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Evidence from: Welsh Local Government Association

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

You do not need to answer every question, only those on which you wish to share information or have a view.

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?**
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We welcome the general principles of the Bill, particularly the discretionary element, enabling councils to decide whether they wish to introduce a visitor levy, in accordance with the needs and circumstances of their local area. This aligns with our core principle of supporting and advocating legislation that strengthens localism by empowering councils to determine what is best for their local area.

We agree that the levy presents an opportunity for councils to raise additional income which, given the unprecedented financial challenges and outlook for councils, could help to maintain and support key local infrastructure, facilities and services of benefit to both local people and visitors.

Sustainable Tourism is an important priority within many Destination Management Plans. The concept of Regenerative Tourism - where visitors make a positive contribution to the location in which they visit - has become an important focus for these plans. A visitor levy is an example of Regenerative Tourism in action, as visitors would be contributing financial resources into local communities to ensure that the visitor infrastructure is well-maintained and any negative impacts of tourism are reduced/removed.

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).

We would welcome further clarity regarding what support the Wales Revenue Authority expects from those councils who decide to introduce the levy e.g. in relation to the registration, monitoring and enforcing the new statutory registration scheme for accommodation providers.

Consideration should be given to introduction on a small-scale pilot basis initially to understand the issues affecting all parties. This would allow accommodation providers to be supported to register and file returns without fear of penalties and for councils to better understand the visitor accommodation within their area. We would welcome an opportunity to explore this with WG, and those councils who wish to introduce the levy, to ascertain how a pilot could work and be funded.

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).

If a number of councils choose not to implement the levy it will significantly affect the amount raised yet the ongoing costs of operating the levy will still need to be met. The anticipated costs for the WRA over a 10-year period could be as much as £40 million.

Consideration needs to be given to the potential for accommodation providers to reduce their regulatory responsibilities by choosing to use online booking platforms to manage their business. Whilst this does come at a cost to the provider, some might feel this is a more viable alternative unless they are supported through the process of registering and managing their accommodation.

As many businesses have expressed concerns regarding the potential negative side effects that could arise from the introduction of the levy, clear communication and messaging is key in relation to the purpose and benefits of introducing the levy for local people, communities and businesses.

The registration and administration requirements for businesses need to be as simple and proportionate as possible without creating substantial administrative burdens on the visitor economy sector.

The principle of raising the levy on children and young people under 16 years of age seems unreasonable and could have a major impact on their ability to fully participate in school trips and wider activities such as those organised by the Urdd and other organisations who provide opportunities for children and young people to attend various events and trips. This would have a particular impact on those children and young people from more deprived backgrounds thus increasing the divide between those who can afford to participate in such activities and those who are not in a position to do so. As a result we would ask the Welsh Government to re-consider charging the levy on children and young people under 16 years age.

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).

Costs of implementation and management of the register by WRA are very high and run the risk of WG having to meet costs if the levy is not widely introduced.

Whilst we welcome the recognition by the WG in the Explanatory Memorandum accompanying the Bill that there will be some one-off costs for councils who choose to introduce the levy, i.e. in relation to local consultation and engagement, and establishing the required governance, audit and reporting processes and systems to manage how the revenue from the levy will be spent, including producing an annual report, we are concerned that, as it stands, the WG's view is that these up-front costs will need to be financed within existing council budgets.

The WG's estimated costs to an individual council wishing to introduce the levy seem too low and require further thought and refinement. It does not seem that all the costs for a council wishing to introduce the levy have been considered, in particular, the cost of administering the revenue that comes back to the council from the levy, the cost of administering a Partnership responsible for recommending priorities to fund projects to support the visitor economy locally or the communications and marketing costs of the work to demonstrate the benefits of introducing the levy to local communities, people and businesses.

We would welcome a discussion with WG to explore options to provide those councils wishing to introduce the levy with the necessary resources and support to do so.

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).

The regulation making powers for the WG to amend many aspects of the operation of the levy are substantial. Whilst we welcome the intent to provide the Senedd with opportunities to consider any changes we would also wish to ensure that those councils who choose to introduce the levy having similar opportunities to consider any amendments to the operation and scope of the levy. Arrangements need to be in place to enable councils to feedback on the operation of the levy and recommend any changes to subordinate legislation.

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).

We would welcome further clarity in relation to how the additional element (premium) would work for councils who wish to consider introducing that, in particular those councils who host major sporting and music events and festivals. We would also recommend that mechanisms are established with councils as a priority to ensure they are able to provide timely and constructive feedback on all matters related to the proposals contained in the bill.

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?

Based on the information provided in the letter, the procedure appears to be a reasonable approach.

The unit cost (£300) and subsequent cost (£60) of the penalty is set at a level which could be seen to be a deterrent for failure to register or for inaccuracies found on the register.

It may be useful to amend this provision to “submitting inaccurate information” to the register to distinguish VAP actions from any other errors which may occur.

The WLGA has no direct experience or knowledge of the effectiveness of First-Tier tribunals, so offers no comment although our members will be familiar due to their role in valuation matters amongst others.

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?

There is a real risk that WG could displace their own funding with the levy. Continued WG funding for councils to maintain, invest and support local infrastructure and facilities is vital, particularly in the period prior to the levy being

introduced. There will be a need for some funding to be made available to those councils who wish to introduce the levy to enable them to plan and prepare for the introduction of the levy.

The loss of UKSPF funding at the end of March 2026, particularly the communities and place investments, will have a major impact on the resources available to councils to fund local infrastructure and facilities thus will need to be met by WG replacement funding streams Post March 2026. We wish to see meaningful tripartite discussions between all levels of government, involving local government as an equal partner, in the planning for the Post March 2026 funding streams alongside the UK and Welsh Governments to ensure continued funding for councils to invest in local infrastructure and facilities in the future as they have been able to do with the UK Levelling Up Funds.