



Local Government Finance
Ministry of Housing, Communities and Local Government
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Sent also by email to: OVLconsultation@communities.gov.uk

18th February 2026

Dear Sirs,

Consultation on overnight visitor charges

We are pleased to have the opportunity to respond jointly to this consultation as two of the founding organisations of the Accommodation Business Improvement Districts (ABIDs) in Manchester and Liverpool. Both ABIDs were created after considerable consultation with accommodation providers and only after a majority had approved the introduction in ballots conducted by the local authorities. Accommodation providers have voted to pay a levy each quarter, with most reclaiming that levy commitment by amending their standard terms and conditions to charge overnight staying visitors at a rate of £1 or £2 per room/unit per night. Over the next 2-years, the two ABIDs are forecast to invest upwards of £17 million in Manchester and Liverpool, making the cities more appealing to visitors and so improving local prospects with more investment, more jobs, greater opportunity and increased pride. Crucially, it is those that pay – the accommodation providers – that are in control. They suggest the amount that they can charge visitors without it affecting their room occupancy or their income; every 5-years, they vote either for or against the scheme; and, in the meantime, they make all the decisions about how the money is invested through their roles on our boards and committees.

But the Manchester and Liverpool ABID models have merely progressed an already proud 20-year history of success from BIDs in England. The model, innovatively introduced by the New Labour government in 2005, has generated more than £1 billion of additional investment in the last 20-years (source: Institute of Place Management, Manchester Metropolitan University). Despite economic headwinds including the financial crash, Covid, Brexit, changes to consumer habits from on-line retailing, and the escalating costs of operating on the high street, BIDs have been retained as an essential source of additional funding for cities, towns and other commercial areas up and down the country. Frankly, without this vital additional funding, together with the projects and services that BIDs provide, the economic outlook for town and city centres would be gloomier, local people would be worse off, jobs would be lost, wages would fall and a consequent greater obligation would be placed on the public sector, primarily on local councils.

The government has committed to supporting well managed and performing BIDs, which includes the ABIDs in Manchester and Liverpool. We know this because in the English Devolution White Paper (2024) it states:

“...we will seek to support high streets by strengthening Business Improvement Districts which have helped to improve town and city centres across the UK for 20 years...”

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Even more recently, the government's Pride In Place Strategy (2025) reinforced that message when it described BIDs as:

"...key partners and tools for revitalising high streets, aiming to involve local businesses and property owners in driving change..."

Despite this widely publicised support for BIDs, the government has altered its position on introducing competing tourism taxes. Until the day of the autumn budget 2025, the government's stated position was that there were no plans and that ABIDs should be supported and encouraged to develop as they provided a proven model. This position enjoyed cross-party support, with Conservative MP, Julia Lopez, agreeing that ABIDs provide a "tried and tested" solution that balances local autonomy with national consistency. On the day of the budget, the government suddenly reversed its position. Consequently, the proposals are rushed and ill-conceived and appear to be based upon demands from some mayors for additional power and what might work in part of their area but not elsewhere. In all but a very few cases, these demands have not been the result of detailed discussions with the sector on whom they seek to impose the tax.

Accommodation providers feature not just in the Manchester and Liverpool ABIDs, they are major levy payers in most BIDs in England and so are crucial to the industry's success and to the future of our places. The resilience of BIDs in the face of headwinds has already been referenced, but there has never been a threat to the industry such as the one presented by the proposal to allow mayoral authorities (and foundation strategic authorities) to indiscriminately place the burden of making visitor charges on accommodation providers. Being frank, if the proposals are introduced as envisaged, they risk destroying the last 20-years hard work of establishing BIDs. It would be naïve to think that hotels would realistically continue to support BIDs if they had this increased financial burden placed on them as well. Most BIDs would, therefore, be forced to exclude hotels from their membership at their next ballot, thereby either placing an increased burden on other business sectors to fund the lost income or, worse still, finding that it is not viable to continue.

