation are set out in Part 1: Chapter 5 of the Explanatory Memorandum (<https://senedd.wales/media/g5ipwvwh/pri-ld16812-em-e.pdf>).

The Welsh Government has also set out its statement of policy intent for subordinate legislation (<https://business.senedd.wales/documents/s155951/Statement%20of%20Policy%20Intent.pdf>).

5. What are your views on the balance between the information contained on the face of the Bill and what is left to subordinate legislation? Are the powers for Welsh Ministers to make subordinate legislation appropriate?

(We would be grateful if you could keep your answer to around 500 words).

Should be put to a referendum as this proposed bill could be catastrophic for the future of Welsh tourism especially as people experiencing biggest drop in living standards in 60 years.

Other considerations

6. Do you have any views on matters related to the quality of the legislation?

(We would be grateful if you could keep your answer to around 500 words).

Only that the legislation should be scrapped.

7. On 26 November, the Cabinet Secretary wrote to the Finance Committee with some indicative additional registration and enforcement provisions (<https://business.senedd.wales/documents/s155952/Letter%20from%20the%20Cabinet%20Secretary%20for%20Finance%20and%20Welsh%20Language%20Indicative%20Stage%202%20amendments%20that%20.pdf>) he intends to bring forward at Stage 2 of the legislative process ([https://senedd.wales/NAfW%20Documents/Assembly%20Business%20section%20documents/Guide%20to%20the%20Legislative%20Process/Guide to the Legislative Process-eng.pdf](https://senedd.wales/NAfW%20Documents/Assembly%20Business%20section%20documents/Guide%20to%20the%20Legislative%20Process/Guide%20to%20the%20Legislative%20Process-eng.pdf)).

Do you have any views on the indicative additional registration and enforcement provisions the Welsh Government intends to bring forward at Stage 2?

(We would be grateful if you could keep your answer to around 500 words).

8. Are there any other issues that you would like to raise about the Bill, the accompanying Explanatory Memorandum and Regulatory Impact Assessment, or any related matters?

(We would be grateful if you could keep your answer to around 500 words).

No



**Welsh Association of Visitor Attractions
Cymdeithas Atyniadau Ymwelwry Cymru**

**SUBMISSION POINTS TO THE SENEDD SRUTINY COMMITTEE REGARDING
THE PROPOSED TOURISM TAX**

- 1. WAVA has a membership of over 100 visitor attractions across Wales. It was set up over 20 years ago to represent primarily businesses within the sector but also to network with all attraction providers across the private and public sector.**
- 2. We estimate that between all members there were over 5000 directly employed jobs created last year with a further 5000 indirect jobs though self employed and services at the height of the main summer season.**
- 3. Some members also have visitor accommodation, particularly those that offer an activity.**
 - a. The general view amongst members is that the imposition of a tax on visitors could lead to at least a 10% drop in visitor numbers and could cause a reduction in employment numbers of up to 2000 direct and indirect jobs. The possibility of the levy creating job losses was recognised in the Cardiff Business School report to the WG in April 2024. Visitors will have less to spend during their holidays and inevitably may choose to reduce expenditure on retail and visits to attractions.**
 - b. There is also a concern that the levy will cause some accommodation providers to drop out of the market place and reduced available bed space and hence less visitors. For instance we have reports from an Accommodation Agency in Swansea Bay area that nearly 20 of their providers are withdrawing from the market this year as they see the levy as an additional impediment on top of the 182 day rule that has increased property tax.**

4. **The impact of the Levy could lead to reduced investment and income from our sector into the Welsh Economy, this loss of income and job opportunities will create a reduction of Welsh GDP which will outweigh any income derived from the Levy.**
5. **Our members work with significant cultural and heritage assets of Wales. Many Attractions are based around iconic sites unique to Wales that form the backbone of why Visitors want to come to Wales in the first place. It is essential for Welsh Identity that our sites thrive and generate funds for future investment. If we have to close or downsize because of lack of income we risk Wales becoming to look like any other corner of England. Many Attractions are family run with owners embedded into their local community and ensuring an investment into their local economy.**
6. **We believe the Levy in its current format as a form of “bed tax” is the wrong type of tax at the wrong time and will have a negative impact on Visitors perception of Wales being a welcoming place to Visit- an irony in the year of Croeso. The Levy is effectively taking the old toll booths from the Severn Bridge and putting them back in every holiday bed space. In 2018 WG was promoting the virtues of doing away with the Bridge tolls and estimating a boost to the Economy of many millions (as much as £18m pa. then) and now here we are putting a toll back in place.**
7. **The proposed Levy will be disproportionate in impacting more on the lower income family group, one of our main visitor cohorts. Of significant concern is the proposal to tax all children’s beds and those in the educational sector. The cost margins on the educational and activity sector are very fine and any additional charges will cause loss of business in this sector.**
8. **There are other ways to get visitors to contribute to infrastructure costs. Visitors would react far better to a request for a contribution to environmental improvements and our efforts to get to carbon neutral. The Tourism and Lesure industry can work with WG on achieving a far more sustainable and acceptable approach to achieving this- but we have not been asked how to help- just consulted with over how to implement this levy approach to raising money. We can be much smarter and creative than this in Wales- we do not have to follow the lead of other large mass tourism areas with a bed tax. Lets do something different and cutting edge that the media will get behind. We are handing negativity on a plate to the spin doctors with this format of Levy.**
9. **The need for sustainability and protecting the environment should be at the heart of any visitor levy with the driver to be local destination needs. So if there is a local need to support infrastructure, e.g. paths, toilets , water systems, landscape features then any charges should be linked to that in a local way. So as a suggestion Local Tourist Associations could participate in the formulation the levy proposal and the actual collection and spend. The levy could be designed to**

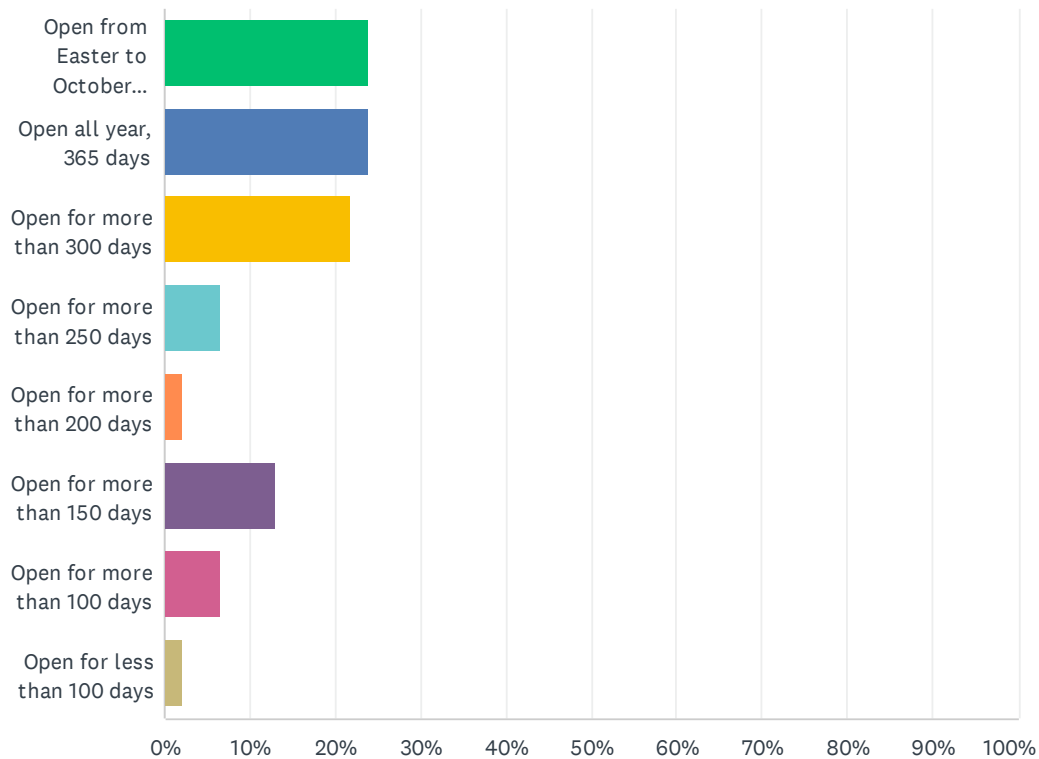
provide financial subsidies to socio-economically innovative tourism projects and businesses. Such as a project to connect tourism accommodations with sustainable sources of food, cleaning products, and other supplies.

- 10. We support the calls for a more detailed economic impact assessment and have contributed to and agree with the data being submitted by PASC and WTA. But any Assessment must also take into consideration the reduction our core “Brand” values that a tax of this type will generate in the general world wide competition for Tourism and visitors.**
- 11. We attach to this submission the results of the survey undertaken jointly with PASC and a summary of members comments on the issue of financial sustainability that has become the most concerning issue for our Members to deal with in the coming year.**

WAVA Committee – Roy Church, Simon Pickard, Frankie Hobro, Colin Evans, Ashford Price.

Q1 How many days were you open to the public in 2023?

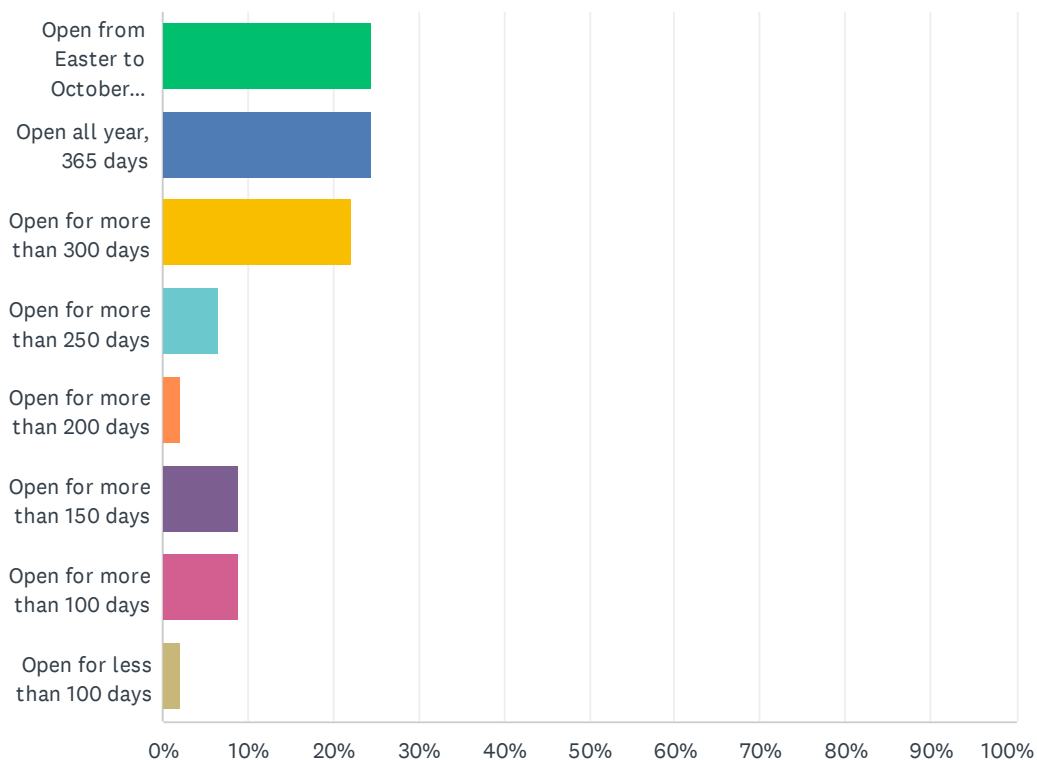
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ANSWER CHOICES	RESPONSES	
Open from Easter to October Half-Term	23.91%	11
Open all year, 365 days	23.91%	11
Open for more than 300 days	21.74%	10
Open for more than 250 days	6.52%	3
Open for more than 200 days	2.17%	1
Open for more than 150 days	13.04%	6
Open for more than 100 days	6.52%	3
Open for less than 100 days	2.17%	1
TOTAL		46

Q2 How many days were you open to the public in 2024?

