

## 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](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.