Tourism levy research

Purpose of report

For information.

Summary

The paper updates members on activity in this policy area and sets out a proposed scope for a research report.

Recommendation

That members note the report.

Action

Officers to prepare a procurement brief, incorporating any additional comments from members.

Contact officer: Rebecca Cox

Position: Principal Policy Officer

Phone no: 0207 187 7384

Email: rebecca.cox@local.gov.uk

Tourism levy research

Background

1. Following the discussion at the last Board, officers have developed a research specification to inform the LGA’s understanding of this area and address member’s direction to engage with those with a current or potential interest in a tourism levy.
2. There have been some developments on this policy more generally. At the end of January, the Scottish Government announced as part of its Budget that councils in Scotland will be able to introduce a ‘transient visitor tax.’ This and its accompanying discretionary workplace parking levy was welcomed by COSLA, the Scottish local government association, which has advocated for greater fiscal devolution. The Scottish Government will now undertake a formal consultation on the principles of such a tax before introducing legislation to enable local authorities, should they wish, to introduce a levy.
3. The Cultural Cities enquiry, chaired by Dame Jayne-Anne Gadhia, until recently chief executive of Virgin Money and which members might recall from a presentation at our Board, has published its [final report](https://www.corecities.com/cultural-cities-enquiry/read-report). Among other recommendations, the report notes a number of cities’ interest in a local, discretionary levy and states: “A UK-wide review of the merits of a tourist levy is required in order to provide greater shared understanding of the opportunities and challenges of this option for the UK.”

Proposed research

1. Members were clear that we should focus first on working with our member councils to understand their ambitions and concerns. It is proposed that the successful supplier build on existing fiscal devolution research commissioned by the LGA by:
   1. Conducting a series of interviews with leaders or portfolio holders in councils that are either actively investigating the potential for a tourism levy or are in areas with a significant tourist economy and would have an interest in the LGA’s proposals.
   2. Conducting interviews with relevant council and other members and officers in Edinburgh and Scotland to learn any lessons from their experiences, including suggestions for how to set an effective national framework for a discretionary local tax.
   3. Undertaking desk research into the various tourism levy proposals currently being developed in councils in England, including issues such as how Airbnb and similar businesses are dealt with and how the impacts of tourism might be mitigated.
   4. Conduct some light-touch desk research to demonstrate councils’ past successes in introducing new levies, for example the workplace parking levy in Nottingham or in Business Improvement Districts, including what measures were taken to secure local buy-in. This would help to strengthen the case for greater fiscal devolution in principle (note that this suggests learning lessons from BIDs, not proposing them as a model for this work).
2. As part of this process, LGA officers would sound out national stakeholders to understand their current position on a levy and any areas where our lobbying might find some purchase with them or Government. We would also make use of member contacts where these exist.
3. The outcome of the research should be to give us a good indication of the sector’s views on a tourism levy; a snapshot of current activity; lessons from lobbying for and implementing new taxes in England and Scotland; and suggestions for areas of further development.
4. As part of our activity it has been suggested that a workshop on developing a case for introducing a levy for officers in relevant councils to benefit from peer learning, in line with the LGA’s sector-led improvement offer, would be welcomed by councils. This could also be a useful forum for testing our early thinking.
5. Given the upcoming local elections, the research would most likely take place between now and early summer with a phased approach in order to accommodate elected members’ busy schedules in the Spring.

Next steps

1. Subject to members’ views, officers to prepare a project brief and undertake a competitive procurement exercise.