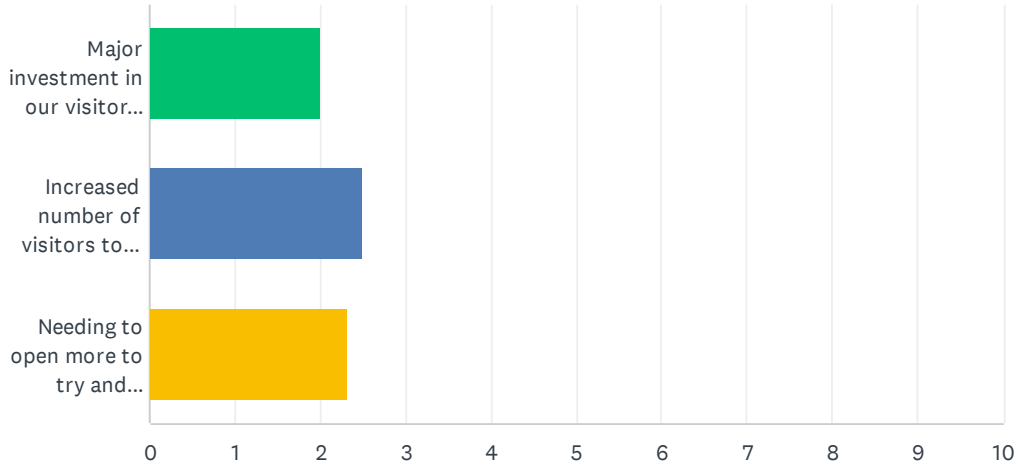
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ANSWER CHOICES	RESPONSES	
Open from Easter to October Half-Term	24.44%	11
Open all year, 365 days	24.44%	11
Open for more than 300 days	22.22%	10
Open for more than 250 days	6.67%	3
Open for more than 200 days	2.22%	1
Open for more than 150 days	8.89%	4
Open for more than 100 days	8.89%	4
Open for less than 100 days	2.22%	1
TOTAL		45

Q3 If your opening days increased in 2024, what do you attribute that to?
Please prioritise using the numbers in the boxes, 1 for most impactful. 3 for least impactful..

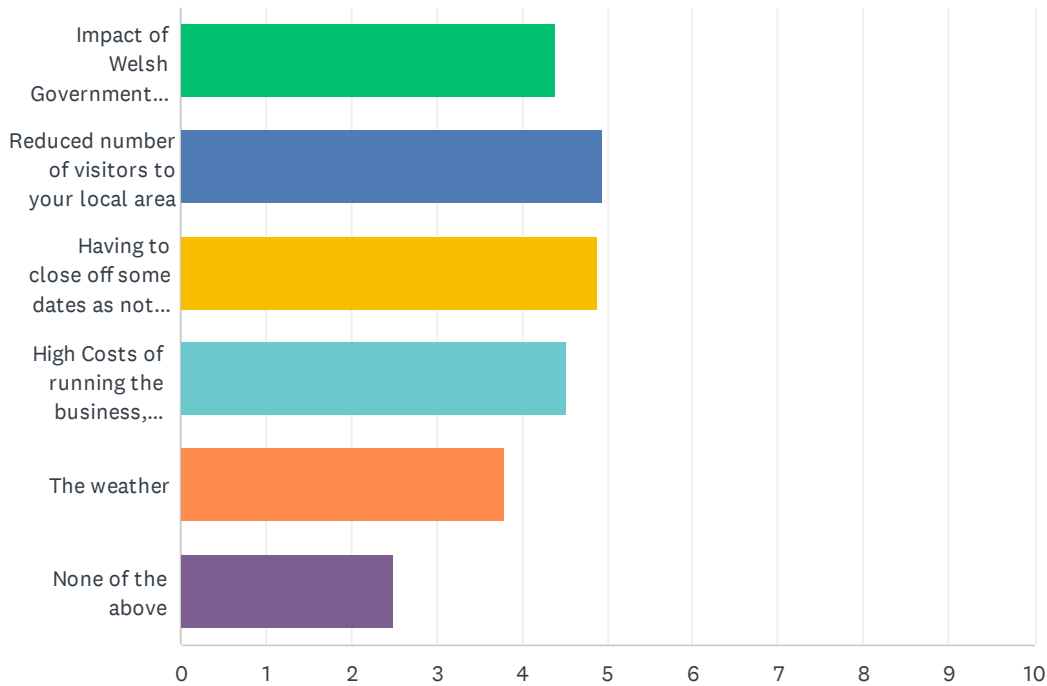
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	1	2	3	N/A	TOTAL	SCORE
Major investment in our visitor attraction	3.45% 1	3.45% 1	3.45% 1	89.66% 26	29	2.00
Increased number of visitors to your local area	6.90% 2	6.90% 2	0.00% 0	86.21% 25	29	2.50
Needing to open more to try and increase turnover	13.79% 4	0.00% 0	6.90% 2	79.31% 23	29	2.33

Q4 If your opening days reduced or stayed the same in 2024, what do you attribute that to? Please prioritise using the numbers in the boxes. 1 for most impactful. 5 for least impactful..

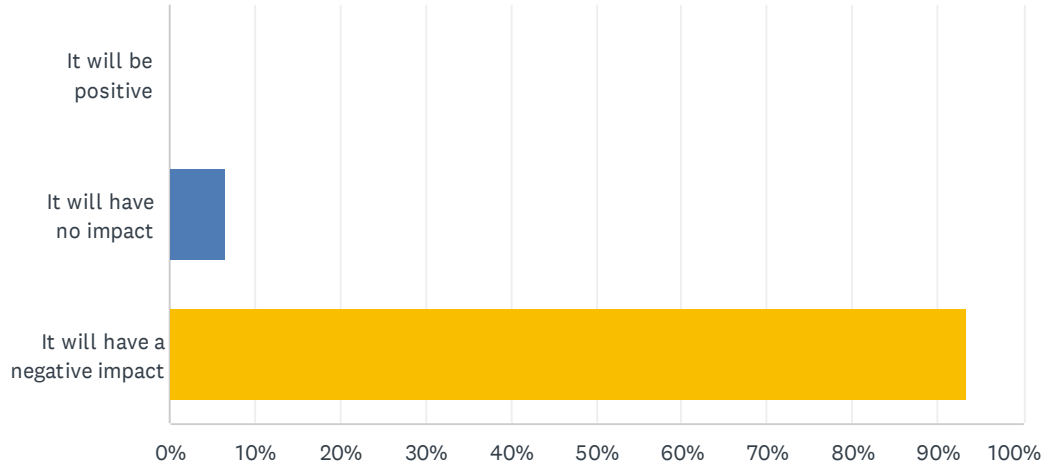
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	1	2	3	4	5	6	N/A	TOTAL	SCORE
Impact of Welsh Government Interventions	10.34% 3	20.69% 6	6.90% 2	6.90% 2	6.90% 2	0.00% 0	48.28% 14	29	4.40
Reduced number of visitors to your local area	18.75% 6	25.00% 8	9.38% 3	6.25% 2	0.00% 0	0.00% 0	40.63% 13	32	4.95
Having to close off some dates as not economic to open	21.88% 7	9.38% 3	15.63% 5	6.25% 2	0.00% 0	0.00% 0	46.88% 15	32	4.88
High Costs of running the business, energy, Business Rates, Wage increases	17.14% 6	8.57% 3	22.86% 8	11.43% 4	0.00% 0	0.00% 0	40.00% 14	35	4.52
The weather	15.15% 5	9.09% 3	3.03% 1	9.09% 3	21.21% 7	0.00% 0	42.42% 14	33	3.79
None of the above	6.90% 2	0.00% 0	3.45% 1	3.45% 1	0.00% 0	20.69% 6	65.52% 19	29	2.50

Q5 What impact do you think that the proposed Wales Visitor Levy will have on your business?

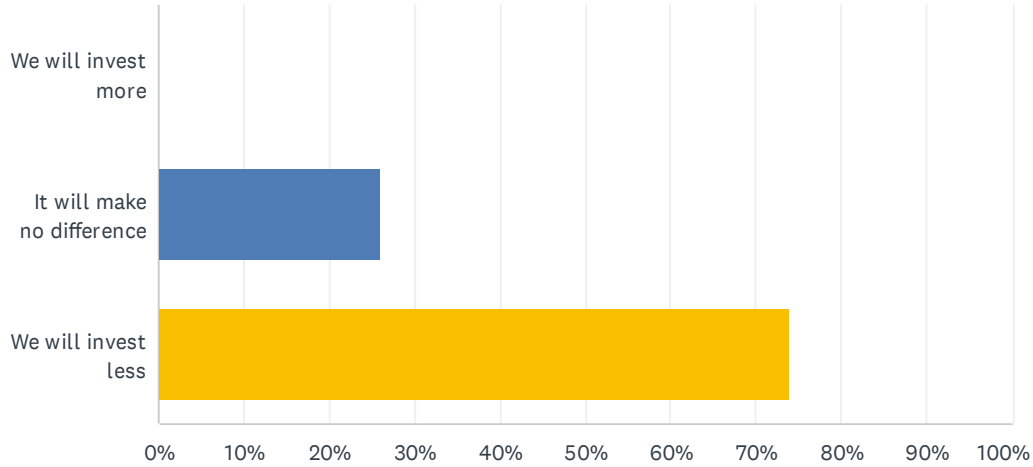
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ANSWER CHOICES	RESPONSES	
It will be positive	0.00%	0
It will have no impact	6.52%	3
It will have a negative impact	93.48%	43
TOTAL		46

Q6 What impact do you think the proposed Wales Tourism Levy will have on future investment in your business?

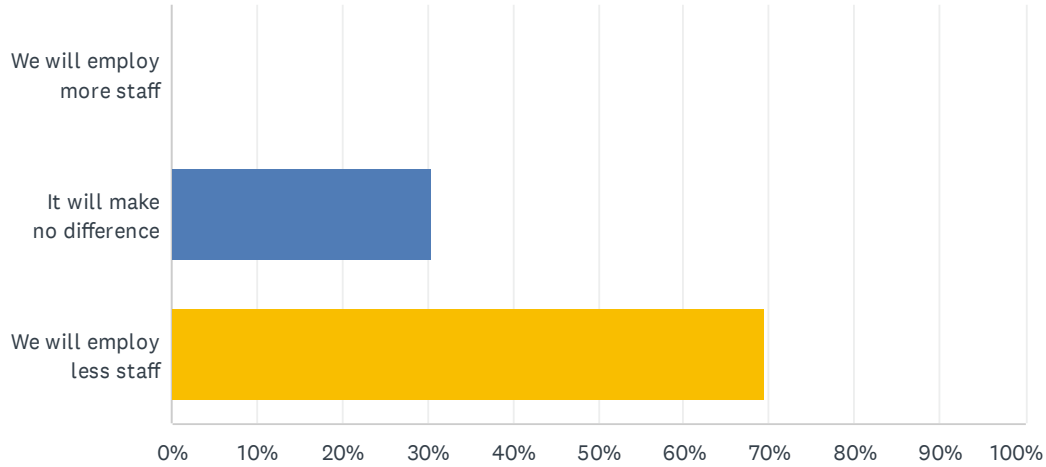
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ANSWER CHOICES	RESPONSES	
We will invest more	0.00%	0
It will make no difference	26.09%	12
We will invest less	73.91%	34
TOTAL		46

Q7 What impact do you think the proposed Wales Tourism Levy will have on jobs in your business?

