

Meeting of:	Cabinet
Date of Meeting:	Thursday, 15 December 2022
Relevant Scrutiny Committee:	Environment and Regeneration
Report Title:	A Visitor Levy for Wales – Vale of Glamorgan Council
Purpose of Report:	To establish the Council’s current intentions on introducing the Tourism Tax
Report Owner:	Deputy Leader and Cabinet Member for Sustainable Places
Responsible Officer:	Marcus Goldsworthy – Director of Place
Elected Member and Officer Consultation:	<p>The report recommends that this item be referred to the relevant Scrutiny Committee</p> <p>Head of Finance & Section 151 Officer Operational Manager, Exchequer Legal Services - Committee Reports</p>
Policy Framework:	This is a matter for Executive decision by Cabinet.
<p>Executive Summary:</p> <ul style="list-style-type: none"> • In September 2022, the Welsh Government opened a public consultation on the proposals to introduce a Visitor Levy (often also referred to as a Tourism Levy or Tourism Tax) in Wales. • The consultation follows a lengthy period of discussions with public, private, and voluntary sector partners across Wales. • The consultation period ends on 13th December, 2022. Feedback will be gathered from the tourism industry and statutory bodies. • This report seeks to establish the current view of the Vale of Glamorgan Council in introducing the Visitor Levy, in order that a Council response be submitted as part of the consultation process. 	

Recommendations

1. To provide Cabinet with an update on the current Welsh Government consultation on the proposed introduction of a discretionary Visitor Levy in Wales.
2. That Cabinet considers the current Welsh Government proposals for the introduction of a Visitor Levy in Wales and agrees that in light of the current economic difficulties facing the industry the current position would be to not introduce a levy in the Vale of Glamorgan and that this be used to inform the response to the Welsh Government Consultation.
3. That the Council will periodically keep under review options for a Visitor Levy, should the legislation be enacted and having regard to the economic conditions at the time of that review.

Reasons for Recommendations

1. To inform Cabinet of the current consultation.
2. To establish the Vale of Glamorgan's current position on the introduction of the Visitor Levy, and to provide a response to the current consultation.
3. To allow further consideration of a Visitor Levy in the Vale of Glamorgan in the future should economic or other conditions change.

1. Background

- 1.1 September 2022 marked the launch of a public consultation on the proposed Visitor Levy in Wales by the Welsh Government. Following a succession of workshops with representatives across Wales, the public consultation is based on the proposals derived from those workshops.
- 1.2 Full details and consultation documents can be found within the background papers.
- 1.3 The consultation explores the issues relating to the design and operation of a visitor levy.
- 1.4 The proposal involves the discretionary introduction of the visitor levy at a local level by Local Authorities.
- 1.5 Proposals outline the 'taxing' of staying visitors via payment through accommodation providers only.
- 1.6 The proposal recommends that the income generated through a Visitor Levy be re-invested to improve the tourism 'product' whether that be infrastructure/ services/marketing etc on a local level.

- 1.7 The consultation proposes that the introduction of the Levy is discretionary on a local Local Authority basis, with each Authority opting in or out of charging their visitors.
- 1.8 The Vale issued a statement to the press in October 2022 stating that it had no current plans of introducing the levy at this time.