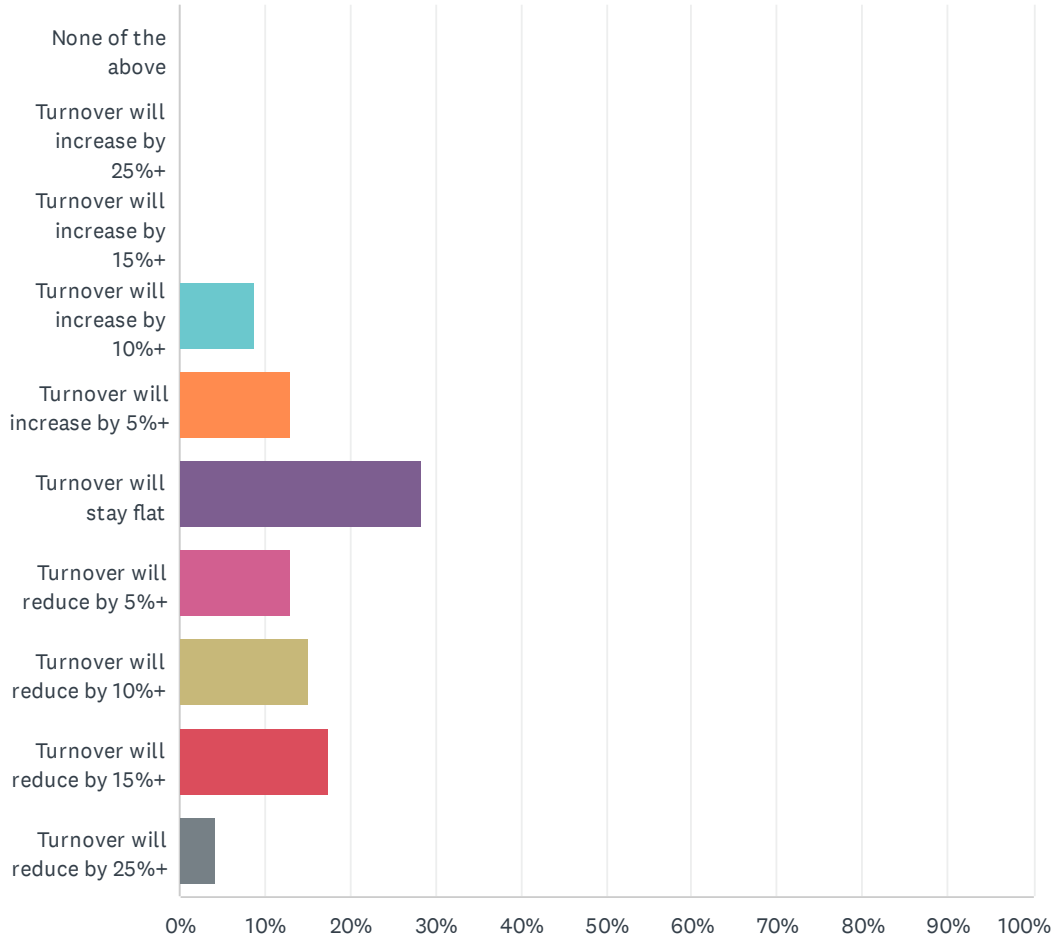
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ANSWER CHOICES	RESPONSES	
We will employ more staff	0.00%	0
It will make no difference	30.43%	14
We will employ less staff	69.57%	32
TOTAL		46

Q8 How do you predict your business will perform in terms of turnover for 2025? Please include impact of any price increases as these are covered in Q9. Thanks.

Answered: 46 Skipped: 0

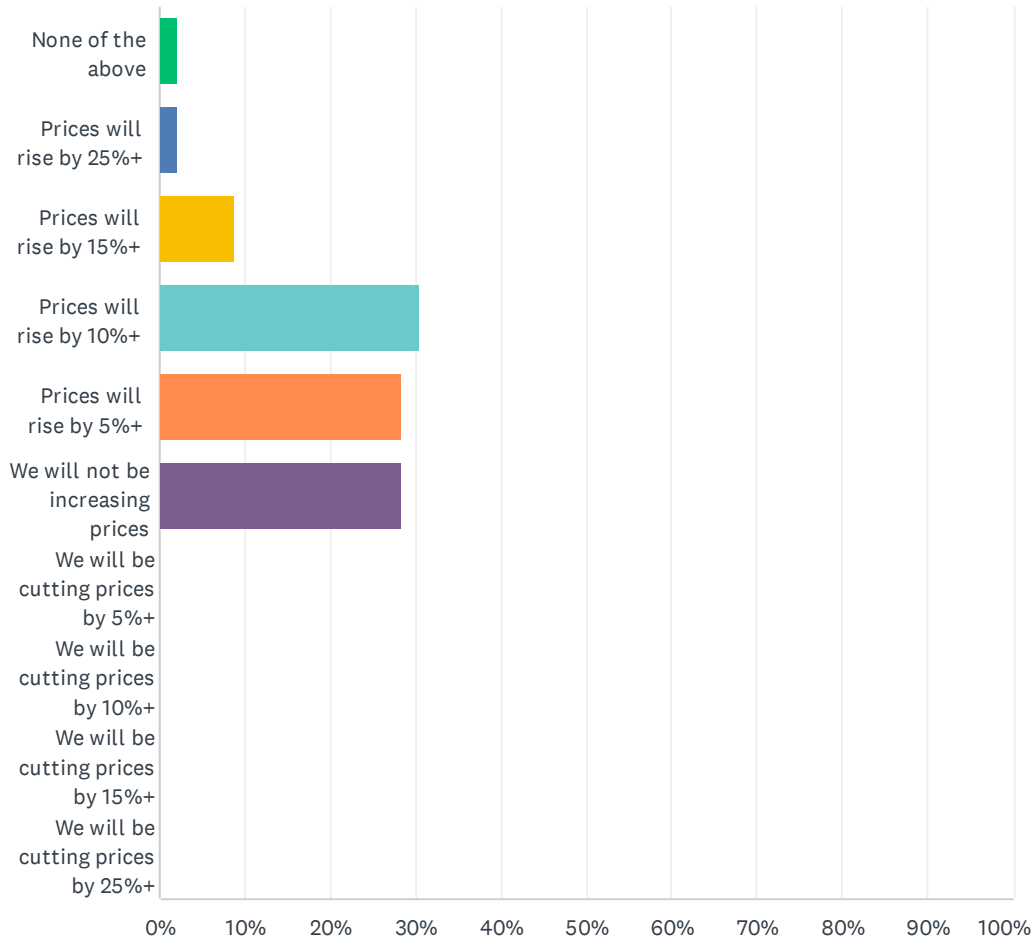


THE WAVA - PASC UK Cymru Business Impact Survey January 2025
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ANSWER CHOICES	RESPONSES	
None of the above	0.00%	0
Turnover will increase by 25%+	0.00%	0
Turnover will increase by 15%+	0.00%	0
Turnover will increase by 10%+	8.70%	4
Turnover will increase by 5%+	13.04%	6
Turnover will stay flat	28.26%	13
Turnover will reduce by 5%+	13.04%	6
Turnover will reduce by 10%+	15.22%	7
Turnover will reduce by 15%+	17.39%	8
Turnover will reduce by 25%+	4.35%	2
TOTAL		46

Q9 What, if any, changes will you make to your prices in 2025?

Answered: 46 Skipped: 0



THE WAVA - PASC UK Cymru Business Impact Survey January 2025
FIN(6)-05-25 P4

ANSWER CHOICES	RESPONSES	
None of the above	2.17%	1
Prices will rise by 25%+	2.17%	1
Prices will rise by 15%+	8.70%	4
Prices will rise by 10%+	30.43%	14
Prices will rise by 5%+	28.26%	13
We will not be increasing prices	28.26%	13
We will be cutting prices by 5%+	0.00%	0
We will be cutting prices by 10%+	0.00%	0
We will be cutting prices by 15%+	0.00%	0
We will be cutting prices by 25%+	0.00%	0
TOTAL		46

Q10 Please use this box to make any further comments about any of the questions above.

Answered: 23 Skipped: 23

Q10 Please use this box to make any further comments about any of the questions above.

Answered: 24 Skipped: 24

#	RESPONSES	DATE
1	Running a boat trip business is hugely dependent on good weather through the season, and over the recent years the more unpredictable weather with greater extremes being experienced makes operating the seasonal trips even more challenging than previously. Any days lost to weather during school holidays have a massive effect on the companies turnover and ability to continue to operate, any rules or policies that make tourism in wales more expensive are going to have a negative knock on effect on passenger numbers making it even harder for the company to continue to operate. We need help and support not more financial hurdles to overcome!	1/13/2025 9:40 AM
2	Very concerned about the future ability of the business to make any profit due to hugely increasing running costs and lower income from visitors. Already a very narrow profit margin and this is being squeezed further every season, while increasing prices is detrimental to visitor numbers as you can only charge a certain amount for the same product!	1/10/2025 1:00 PM
3	My Answers to 6 and 7 are not that it will make no difference, it will. We would otherwise be investing in growth. The fact they stay the same is not a positive in a world of economic challenge and inflation. We need to grow but this measure will stifle growth. That is not a sustainable business model.	1/10/2025 11:22 AM
4	Turnover will increase but so will costs. The key question is profitability - we are forecasting that to stay stagnant or reduce despite our best efforts to offer exceptional seasonal events.	1/9/2025 4:37 PM
5	We are not "open" as such because all clients have to book. In 2023 we had 161 customers, in 2024 we 124.	1/9/2025 4:15 PM
6	Welsh Government has no understanding of business nor of tourism. It seems to want to drive businesses into the ground. Its recent proposals along with those of Labour in Westminster to increase NI contributions, increase the minimum wage, coupled with the proposed tourism tax, show no regard for the challenges of running a business, for economic growth, for employment or for job security. This is disgraceful.	1/9/2025 4:04 PM
7	Tourism is booming in our area I'm not sure where all this pessimism comes from	1/9/2025 12:23 PM
8	In 30 years if business this is the first year we have substantially increase prices above inflation but unfortunately left with no other option which is very frightening	1/9/2025 12:08 PM
9	We will have to work harder to stand still. The levy combined with the minimum wage and national insurance wages, will have a detrimental affect on our profitability. There is no appetite to increase prices so the only option is to cut costs, so there will be less seasonal staff employed.	1/9/2025 9:42 AM
10	Less Staff due more to National insurance and Living Wage increases	1/9/2025 9:33 AM
11	If the money was ploughed in to promote wales more as England & Scotland do to get the people here we might re think a little,	1/9/2025 9:13 AM
12	Increased costs are the main concerns for 2025	1/9/2025 9:06 AM
13	We are int the wedings business. Weddings have dropped from a peak of 130 in 2022 to 70 booked in 2025. We have supplemented with other events, but turnover is down about one third. To economise, we are not replacing staff as they leave. Kitchens reduced from 5 chefs to 1 chef and two casuals who can help out with pot washing and some of the cooking. Our wedding deparment reduced from 4 wedding planners, to 1 (the events and functions manager) with some very limted part time assistance. Wageroll was reduced from £750k 2023, to £500k approx, 2024, and we may have to reduce further in 2025 but are likely to get our weddings sales up by marketing with a Facebook adverts promoter. We hope to get back up to 100 weddings for financial year 2025/6, but will struggle to get to the required £1.2m, to pay VAT	1/8/2025 9:49 PM

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at £200k, Staff waggeroll at £500k, and everything else (heating, power, food, drinks, rates, insurance with what is left). Closure may be avoided, but we cannot take much more of this income drop and the Welsh Govt is hitting everyone when they are down still, after COVID, and still paying off COVID debts.

14	Afraid to increase prices in spite of increased costs. Turnover has not increased since Covid, prior to this we were growing year on year. Any additional costs to put off tourists will be a disaster	1/8/2025 8:57 PM
15	With world events we have a lot to deal with and with the Welsh Government adding one obstacle after another instead of supporting businesses. Without wealth generation there is no public sector. Inflation - cost of energy, food, wages are huge. Cost of products to buy to sell in the shop increased due to diversion around Suez Canal and import charges from Brexit. Difficulty recruiting staff since COVID, people don't turn up for interview, even if you pay above minimum wage. Quality of staff is poor, no work ethic, drop in standards. Staff have become very unreliable. Staff wages are now so high with the increase in NI. 20mph speed limit puts people off visiting when they can go elsewhere in England. Closure of tourist offices and lack of reliable leaflet distributor means that advertising is much more difficult. Never see anyone from Visit Wales, there is no support apart from when they send round someone to secret shop and criticise. The season is so short as it is with Welsh weather, the tourist tax is another off putting. Still no Superfast broadband cables to our business so we can't even move forward with technology as the speeds are so slow. Planning rules are so slow and restrictive that you can't expand anything. Margins in retail and hospitality are so low and prices can't go up much more as customers can't afford it. Everything is a battle.	1/8/2025 8:07 PM
16	As a result of >20% fewer visitors in 2024 compared to 2023, which was still down on pre-Covid figures, we are seriously considering only opening to tourists from April-September in future years, as we make a loss in all other months that is now not covered by April-September profit. Off-peak turnover has dropped significantly, more so than our peak season turnover. As a result, we would need to employ significantly fewer year-round staff and make use of seasonal staff instead, who would need to be sourced from elsewhere in the UK. We would also need to rely more heavily on seasonal volunteers. This goes against our ethics of providing sustainable, year-round employment for local people and to provide a year-round service to the local community to keep our community vibrant out of season. The positive answer to expected 2025 turnover is because we must increase turnover by this amount to remain viable and we therefore have no other option than to remain positive and do everything we can to achieve this.	1/8/2025 7:39 PM
17	wages cost increases will be very significant from April so will be reducing staff levels. Although the visitor tax is not in place yet there is a perception with the public that it is happening now and we are seeing less advance bookings than in previous years - approx 10% so far.	1/8/2025 5:58 PM
18	The tourism levy is a good idea in places that are overrun with tourists - eg Venice, Barcelona - but not in most parts of Wales where tourism is a key industry and employer. The Welsh Gov proposals do not apply the levy to day visitors which are the greatest number in this area which means accommodation providers are subsidising them. Hypothetical question - if I have a holiday chalet in Ceridigion - Chez Drakeford - do I pay the levy every time I or my family got there? And is so, how is it policed?	1/8/2025 4:03 PM
19	Tourism is absolutely vital to the economy in North Wales. I just do not understand the incredibly negative attitude of the Sennedd. It is so amazingly unsupportive	1/8/2025 4:00 PM
20	A desperate place to try and bring fresh ideas, forward thinking and change.	1/8/2025 3:16 PM
21	Very pessimistic for the future. Visitors definitely have spent less this Xmas. Until this year we have always felt optimistic about the future but instead of concentrating on rescuing animals we now have to consider whether we can afford to rescue any more, as this will involve employing more staff. Government and Welsh Government will destroy small businesses and especially in the tourism sector. The Business Wales and Visit Wales Newsletters regularly popping up are a joke especially the Hwyl and Croeso messages when imposing taxes and levies on visitors. Some welcome to Wales!!	1/8/2025 3:11 PM
22	Any increase to pricing will make our offer less attractive to visitors. This has a detrimental impact as costs are way higher than the last 2 years. Any barriers to encouraging visitors i.e. the tourist levy will have a hugely negative impact. I don't believe any revenue raised by the council will benefit my business.	1/8/2025 3:11 PM

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23	If another year comes with fewer visitors we will only open at main holiday times in 2026. This will mean we cut our staff by 60% and stop all developments in order to survive.	1/8/2025 2:53 PM
24	The combination effect of all the Government interventions are overwhelming us.	1/8/2025 11:55 AM

By virtue of paragraph(s) ix of Standing Order 17.42

Document is Restricted

Agenda Item 4

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VAB135 Mid Wales Tourism / MWT Cymru

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Bil Llety Ymwelwyr (Cofrestr ac Ardoll) Etc. (Cymru) | Visitor Accommodation (Register and Levy) Etc. (Wales) Bill

Ymateb gan Mid Wales Tourism / MWT Cymru | Evidence from Mid Wales Tourism / MWT Cymru

General principles

1. What are your views on the general principles of the Bill and the need for legislation to deliver the Welsh Government's stated policy objective, which is to:

- **ensure a more even share of costs to fund local services and infrastructure that benefit visitors between resident populations and visitors;**
- **provide local authorities with the ability to generate additional revenue that can be invested back into local services and infrastructure to support tourism;**
- **support the Welsh Government's ambitions for sustainable tourism?**

(We would be grateful if you could keep your answer to around 500 words).

The Visitor Levy Bill, as proposed, lacks strategic vision and risks disproportionate harm to rural economies, Welsh-speaking communities, and the tourism sector. It fails to address critical issues such as depopulation, infrastructure investment, and the cumulative impact of recent policies, making it an unsuitable solution for Wales.

Tourism is a cornerstone of Wales' economy, particularly in rural areas where it is the second-largest employer, supporting supply chains, town centres, and cultural heritage. Policies must reflect these regional differences rather than apply urban-centric solutions.

Economic Impact

The Welsh Government estimates the levy could raise £33 million annually if all 22 local authorities adopt it. However, up to 40% (£13.2 million) could be consumed by

administrative and operational costs, leaving little for communities. Additionally, the levy could reduce visitor numbers by 2–10%, leading to significant economic losses. For instance, a 10% drop in overnight stays in Powys, where overnight tourism generates £1.2 billion annually, could equate to a £120 million loss—far exceeding the levy’s projected revenue.

Jobs and Investment

The levy could result in 730 private-sector job losses, costing the economy £47.5 million annually. While it may create 360 public-sector jobs costing £13 million, this shift from private to public roles imposes a long-term burden on taxpayers without generating net economic growth. Investment in the sector is already stalling due to uncertainty. For example:

- A rural hotel withdrew £300,000 of planned investment.
- A caravan park operator cancelled £450,000 of development.
- A major attraction scaled back staffing and paused projects.

These disruptions undermine confidence and growth even before the levy’s implementation.

Timing and Broader Context

The Bill comes at a fragile time for the tourism sector, which is still recovering from the pandemic while facing rising energy costs, labour shortages, and inflation. Introducing further administrative burdens could push vulnerable businesses to collapse, threatening the stability of entire communities, particularly in rural Wales. Tourism contributes £4.95 billion annually to Wales’ economy and supports 159,000 jobs (11.8% of the workforce). Policies that risk reducing visitor numbers or deterring investment should be approached cautiously, yet the levy introduces further economic fragility.

Reputational Risks

Wales relies on its reputation as a welcoming, affordable destination. The levy risks creating a perception of Wales as overtaxed and unwelcoming, particularly to English visitors, who form the largest share of overnight stays. Comparisons to urban destinations like Amsterdam or Catalonia are inappropriate for Wales’ rural, price-sensitive tourism market.

Lack of Strategic Alignment

The Bill is being introduced without an updated tourism strategy that reflects post-pandemic realities or current economic pressures. A robust strategy should have been developed first to ensure the levy aligns with Wales' long-term tourism goals.

Conclusion

The Visitor Levy Bill introduces significant economic and administrative burdens while offering minimal benefits. The risks to jobs, investment, and Wales' reputation far outweigh potential gains. We urge the Welsh Government to prioritise stability and sustainability for the tourism sector over measures that risk long-term harm.

The Bill's implementation

The Regulatory Impact Assessment is set out in Part 2 of the Explanatory Memorandum (<https://senedd.wales/media/g5ipwywh/pri-ld16812-em-e.pdf>). This includes the Welsh Government's assessments of the financial and other impacts of the Bill and its implementation.

2. Are there any potential barriers to the implementation of the Bill's provisions? If so, what are they, and are they adequately taken into account in the Bill and accompanying Explanatory Memorandum and Regulatory Impact Assessment?

(We would be grateful if you could keep your answer to around 500 words).

The proposed Visitor Levy Bill faces several substantial barriers to implementation, ranging from administrative challenges to economic and legal risks. These issues significantly undermine its feasibility.

Key Challenges

1. Administrative Complexity

The Bill places the responsibility for levy collection on accommodation providers, over 90% of whom in Wales are small micro businesses. These businesses often operate with minimal resources and manual systems, making compliance with the levy unmanageable.

Local authorities tasked with administering the levy also face significant challenges. The Bill lacks clarity on the additional funding or staffing needed for effective administration. Administrative costs, estimated to consume around 20% of revenue, will reduce the funds available for reinvestment into local services. Rural areas, where businesses are more dispersed, will face even greater enforcement challenges, risking inconsistent and unfair application.

2. Statutory Licensing

The absence of a statutory licensing system for accommodation providers is a critical oversight. Without a comprehensive register, local authorities will struggle to identify businesses liable for the levy, creating opportunities for avoidance and non-compliance. Although a visitor accommodation register is proposed, there is little detail on its timeline or implementation. Statutory licensing should have been introduced first to ensure accurate data collection and compliance.

3. Economic and Legal Risks

- **Double Funding Concerns:** Local authorities already receive funding for tourism-related services through mechanisms like the Revenue Support Grant (RSG) and Non-Domestic Rates (NDR). The Bill does not address how the levy will avoid duplicating these funds, raising potential legal and ethical questions around double taxation.
- **Economic Fragility:** The levy risks deterring overnight stays, with Welsh Government research predicting declines of 2–10% in visitor numbers. For example, a 10% decline in Powys, where tourism generates £1.2 billion annually, could result in a £120 million loss—far exceeding potential levy revenue. These losses would be especially devastating in rural areas where tourism is a primary economic driver.

4. Enforcement Challenges

Local authorities and the Welsh Revenue Authority (WRA) face resource pressures that will hinder effective enforcement. Many councils already struggle to enforce existing regulations, and adding levy administration will worsen the situation. Rural authorities, in particular, will find it difficult to monitor dispersed providers, leaving gaps in enforcement.

5. Premium Levy Rates

Allowing local authorities to set premium rates risks creating a fragmented system that confuses visitors and burdens businesses operating across jurisdictions. Visitors facing inconsistent rates may be deterred from visiting Wales. A centralised framework for rates and exemptions would ensure clarity and fairness, reducing reputational risks for Wales.

Conclusion

The Bill's barriers—administrative complexity, lack of statutory licensing, economic risks, enforcement challenges, and inconsistent application—make it impractical in its current form. To address these issues, we recommend:

- Introducing statutory licensing for accommodation providers.
- Establishing a centralised framework for levy rates and exemptions.
- Conducting a detailed economic impact assessment.

Without these measures, the levy risks harming Wales' tourism industry, discouraging investment, and creating long-term economic instability, particularly in rural areas.

3. Are any unintended consequences likely to arise from the Bill?

(We would be grateful if you could keep your answer to around 500 words).

The Bill is being introduced amid rising costs, labour shortages, and post-pandemic recovery challenges. Policies like the “182-day” rule for second homes have already created difficulties for small tourism businesses and farm diversification, which are vital to rural economies. The cumulative effect of these pressures is destabilising the tourism sector, where microbusinesses account for 90% of operations in Mid Wales, undermining confidence and threatening viability.

Tourism has long stabilised rural Wales, supporting jobs, preserving Welsh-speaking communities, and attracting investment. However, with just 250,000 residents across Powys, Ceredigion, and Meirionnydd—despite covering 40% of Wales' landmass—these areas are particularly vulnerable. Depopulation is a major issue, with Gwynedd's population falling by 4.1% and Ceredigion's by 5.8% between 2011 and 2021. Further job losses and reduced investment risk worsening instability and accelerating the exodus of young people and families. The unintended consequences of this Bill could deepen inequalities and have generational impacts, making it essential to reconsider its timing and broader implications.

1. Economic Decline in Rural Areas

The levy is expected to raise £33 million annually if all 22 local authorities implement it. However, the Bill predicts a 2–10% decline in overnight stays, which will disproportionately harm rural areas like Powys, Ceredigion, and Gwynedd, where tourism is a cornerstone of the economy.