2. Key Issues for Consideration

- 2.1 The consultation on the introduction of a Visitor Levy comes at a challenging economic time. There is a cost of living crisis and tourism businesses are facing unprecedented cost increases and policy changes.
- 2.2 If introduced, the process is likely to take up to 5 years to pass through the Welsh Government bill process, then a further period of time to allow local implementation.
- 2.3 The tourism industry is currently impacted by the following national policy changes:
 - Second Home Tax – From April 2023, Local Authorities will have discretion to apply and increase of between 100% and 300% on Council Tax premiums for second homes and long-term empty properties. This issue was reported to Cabinet on 1st December when it was resolved that the matter be subject to consultation, to inform future plans for the Vale of Glamorgan.
 - Self Catering lets - The criteria for self-catering accommodation being liable for business rates instead of Council Tax will also change from April 2023. Currently, properties that are available to let for at least 140 days, and that are actually let for at least 70 days, will pay rates rather than Council Tax. The change will increase these thresholds to being available to let for at least 252 days and actually let for at least 182 days in any 12-month period.
 - Statutory Registration/Licencing – Visit Wales have been tasked by Welsh Government to look at the possibility of introducing a Statutory Registration & Licencing scheme whereby all accommodation providers across Wales sign up in order to be licenced to offer visitor accommodation. Consultation on this proposal will open soon.
- 2.4 Welsh Government report that the purpose of the proposed Visitor Levy is to generate investment at a local level in order to support the economy of the future.
- 2.5 Challenges faced by some destinations during Covid (i.e. Over-Tourism) placed unsustainable pressure on destinations, ultimately to the detriment of the local

tourism economy. The proposal to introduce a Visitor Levy also aims to mitigate against the negative impacts on some communities.

- 2.6 The consultation looks to address the following: Principle / Scope / Type / Application / Enforcement / Revenues.
- 2.7 Through preliminary discussions have focused on the taxing of staying visitors with the consultation document developed on this basis, there are concerns that this does not address the issues all destinations are experiencing where the dominant visitor type is the day visitor market. The consultation allows for feedback to support the re-addressing of this.
- 2.8 There has been much debate centred on the detrimental effect this may have on Wales, regardless of how many Local Authorities introduce the Levy. The discretionary nature of the tax could lead to a local 'patchwork' effect leading to competition between areas.
- 2.9 There is widespread agreement that any revenue generated through the Levy must be ringfenced to support tourism. The consultation asks who might be responsible for the decision on how the revenue is reinvested.
- 2.10 The consultation includes the question of how any Levy would be calculated. Options include per person per night; per-unit per night; percentage of overall booking fee. When considering existing case studies there are a number of Visitor Levy's across Europe which are applied in different ways.
- 2.11 An Economic Impact Assessment will be necessary to determine potential returns and cost of operation. Welsh Government have agreed that a national Economic Impact Assessment will be carried out.
- 2.12 An important consideration is that any income received from the Levy should be considered added value and not an opportunity to displace existing funds.
- 2.13 As alluded to in Recommendation 2, it is proposed that the introduction of a Levy for the Vale of Glamorgan would not be appropriate at this given time. This is in recognition of the challenges facing the industry post covid pandemic, the fact that the Vale of Glamorgan needs to be promoting more stay visitors and given that the Council will be consulting on Council Tax implications relating to second homes in any event.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 3.1 The proposals have been subject to an assessment by the Welsh Government and are consistent with the Well-being of Future Generations (Wales) Act 2015 which requires they contribute to the national Well-being Goals and to work in

line with the sustainable development principle. This report seeks to provide a response to these proposals and as would also be in compliance.

4. Climate Change and Nature Implications

- 4.1 There are no direct climate change and nature implications associated with this report.

5. Resources and Legal Considerations

- 5.1 There are no direct financial implications associated with this report at this time. Should the Council review its decision in implementing the Levy in future full resource and legal considerations will be outlined at that time.

Employment

- 5.2 There are no direct resource implications associated with this report at this time.

Legal (Including Equalities)

- 5.3 There are no direct legal implications associated with this report at this time.

6. Background Papers

- 6.1 [Discretionary visitor levy for local authorities | GOV.WALES](#)
- 6.2 <https://gov.wales/new-tax-rules-second-homes>
- 6.3 [Written Statement: The classification of self-catering accommodation for local tax purposes \(24 May 2022\) | GOV.WALES](#)
- 6.4 [Oral Statement: Statutory licensing scheme for all visitor accommodation in Wales \(15 November 2022\) | GOV.WALES](#)