In Powys, overnight visitors contribute £1.2 billion annually. A 10% decline equates to a £120 million loss, dwarfing any potential revenue.

Rural economies, heavily dependent on tourism, face severe consequences from even minor declines, including job losses, business closures, and weakened infrastructure.

2. Job Losses and Economic Imbalance

The Bill predicts a net loss of 730 private-sector tourism jobs, costing £47.5 million annually. While 360 public-sector roles may be created, these cost £13 million annually and lack the same economic value as private-sector jobs, which drive spending and investment.

Without safeguards, levy funds are likely to disproportionately benefit wealthier areas like Cardiff and Swansea, where visitor numbers and resources are higher. This creates inequality, leaving poorer rural regions—already reliant on tourism—at further disadvantage. Reduced visitor numbers, job losses, and diminished investment could destabilise these areas further.

3. Reputational Damage

Wales' reputation as a welcoming, affordable destination is at risk. A levy could create perceptions of over-taxation, deterring visitors. Comparisons to Amsterdam and Catalonia are misplaced; Wales relies on small operators and rural tourism, where visitors are price-sensitive. Even small cost increases could make Wales less competitive.

4. Fragmentation of Tourism Market

Allowing local authorities to set their own levy rates creates inconsistencies across Wales. Visitors may face varying costs depending on their destination, leading to confusion and dissatisfaction. This fragmented approach undermines Wales' tourism appeal.

5. Business Confidence and Investment Delays

Rising costs and global economic pressures have already delayed or cancelled tourism investments:

A rural hotel postponed £300,000 in upgrades due to pricing uncertainties.

A caravan park cancelled £450,000 of development, citing costs and market instability.

A major attraction paused infrastructure projects, pointing to unclear future conditions.

Such disruptions weaken confidence and competitiveness, destabilising the sector.

Conclusion

The unintended consequences are far-reaching. It risks economic decline, job losses, reduced investment, and reputational damage. With rural Wales already fragile, the WG must reconsider the levy's timing, design, and implementation. Statutory licensing and protections for rural economies are essential to ensure future policies support, rather than harm, Wales.

4. What are your views on the Welsh Government's assessment of the financial and other impacts of the Bill?

(We would be grateful if you could keep your answer to around 500 words).

The financial implications of the Visitor Levy Bill, as outlined in the Explanatory Memorandum, raise significant concerns about its feasibility and economic justification. While the estimated £33 million annual revenue is presented as a benefit, this figure overlooks administrative costs, realistic collection outcomes, and broader financial risks.

1. Administrative Costs Will Reduce Net Revenue

The Explanatory Memorandum lacks a detailed breakdown of administrative costs for implementing and enforcing the levy. Typical schemes suggest these could consume 20–40% of revenue, leaving as little as £19.8 million for reinvestment.

Key concerns include:

Staffing and Training Needs: Additional staff and training for the Welsh Revenue Authority (WRA) and local authorities.

Systems Development and Operational Costs: Particularly for enforcement in rural areas with dispersed providers.

Business Compliance Costs: Accommodation providers must manage complex administrative burdens.

These reduced revenues raise questions about whether the levy justifies its administrative and economic disruption.

2. Lack of Ring-Fenced Funding

The Bill does not guarantee levy proceeds will be ring-fenced for tourism-related projects, undermining stakeholder confidence. Without hypothecation:

Funds Could Be Diverted: Revenue may flow into general budgets, reducing benefits for tourism.

Reduced Compliance: Businesses may be less willing to support the levy if they see no direct return for communities or customers.

Explicit guarantees are needed to ensure funds are used for destination management, infrastructure, or sustainability projects.

3. Revenue Projections

The £33 million annual revenue estimate assumes full compliance, which is unlikely:

Not All Authorities Will Participate: Some may opt out, particularly where tourism is less economically significant.

Non-Compliance Risks: Unregistered operators, especially in the 'casual let' market, could evade the levy.

Reduced Overnight Stays: A 2–10% decline in stays, as predicted by Welsh Government research, would significantly erode the revenue base, particularly in price-sensitive rural areas.

These factors make the revenue projections overly optimistic and unrealistic.

4. Disproportionate Impact on Rural Economies

The levy disproportionately affects rural areas like Powys, Ceredigion, and Gwynedd, where tourism is crucial:

Economic Decline: Reduced overnight stays harm local businesses, cutting economic activity and tax contributions.

Secondary Industry Losses: Hospitality, retail, and supply chains reliant on tourism will also suffer.

The Memorandum fails to address how these ripple effects will compound the economic harm in rural Wales.

5. Insufficient Consideration of Long-Term Stability

The Memorandum does not fully consider long-term risks to economic stability:

Job Imbalance: A predicted loss of 730 private-sector jobs, costing £47.5 million annually, offsets the creation of 360 public-sector roles, which depend on taxpayer funding.

Investment Losses: Businesses are delaying or withdrawing tourism investments due to uncertainty. This lack of confidence will have long-term financial implications.

The Bill risks destabilising the tourism sector, discouraging future investment, and undermining economic growth.

Conclusion

The financial implications of the Visitor Levy Bill are poorly assessed and overly optimistic. Key issues include high administrative costs reducing net revenue, no guarantee of ring-fenced funding, overestimated revenue projections, and disproportionate impacts on rural areas. Long-term risks to the tourism sector are understated.

Subordinate legislation

The powers to make subordinate legislation are set out in Part 1: Chapter 5 of the Explanatory Memorandum (<https://senedd.wales/media/g5ipwvwh/pri-ld16812-em-e.pdf>).

The Welsh Government has also set out its statement of policy intent for subordinate legislation (<https://business.senedd.wales/documents/s155951/Statement%20of%20Policy%20Intent.pdf>).

5. What are your views on the balance between the information contained on the face of the Bill and what is left to subordinate legislation? Are the powers for Welsh Ministers to make subordinate legislation appropriate?

(We would be grateful if you could keep your answer to around 500 words).

The balance between the information in the Visitor Levy Bill and what is left to subordinate legislation raises significant concerns. While some flexibility is necessary, the Bill over-relies on subordinate legislation, creating uncertainty for stakeholders.

Key Concerns

1. Overreliance on Subordinate Legislation

The Bill leaves critical elements undefined, delegating key aspects like levy rates, exemptions, and enforcement to subordinate legislation. This creates uncertainty for stakeholders, including local authorities, businesses, and visitors. Key issues include:

- **Inconsistent Rates:** Allowing local authorities to set their own rates risks fragmentation, confusing visitors, and deterring businesses from certain areas.

- **Enforcement Ambiguity:** No clear guidance exists for enforcing compliance, particularly for unregistered providers in rural areas.

This overreliance risks creating an uneven playing field, particularly in areas with limited resources for compliance and enforcement.

2. Lack of Clarity and Transparency

The Bill grants broad powers to Welsh Ministers, allowing them to amend key elements without sufficient consultation or oversight. Concerns include:

- Ministers can prescribe exemptions and adjust levy mechanisms without clear frameworks or accountability.
- The lack of safeguards for assessing economic or social impacts, particularly in rural areas, could lead to arbitrary decisions.

Clearer parameters for ministerial powers are essential to ensure transparency and accountability.

3. Insufficient Stakeholder Engagement

While the policy intends for stakeholder consultation, leaving too much to subordinate legislation limits opportunities for public and Senedd scrutiny. Concerns include:

- Inadequate mechanisms to ensure robust consultation with local authorities, tourism businesses, and communities.
- Potential for significant changes via subordinate legislation without adequate oversight or stakeholder input.

4. Potential for Inconsistent Application

Allowing local authorities to determine levy rates could lead to disparities across Wales, confusing visitors and complicating compliance for businesses operating in multiple jurisdictions. A centralised framework for rates, exemptions, and enforcement would ensure consistency and fairness while preventing market fragmentation.

5. Ministerial Powers

While Ministers need flexibility for administrative issues, the powers granted in the Bill are broad. Ministers can implement significant changes without Senedd approval or consultation, risking disproportionate impacts on rural regions. The absence of

mechanisms to assess long-term economic or cultural impacts exacerbates this issue.

Recommendations

To address these concerns, the following steps should be taken:

1. **Define Core Provisions on the Face of the Bill:** Include key elements like levy rates, exemptions, and enforcement mechanisms in the Bill itself.
2. **Ministerial Powers:** Restrict subordinate legislation to technical details, requiring Senedd approval and consultation for substantive changes.
3. **Centralise Key Elements:** Establish a centralised framework for rates and exemptions to ensure fairness and consistency across Wales.
4. **Strengthen Oversight:** Introduce mechanisms to assess the economic, social, and cultural impacts of subordinate legislation, with mandatory consultation for significant changes.

Conclusion

The Bill relies heavily on subordinate legislation, creating uncertainty and concerns for stakeholders. Ministerial powers seem broad, lacking safeguards for transparency, and consistency. To protect Wales' tourism sector and rural economies, the Bill must define core provisions, limit the scope of subordinate legislation, and prioritise stakeholder engagement and oversight.

Other considerations

6. Do you have any views on matters related to the quality of the legislation?

(We would be grateful if you could keep your answer to around 500 words).

The Visitor Levy Bill suffers from significant gaps in clarity, consistency, and foresight. The Visitor Levy Bill suffers from gaps in clarity, consistency, and foresight. While its aim to create a revenue stream for local authorities is clear, its structure leaves critical elements undefined, risking implementation issues, economic harm, and a loss of public trust. The absence of a current tourism strategy adds to these concerns, as the levy lacks alignment with broader goals for Wales' tourism sector. Key concerns are outlined below.

Key Concerns

1. Lack of Defined Frameworks

Key operational elements, such as the registration scheme, levy rates, exemptions, and enforcement mechanisms, are delegated to subordinate legislation. This creates uncertainty for stakeholders and weakens legislative scrutiny. A more defined framework, including maximum rates, mandatory exemptions, and enforcement processes, would enhance transparency and consistency while allowing for local flexibility.

2. Insufficient Clarity on Revenue Use

The lack of hypothecation for levy funds raises concerns about trust and priorities:

Erosion of Trust: Businesses and communities may lose confidence if funds are not visibly reinvested in tourism infrastructure or services.

Misaligned Priorities: Revenue risks being absorbed into general budgets, undermining the stated aim of supporting tourism.

Explicit guarantees are needed to ensure funds are used for tourism-related purposes, such as destination management, infrastructure, and sustainability initiatives.

3. Fragmentation Risks

Allowing local authorities to determine levy rates, exemptions, and enforcement practices risks creating a fragmented system:

Inconsistent Rules: Visitors may face varying costs depending on location, reducing Wales' appeal.

Regional Disadvantage: Areas with higher levies may lose cost-sensitive visitors.

Administrative Challenges: Businesses operating across multiple jurisdictions may face additional complexity.

A centralised framework for maximum rates, exemptions, and enforcement would reduce fragmentation and improve fairness.

4. Insufficient Impact Mitigation

The Bill fails to address broader economic impacts:

Visitor Declines: Predicted declines of 2–10% in visitor numbers and the loss of 730 private-sector jobs are not mitigated.

Ripple Effects: Supply chains, community services, and industries reliant on tourism are overlooked.

Robust impact assessments and safeguards are essential to protect vulnerable regions and sectors.

5. Absence of Statutory Licensing

The lack of statutory licensing makes enforcement inconsistent, allowing unregistered operators to evade the levy. Licensing would improve compliance, create a level playing field, and provide data to evaluate the policy's effectiveness.

6. Timing and Context

The Bill's timing does not reflect challenges facing the tourism sector, such as post-pandemic recovery, labour shortages, and rising costs. Introducing the levy now risks destabilising an already fragile industry. A phased or delayed implementation would allow time for economic recovery and better preparation.

Recommendations

Add key frameworks, including maximum rates, exemptions, and enforcement mechanisms.

Guarantee hypothecation of funds for tourism-related projects with reporting requirements.

Introduce statutory licensing for better enforcement and compliance.

Mitigate economic impacts by addressing visitor declines and job losses.

Phase implementation to allow recovery and preparation.

Conclusion

The Visitor Levy Bill lacks the clarity and foresight needed for success. Without a tourism strategy to guide its integration, the levy risks disproportionate harm to rural areas, businesses, and Wales' reputation. Addressing these issues with better frameworks, hypothecation, and careful planning is essential for a fairer, sustainable approach.

7. On 26 November, the Cabinet Secretary wrote to the Finance Committee with some indicative additional registration and enforcement provisions (<https://business.senedd.wales/documents/s155952/Letter%20from%20the%20Cabinet%20Secretary%20for%20Finance%20and%20Welsh%20Language%20Indicative%20Stage%202%20amendments%20that%20.pdf>) he intends to bring forward at Stage 2 of the legislative process (<https://senedd.wales/NAfW%20Documents/Assembly%20Business%20section>

[%20documents/Guide%20to%20the%20Legislative%20Process/Guide_to_the_Legislative_Process-eng.pdf](#)).

Do you have any views on the indicative additional registration and enforcement provisions the Welsh Government intends to bring forward at Stage 2?

(We would be grateful if you could keep your answer to around 500 words).

The statutory registration should come first. The enforcement provisions proposed by the Welsh Government aims to improve compliance with the Visitor Levy scheme but risk creating significant administrative, economic, and fairness challenges.

Key Concerns

1. Administrative Burden and Enforcement Costs

The measures impose significant administrative responsibilities on accommodation providers, local authorities, and the Welsh Revenue Authority (WRA). Concerns include:

- **Resource Demands:** Enforcement actions (e.g., fines for non-registration or late payments) require extensive staffing and system capacity, consuming a substantial portion of levy revenue.
- **System Capacity:** Uncertainty over submission methods (paper, online, or hybrid) risks inefficiencies, with peak submission periods potentially overwhelming systems.
- **Cost Implications:** High system development and operational costs could significantly reduce net revenue for reinvestment in tourism.

2. Impact on Businesses

Penalties for non-registration, late submissions, or inaccuracies could disproportionately affect small businesses:

- **Penalisation of Genuine Operators:** Small rural providers may face penalties due to errors or technical delays despite acting in good faith.
- **Support and Grace Periods:** The absence of a grace period during implementation leaves businesses vulnerable to immediate penalties.
- **Disproportionate Impact:** Fines of £300 per unregistered premises and daily penalties of £60 for non-compliance could heavily burden small businesses with thin margins.

3. Questions Around Implementation

Practical questions about enforcement remain:

- **Submission Methods:** Will rural providers with limited internet access have alternatives to online submissions? How will paper submissions be reconciled with online systems?
- **Timeliness of Enforcement:** Will penalties be suspended during disputes or clarification requests to avoid harming businesses unfairly?
- **Appeals Process:** A lack of clear complaints or appeals mechanisms risks eroding trust in the enforcement system. An independent ombudsman or appeals body is needed.

4. System and Resource Resilience

The provisions depend on resilient systems and well-trained staff:

- **Scalability:** Systems must handle peak submission periods without delays or errors.
- **Training:** Adequate staff training is essential to manage enforcement and disputes effectively, avoiding capacity gaps that could lead to errors or mistrust.

5. Transparency and Accountability

Operational details are unclear, raising concerns about:

- **Revenue Allocation:** Uncertainty over how much revenue will cover enforcement costs could erode stakeholder trust.
- **Success Metrics:** Clear metrics, such as compliance rates and administrative efficiency, are needed to assess effectiveness and build accountability.

Recommendations

1. **Provide Guidance and Support:** Develop user-friendly resources and introduce a grace period during implementation.
2. **Streamline Processes:** Ensure submission systems are robust, accessible, and equipped to handle peak loads.
3. **Establish Transparent Dispute Mechanisms:** Create an independent ombudsman and define clear appeals processes.

4. Clarify Costs and Sustainability: Provide a detailed cost breakdown for enforcement to ensure it doesn't disproportionately reduce net revenue.
5. Monitor and Review: Implement a formal review process to refine the system based on feedback after the first year.

Conclusion

While these provisions aim to enhance the Visitor Levy scheme, they risk significant burdens on businesses and enforcement bodies. Without careful planning and robust support mechanisms, they could undermine compliance and reduce net benefits. Addressing these challenges is essential to ensure the provisions achieve their objectives effectively and fairly.

8. Are there any other issues that you would like to raise about the Bill, the accompanying Explanatory Memorandum and Regulatory Impact Assessment, or any related matters?

(We would be grateful if you could keep your answer to around 500 words).

The Visitor Levy Bill raises concerns about its design, timing, and unintended consequences. These issues are compounded by the lack of a comprehensive tourism strategy, insufficient data-driven decision-making, and limited attention to the economic, cultural, and generational impacts on rural and Welsh-speaking communities. Without addressing these flaws, the Bill risks harming the sectors and regions it aims to support.

1. Lack of a Current Tourism Strategy

Wales lacks a tourism strategy extending to 2027, leaving the levy disconnected from broader goals:

Strategic Alignment: The levy is introduced in isolation, without a framework for its role in tourism objectives. This undermines recovery and sustainable growth.

Prioritisation: A strategy would identify investment needs, measurable goals, and align policies with sector demands.

Policy Consistency: Recent policies like the 182-day rule caused harm by misclassifying genuine businesses as second homes. Without a guiding strategy, the levy risks compounding such issues.

Recommendation: The Welsh Government must develop a tourism strategy outlining clear goals and actions to support rural and Welsh-speaking communities.

2. Depopulation in Gwynedd and Ceredigion

Depopulation in rural areas remains a significant challenge, with tourism playing a key role:

Population Decline: Gwynedd's population fell by 4.1% and Ceredigion's by 5.8% between 2011–2021, threatening Welsh-speaking communities and worsening economic decline.

Tourism's Role: Tourism sustains local economies. Levy-related visitor reductions and increased financial pressures will accelerate depopulation as families leave for economic opportunities.

Recommendation: The Government must assess the levy's impact on depopulation and rural communities, especially Welsh-speaking areas.

3. Learning from Past Policy Mistakes

The 182-day rule has shown the risks of poorly designed policies:

Misclassification: Genuine tourism businesses were treated as second homes, facing financial penalties and operational challenges.

Sector-Specific Needs: Seasonal businesses in rural areas were unable to meet arbitrary thresholds, revealing a lack of understanding of sector realities.

Learning from these mistakes is crucial to avoid repeating them with the Visitor Levy.

Recommendation: Introduce statutory licensing to ensure fair treatment of businesses and improve data collection before additional policies are introduced.

4. Economic and Cultural Risks to Rural Wales

Tourism, the second-largest employer in Mid Wales, supports jobs, supply chains, and local economies. The levy could destabilise this vital sector:

Rural Economies: Job losses and reduced visitor spending will harm businesses, town centres, and supply chains, further weakening fragile economies.

Generational Impacts: If businesses close and depopulation accelerates, rebuilding these communities will become increasingly difficult.

Recommendation: Focus on strategic investment and innovative policies to support rural economies instead of punitive measures.

5. Voluntary Levy as a Better Alternative

A voluntary contribution scheme is more inclusive, practical, and aligns with Wales' values:

Fairness: Contributions from day visitors and overnight guests address gaps in the current Bill.

Goodwill: Framing the scheme as “supporting the communities you love” fosters cooperation and avoids divisive narratives.

Cost-Effectiveness: Voluntary schemes eliminate costly enforcement systems.

Conclusion

The Visitor Levy Bill lacks the clarity and foresight needed for success. Without addressing past mistakes and creating a strategy, it risks harm to rural areas, Welsh-speaking communities, and the tourism sector. A voluntary scheme, paired with a comprehensive tourism strategy and statutory licensing, would support communities while maintaining Wales as a vibrant destination.

Cyflwynwyd yr ymateb i ymgynghoriad y [Pwyllgor Cyllid](#) ar [Bil Llety Ymwelwyr \(Cofrestr ac Ardoll\) Etc. \(Cymru\)](#)

This response was submitted to the [Finance Committee](#) consultation on the [Visitor Accommodation \(Register and Levy\) Etc. \(Wales\) Bill](#).

Ymateb gan Ymweld â Sir Benfro Cyfyngedig | Response from: Visit Pembrokeshire



Visitor Accommodation (Register and Levy) etc (Wales) Bill

Written evidence from Visit Pembrokeshire – Official Destination Management Organisation (DMO) for Pembrokeshire.

Background on Visit Pembrokeshire

Visit Pembrokeshire is the Destination Management Organisation (DMO) for Pembrokeshire. It is business led and brings together the public, private and third sectors to work in partnership to grow tourism sustainability for the benefit of all. Formed in November 2020, Visit Pembrokeshire provides tourism leadership and advocacy and delivers a wide range of activities including destination marketing, industry liaison and support, research and intelligence and event support. It also coordinates delivery of the Pembrokeshire 2024-28 [Destination Management Plan](#) which sets out priorities around which we can unite as a destination.

Summary of general concerns with the proposed Visitor Levy

- Visits to Wales have not yet returned to pre Covid levels. Additionally, as domestic tourism accounts for most visits to Wales and associated spending there is concern that the introduction of a visitor levy could make Wales less attractive to domestic visitors especially families, who may view this as an additional cost in an already competitive UK market. The increase in overseas holidays over the past 12 months, which are often cheaper, is an additional concern.
- There is also a concern that, given the high proportion of visitors to Pembrokeshire that travel from within Wales, the introduction of a visitor levy could deter overnight stays.
- Balancing revenue generation with maintaining the attractiveness of Wales as a visitor destination and ensuring it continues to be welcoming to all will be crucial success factors for any visitor levy
- The cumulative impact of a potential visitor levy alongside other policies that are impacting tourism e.g. 182-day policy.
- Impact of the UK Autumn 2024 budget (e.g. increase in Employers NI benefit, National Living Wage and changes in inheritance tax rules)
- Slow/stagnant economic growth
- Timing – there is real concern from businesses that the cumulative impact of all the above has resulted in a challenging environment for businesses and consumers and full economic recovery should be an important consideration in the timing of the introduction of any levy.
- The impact on the circular economy and employment locally if visitor numbers decrease.

Potential opportunities from a visitor levy

We acknowledge that areas of destination management currently delivered by Pembrokeshire County Council and Pembrokeshire Coast National Park Authority , have an uncertain future due to unprecedented and ongoing budget challenges. Some of these include :

- Lifeguarding on our beaches - essential to maintain our blue flag beach status
- Beach cleaning and Beach Awards
- Public toilets
- Coastal bus services
- Support for Major Events e.g. Ironman

These impact directly on the quality of the visitor experience and visitor's perception of Pembrokeshire as a welcoming visitor destination . Tourism is a key economic driver for Pembrokeshire contributing £604 Million to the local economy in 2023 and accounting for 23% of local employment .It forms the backbone of communities like Pembrokeshire. It will be important for us to come together as a destination to consider the options both with and without a visitor levy and to ensure that any decision is fully informed.

In May 2024 Pembrokeshire launched its updated [2024-28 Destination Management Plan](#) which sets out our shared ambition as a county ***“to be a global leader in regenerative tourism - delivering great visitor experiences, enriching communities and with nature in mind.”*** In summary this is about ensuring tourism in Pembrokeshire delivers a net benefit to those who live and work in our county alongside visitors.

A potential visitor levy could provide funding opportunities to deliver aspects of the DMP which are currently unfunded, and this continued reinvestment would undoubtedly bring benefits.

Areas of concern with the draft Bill

1) Statutory Registration

The comprehensive registration scheme referred to in the consultation and supported by the trade is not reflected in the current draft of the bill . This would require non serviced accommodation to have demonstrated a basic level of quality assurance to be included on the visitor levy database. This would also be a first step deterrent to non-compliant operators which would cease trading before the visitor levy database became active.

Whilst we acknowledge that it is Welsh Government's intention to introduce further phases to the Registration scheme there is no specified time for this. Whilst this would allow more non serviced accommodation operators to be included on the visitor levy register (and continue trading), it doesn't level the playing field between regulated compliant businesses and those that are not.

2) The inclusion of a charge for Children and infants

We were surprised to see the inclusion of a charge for children and infants (which as we understand it is not common in other destinations where a levy is charged) and believe that this alongside the flat rate approach disproportionately impacts lower cost providers more than premium providers, and in turn families with young children.

3) Private owners on holiday parks who are letting their caravans via third parties- Who will be liable to pay the levy , the owner or the holiday park owner.

4) The flexibility for councils to introduce a premium

This introduces an element of uncertainty which will need to be very carefully managed .

5) Clarity on WRA Operating costs

We would like more clarity on the WRA operating costs to better understand the likely net income available to invest locally

6) Ring fencing and local stakeholders' ability to influence what the levy can be spent on locally

The Bill proposes the following criteria for expenditure of the levy

- Mitigating impact of visitors
- Maintaining and promoting use of the Welsh Language
- Promoting and supporting the sustainable economic growth of tourism and other kinds of travel
- Providing maintenance and improving infrastructure facilities and services used by visitors(whether or not these are also used by local people)

Visit Pembrokeshire believes that an important success factor for the proposed visitor levy will be clear accountability and transparency on how money raised is spent locally. There is strong support amongst industry bodies nationally for a genuine partnership approach to decisions on how a potential visitor levy would be spent . This would include public sector bodies, local communities and the private sector collaborating with councils to make decisions and not merely in an advisory capacity .

Visit Pembrokeshire is a well-established and best practise public/private sector partnership model with representation from Pembrokeshire County Council, PCNPA, Planed and the private sector and would be well placed to support this approach.

Emma Thornton -CEO Visit Pembrokeshire

10th January 2025

Cyflwynwyd yr ymateb i ymgynghoriad y [Pwyllgor Cyllid](#) ar [Bil Llety Ymwelwyr \(Cofrestr ac Ardoll\) Etc. \(Cymru\)](#)

This response was submitted to the [Finance Committee](#) consultation on the [Visitor Accommodation \(Register and Levy\) Etc. \(Wales\) Bill](#).

VAB55: Ymateb gan: Twristiaeth Gogledd Cymru | Response from: North Wales Tourism



Opposing the Proposed Tourism Tax: Safeguarding the Future of Tourism in North Wales

Jim Jones, CEO, North Wales Tourism

Date: January 3, 2025

1. Introduction

As the CEO of North Wales Tourism, it is my privilege and responsibility to represent the interests of our members and the wider tourism industry. We are steadfast in our commitment to the growth and sustainability of our industry. This sector is not only vital to the economy of North Wales but also a cornerstone of our communities and culture. It is therefore with deep concern that we address the Welsh Government's proposed tourism tax.

This report highlights the significant risks this tax poses to an industry already facing immense challenges. Drawing upon insights from our members and partners, it is clear that the introduction of a tourism tax could exacerbate existing difficulties, jeopardising jobs, businesses, and the future prosperity of North Wales.

2. The Goose That Laid the Golden Egg: A Cautionary Tale

The story of the goose that laid the golden egg is a timeless parable that warns against short-sighted greed. In the fable, a farmer possesses a goose that lays a single golden egg each day, providing him with steady and significant wealth. Blinded by impatience and greed, the farmer decides to kill the goose to extract all the golden eggs at once, only to find none inside. In his haste to gain more, he destroys the very source of his prosperity.

This tale mirrors the current situation faced by the tourism sector in Wales. The tourism industry is our golden goose, consistently generating significant economic benefits, supporting thousands of jobs, and enriching the cultural fabric of North Wales. However, the proposed tourism tax threatens to weaken and ultimately destroy the sector's ability to thrive. Just as the farmer's actions in the golden goose fable led to ruin, the continued chipping away at businesses with policies like the tourism tax risks undermining the long-term sustainability of this vital industry.

The parallels are clear: the introduction of a tourism tax represents an attempt to extract more from an already strained sector. Yet, without the necessary support and foresight, this move could have devastating consequences, reducing the tourism industry's ability to contribute to the Welsh economy and diminishing the quality of life for countless individuals and communities that depend on it.

3. North Wales Tourism: Advocating for the Industry

North Wales Tourism has consistently engaged with its members to understand and amplify their concerns. Our direction and the position we share in this report comes directly from businesses, and their message is clear: the tourism tax poses a significant threat to the sector.

The following summarise our key concerns and our reason for opposing its introduction:

3.1. Economic Impact

The Welsh Government's own analysis has warned of the potential for significant job losses and a decline in revenue. These findings are particularly troubling given the ongoing struggles of the tourism sector in the wake of the Covid-19 pandemic. The introduction of a tourism tax would likely amplify these difficulties, further delaying recovery and growth.

3.2. Concerns of Businesses

Feedback from businesses across North Wales highlights widespread fears regarding the financial burden of the proposed tax. Many business owners anticipate a loss of competitiveness, particularly compared to destinations without such levies. This could lead to a decrease in visitor numbers, reduced footfall, and, ultimately, closures and job cuts. Further details of a snap survey carried out by North Wales Tourism to its member is provided in section 5.

3.3. Administrative Hurdles

Implementing and managing a tourism tax presents significant operational challenges for businesses. Many small and medium-sized enterprises lack the resources to navigate the complexities of compliance, further straining an already stretched sector.

3.4. Strain on Small Businesses

Small businesses, which form the backbone of North Wales' tourism industry, are especially vulnerable. For these enterprises, the additional costs imposed by a tourism tax could be the tipping point, leading to closures, layoffs, and a loss of resilience within the sector.

3.5. Industry Solidarity

We stand in solidarity with organisations such as WAVA, whose members have taken decisive action to highlight the risks of this policy. This collective opposition reflects the urgency of the situation and the need for immediate reconsideration.

The recent strike action by members of the Welsh Association of Visitor Attractions (WAVA) underscores the depth of opposition to the proposed tax. This bold move highlights the shared concerns of the sector and the potential ramifications of policies that fail to support the industry.

4. The Broader Context: Cumulative Pressures on Tourism

The tourism tax is not an isolated policy but comes atop a wave of decisions perceived as anti-tourism rhetoric. These include the "182 days rule" for self-catering properties, insufficient public facilities, and the widely criticised 20mph speed limits. Together, these measures contribute to a challenging business environment that undermines the sector's stability.

Rising operational costs, reduced disposable income among visitors, and high energy prices compound these pressures. According to the Wales Tourism Business Barometer 2024:

- **28%** of businesses report reduced activity due to lower disposable income.
- **36%** experience fewer bookings, with **44%** expressing low confidence in profitability.
- **59%** of operators report needing more bookings, with **27%** requiring considerably more.

In the latest commissioned W.G. report, their own findings were that in the worst scenario over **700 tourism jobs** could be lost by this tax, with a revenue loss of **£40+ million**. Welsh Government figures were based only on a **1.6%** drop in visitor numbers. Many in tourism expect the drop to be more.

The mental health toll on business owners and staff is also rising, with many reporting increased stress due to uncertain futures and financial pressures. This human cost is as concerning as the economic damage.

5. Further up to date feedback from the trade

North Wales Tourism recently conducted a snap survey among its members to assess any changes in views regarding the proposed tourism tax since the last consultation.

The responses received from the survey are summarised below including graphs illustrating the data.

5.1 Concerns About Economic Impact

Many respondents express concern about the potential negative impact on the Welsh tourism industry, particularly the accommodation sector. There's fear that the tax will increase prices, putting Wales at a competitive disadvantage, especially compared to other UK destinations. Some worry that the tax could drive tourists away, especially those seeking staycations within the UK, where they may choose areas without such charges. Several

respondents point out that tourists are likely to opt for day visits rather than overnight stays, further affecting the hospitality industry. There are also worries that the tourism tax will lead to higher operational costs for accommodation providers, many of whom are already struggling.

5.2 Impact on Small Businesses

Small businesses, particularly those in the regulated accommodation sector, feel disproportionately burdened by the tax. Many small business owners express concern about the additional administrative burden that comes with collecting and remitting the tax, particularly as many already struggle with managing high operational costs and limited staff.

5.3 Uncertainty Over Fund Allocation

There is a significant lack of trust among respondents regarding how the funds raised from the tourism tax will be used. Many question whether the revenue will be reinvested into improving tourism infrastructure, such as roads, public transport, or local services, or whether it will simply end up funding unrelated or ineffective projects. Some worry that rural areas, which may generate the most tax revenue, will see little benefit in return, with funds potentially being diverted to urban projects or elsewhere.

5.4 Negative Perception and Media Backlash

Several responses highlight a fear that the tourism tax will tarnish Wales' image as a tourist destination. They believe that the tax, combined with negative media coverage, will make Wales appear unfriendly to visitors. The principle of charging tourists in their own country, especially when other UK regions don't impose such taxes, is seen as a key issue. There is concern that visitors will view it as a "money grab" rather than a legitimate means of supporting tourism.

5.5 Calls for Fairer and More Targeted Approaches

Many suggest that the tax should be more targeted or region-specific rather than imposed across all of Wales or by levying taxes on day visitors who contribute less to the local economy but put strain on infrastructure. Some respondents advocate for a UK-wide tax, which they believe would make it more acceptable to both tourists and businesses. Others suggest exploring alternative revenue streams, like car park precepts, to raise funds for local communities without penalising accommodation providers.

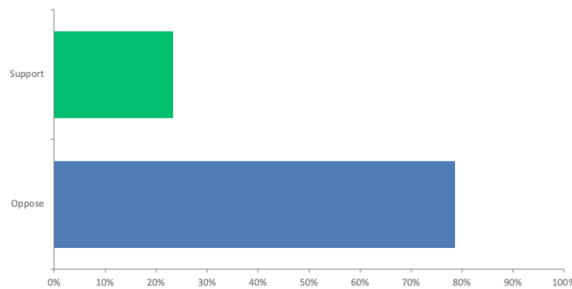
5.6 Support for the Tax (with Caveats)

A small proportion of respondents do see potential benefits to the tax, particularly if the funds are reinvested into local communities and infrastructure. They believe that, if implemented effectively, it could improve public services and enhance the tourist experience in Wales. However, even among those who support the idea, there's a clear desire for better transparency and assurance that the funds will be used appropriately to benefit both the tourism sector and the wider community.

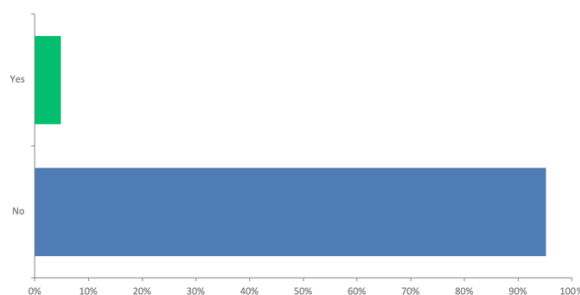
5.7 Overall Sentiment

The general sentiment among respondents is one of strong opposition, particularly from small business owners and accommodation providers who feel the tax will create more challenges without clear benefits. The overwhelming concern is that it will make Wales a less attractive destination compared to other regions, and that its introduction could lead to increased costs, operational burdens, and damage to Wales tourism reputation.

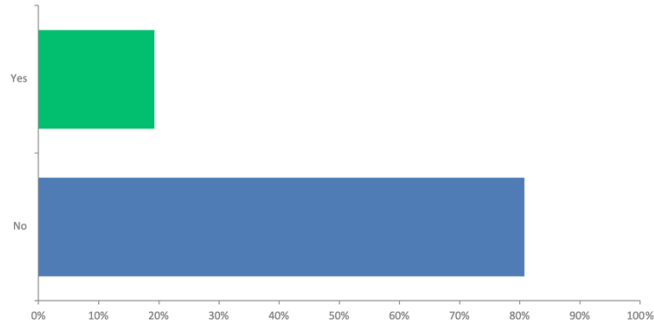
Q1: Initial Opinion: Did you previously support or oppose the tourism tax proposal when it was first introduced?



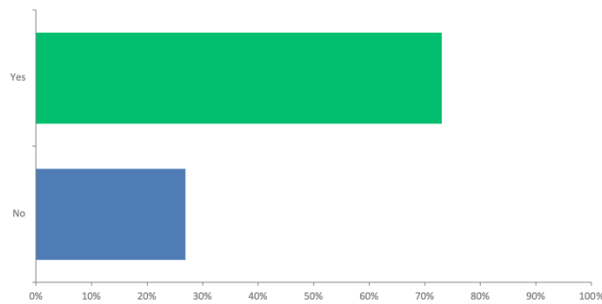
Q2: Change of Mind: Have you altered your stance on the tourism tax proposal since it was first introduced?



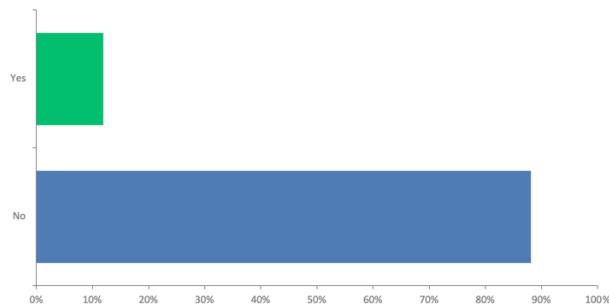
Q3: Tax Proposal Support: Do you support the initial proposal of £1.25 + VAT for other accommodation and 75p + VAT for camping?



Q4: Impact on Visitors: Do you believe the tourism tax would influence visitors' willingness to travel to Wales?



Q5: Use of Funds: If the tourism tax is implemented, do you believe that the Welsh government will ensure that the funds collected are reinvested back into the tourism industry?



6. Recommendations and an Urgent Call for Reconsideration

The fragile state of the tourism industry demands strategic thinking and collaboration. We urge the Welsh Government to:

- 1. Suspend the Proposed Tourism Tax:** Engage in a meaningful dialogue with industry stakeholders to explore alternatives.

2. **Focus on Sustainable Growth:** Develop policies that nurture, rather than hinder, the tourism sector.
3. **Address Underlying Challenges:** Tackle broader issues such as energy costs, public facilities, and infrastructural support to enable the sector's recovery.
4. **Support Small Businesses:** Provide targeted assistance to ensure their survival and resilience.
5. **Recognise the Mental Health Impact:** Invest in resources to support the wellbeing of those working in the sector.

7. Conclusion

The tourism industry is a vital pillar of North Wales economy and identity. The proposed tourism tax threatens to destabilise this pillar, with far-reaching consequences for businesses, communities, and the region's future.

We call upon the Welsh Government to heed the warnings of industry experts and stakeholders. Let us learn from the story of the goose that laid the golden egg and protect the invaluable asset that is Wales' tourism sector. By working together, we can ensure its recovery, growth, and long-term sustainability.

Addendum

The entire premise of the justification for a tourism tax is false, that being visitors are not contributing enough towards the impacts they make. This is an entirely false narrative as every £1 of visitor spend within tourism and hospitality businesses contributes to supporting businesses' ability to pay their business rates levied upon it by Welsh Government. Whilst urgent reform of Business Rates due in 2026 is long overdue, the current system does mean visitors pay their 'fair share' and so an extra tax is unjustified. No-one should take for granted or forget that every penny of visitor spend is a "discretionary choice' within rural communities and there is no monitoring or safe guarding in place if negative economic impacts are greater than predicted.

The taxation of children is problematic with age verification (what is a 'child' and they don't have ID) extremely challenging for serviced accommodation as is the VAT and LA boundary anomalies.

VAB37 Planed

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Bil Llety Ymwelwyr (Cofrestr ac Ardoll) Etc. (Cymru) | Visitor Accommodation (Register and Levy) Etc. (Wales) Bill

Ymateb gan Planed | Evidence from Planed

General principles

1. What are your views on the general principles of the Bill and the need for legislation to deliver the Welsh Government's stated policy objective, which is to:

- **ensure a more even share of costs to fund local services and infrastructure that benefit visitors between resident populations and visitors;**
 - **provide local authorities with the ability to generate additional revenue that can be invested back into local services and infrastructure to support tourism;**
 - **support the Welsh Government's ambitions for sustainable tourism?**
-

(We would be grateful if you could keep your answer to around 500 words).

Community based and representative organisations, such as PLANED, are supportive of the principle to look at appropriate and even funds allocated to communities to cover the additional costs of visitors and tourists, alongside the resident population.

The concerns within communities are on how the Levy will be applied, at what rate, and how its funds will be determined to be spent and allocated, as collectively, this will impact potentially local jobs and supply chains within communities, that currently service and support the tourism sector and industry across Wales – but particularly here in West Wales, where there is already a lack of comparable infrastructure to areas such as South Wales particularly with its Metro, motorway, routine and regular train & bus services – whereas in West Wales, the further West you travel, the less comparable, and routine infrastructure is available, present, or reliant.

Funds raised from any Levy that is applied, whilst set in theory by the local authority applicable, should see the funds be allocated and agreed by a panel of interested parties and community based organisations, as it is the communities who supply the labour, skills, supplies, and general welcome for those tourism businesses and organisations, which in turn support our communities through the foundational and circular economy model. Funds generated by any Levy, should be determined by an independent Local Action Group – akin to the previously successful LEADER EU Funds model, which PLANED itself, (as did other community organisations such as Menter Mon, and Cadwyn Clwyd, etc) successfully administered for many years. With membership from statutory, community and industry partners collectively overseeing the allocation of funds, a fairer, transparent, and equitable allocation of funds based on local needs, was able to be delivered – exactly what is needed if communities and the local tourism sector is to have any confidence within the proposals being considered currently prior to implementation.

Additionally within Pembrokeshire as an example, we have the independent DMO of “VISIT PEMBROKESHIRE”, which is managed independently by a board of Directors, with members from the local authority, National Park Authority, PLANED (re community) and members / employers from within the local tourism industry. This existing vehicle which represents an increasing and growing number of tourism direct & related businesses, would also be a suggested vehicle to inform the allocation of any funds from a proposed Levy.

Within communities in areas such as West Wales and North Wales particularly, where there is already concerns over dilution of the Welsh language and culture, would there be potential for any funds generated by the Levy, to also support local communities in retention and growth of the Welsh language and culture too? Fully acknowledging the majority of the funds potentially raised by any Levy would be applied to the local services and infrastructure demands that result from increased visitors and tourists to a local area, we do on behalf of communities in general, think that the added pressures on dilution, challenge, and risks to local resident populations around language & culture at least, let alone local housing stock, should also be factored in to have a small percentage proportion of the levy funds raised, be ringfenced for allocation in respect of these core local values and intricacies.

The Bill’s implementation

The Regulatory Impact Assessment is set out in Part 2 of the Explanatory Memorandum (<https://senedd.wales/media/g5ipvwvh/pri-ld16812-em-e.pdf>).

This includes the Welsh Government's assessments of the financial and other impacts of the Bill and its implementation.

2. Are there any potential barriers to the implementation of the Bill's provisions? If so, what are they, and are they adequately taken into account in the Bill and accompanying Explanatory Memorandum and Regulatory Impact Assessment?

(We would be grateful if you could keep your answer to around 500 words).

3. Are any unintended consequences likely to arise from the Bill?

(We would be grateful if you could keep your answer to around 500 words).

From a community angle, there are concerns that a Levy in more isolated rural & coastal areas where there is not great infrastructure to support visitors to travel more easily, in addition to distance, would be a negative and not support people to travel and visit these areas. Coastal areas in furthest West Wales, as well as our inland rural jewels across Ceredigion, Carmarthenshire, and Pembrokeshire, could all see potential drops in visitors.

Whilst the argument that a levy already exists in other parts of the UK etc, is a valid one, what is not valid is the comparison. It is easier to travel to places like Manchester and Edinburgh for breaks as the infrastructure makes it easier, more accessible, and timely to do so. Current travel to West Wales is not supported by the same levels and availability of infrastructure, and therefore, those who do so currently, make more effort in terms of costs, time, and planning to make the journey in comparison. With an additional levy being charged, would these individuals continue to do so – some will, many won't.

This potential drop of visitors due to the levy will have a significantly negative impact on those rural and small communities across West Wales who rely on the tourism industry both directly and indirectly. Those people and households in rural Wales who need the jobs directly – the numbers and volume of which may not be needed should visitor numbers drop; the people and households in rural Wales who need the jobs in the supply chains – food producers, suppliers, administrative, professional, general labour, etc., whose employers and businesses provide goods and services to the industry both directly and indirectly.

The issues around the Levy do not simply apply to the tourism and hospitality sector directly, but also as part of a ripple effect to those wider communities on whom the industry impacts and survives upon.

4. What are your views on the Welsh Government's assessment of the financial and other impacts of the Bill?

(We would be grateful if you could keep your answer to around 500 words).

Subordinate legislation

The powers to make subordinate legislation are set out in Part 1: Chapter 5 of the Explanatory Memorandum (<https://senedd.wales/media/g5ipwwwh/pri-ld16812-em-e.pdf>).

The Welsh Government has also set out its statement of policy intent for subordinate legislation (<https://business.senedd.wales/documents/s155951/Statement%20of%20Policy%20Intent.pdf>).

5. What are your views on the balance between the information contained on the face of the Bill and what is left to subordinate legislation? Are the powers for Welsh Ministers to make subordinate legislation appropriate?

(We would be grateful if you could keep your answer to around 500 words).

Other considerations

6. Do you have any views on matters related to the quality of the legislation?

(We would be grateful if you could keep your answer to around 500 words).

7. On 26 November, the Cabinet Secretary wrote to the Finance Committee with some indicative additional registration and enforcement provisions (<https://business.senedd.wales/documents/s155952/Letter%20from%20the%20Cabinet%20Secretary%20for%20Finance%20and%20Welsh%20Language%20Indicative%20Stage%20%20amendments%20that%20.pdf>) he intends

to bring forward at Stage 2 of the legislative process

(https://senedd.wales/NAfW%20Documents/Assembly%20Business%20section%20documents/Guide%20to%20the%20Legislative%20Process/Guide_to_the_Legislative_Process-eng.pdf).

Do you have any views on the indicative additional registration and enforcement provisions the Welsh Government intends to bring forward at Stage 2?

(We would be grateful if you could keep your answer to around 500 words).

8. Are there any other issues that you would like to raise about the Bill, the accompanying Explanatory Memorandum and Regulatory Impact Assessment, or any related matters?

(We would be grateful if you could keep your answer to around 500 words).

From a community perspective, we would particularly be keen to see the Bill enable the funds generated, to be considered and potentially managed independently by a Local Action Group as mentioned above – proven to work over many years in the allocation of the EU LEADER fund programmes at county levels for communities.

Being an open and more transparent body which includes the local authority, but alongside as equal members, community, industry, and other statutory partners, it would enable a more honest, and accurate oversight of the needs within communities at a county level, where funds should and could be spent as raised by the levy.

Also, the levy funds raised, should also enable the ringfencing of a set percentage/proportion, to not only fund directly a grant management type of scheme for employers and businesses locally within the tourism/hospitality sector, but also for communities in general to support the areas of promotion and inclusion around language, culture, local assets, and potentially, affordable local housing promotion. PLANED is currently involved in all of these areas, and would be happy to engage in further discussions on the more reflective and applicable delivery methods already demonstrated and led by communities, that could be enabled and transposed by others easily, elsewhere in Wales that reflects and mirrors local community led needs.

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