Far from showing *"...support [for] high streets by strengthening Business Improvement Districts..."* or fostering them as *"...key partners and tools for revitalising high streets..."*, the government would, unwittingly (and metaphorically), be pulling the rug from underneath their feet and, as a result, from local people and local businesses.

It goes without saying that it is not the concept of visitor charging that concerns us, indeed it is inherent to the ABID model. It is that the proposed mayoral powers will remove control from the accommodation providers and will deter them from collaborating and co-investing as they traditionally have done in BIDs. The overnight rate in ABIDs is agreed by the accommodation providers themselves and is mindful of their need to maintain demand, and to retain or improve their occupancy rates and rack rates. A mayoral process that will set rates regionally without any detailed understanding of the consequences for providers risks enormous damage to the sector. Our clear preference, therefore, is that implementing any visitor charges is left to the ABID model to determine.

The tax burden on visitors is already very high in comparison to other destinations with VAT at 20%. Therefore, the sector already has significant pressures from international competitors. It has also recently been hit with disproportionate increases in costs with business rates escalating from April, the raise in the minimum wage and additional employers' national insurance liabilities. The imposition of still higher taxes without the sector responsible for payment having any choice or real influence, as features in the BID (or ABID) model, is extremely concerning.

The only viable alternative, if the government still presses ahead with the proposals after consultation, is to ensure that either:

(a) premises liable to BIDs and ABIDs will be automatically exempt from any mayoral visitor tax, or:

(b) any mayor (or foundation strategic authority) considering implementing visitor taxes is legally mandated to consult with each of the BIDs (including ABIDs) within their combined authority area and to then ensure that they are not financially disadvantaged and, from the visitor charges that the mayor (or foundation strategic authority) receives, the BIDs (including ABIDs) are paid an annual grant or payment of not less than their

current and projected income. In return, the BIDs should maintain their existing governance structure to ensure that local businesses decide how that income stream is invested in the local area). Higher taxes and the multitude of administrative burdens placed on businesses are already far too high and are restricting the ability of firms, particularly within the leisure and hospitality sector, from stimulating the growth that the government has declared as its number one priority. The further layer of taxation proposed and the burden on accommodation providers to administer such a scheme will result in even less growth and the likely retraction or closure of businesses operating on the margin. This will directly impact working people and their local communities.

It also cannot be ignored that, at a time when one of the government's priorities is to reduce the costs of living for working people, 80%+ of all overnight stays are paid for by UK taxpayers. The proposal for them to pay widespread tourism taxes was not in the government's manifesto, it will be viewed as another broken tax promise and will add to inflationary pressures.

We note the reference to 'levy' throughout these consultation questions (a phrase recognised by BIDs as a charge only able to be introduced after a successful ballot amongst those that are liable) which is confused with a 'tax' (which is what proposals are for and can be introduced against the wishes of those that would be liable). The difference is stark - ABIDs require the businesses liable for the levy to set the rates and approve the scheme at a ballot; they decide how the money is spent focussing only on their locality, their priorities and strengthening the sector; they manage the whole process; and they decide at least every 5-years whether to continue.

We now turn to the specific questions contained within the consultation document:

1. Should the power to raise a visitor levy also be extended to Foundation Strategic Authorities?

We do agree that any introduction should be uniform and, since every area does not have a mayoral authority, Foundation Strategic Authorities provide the only option. However, the same restrictions should apply, being that they should only be given the power if (a) those premises already liable for a BID levy (including ABIDs) are exempt, or (b) if they are legally mandated to consult with each of the BIDs (including ABIDs) within their combined authority area and to then ensure that they are not financially disadvantaged.

2. Do you agree that Mayors should be able to invest the revenues from a levy in interventions to support economic growth, including the visitor economy?

No, this is far too vague. "Interventions to support economic growth" could be interpreted in numerous different ways. The government should be extremely mindful of the vagueness contained within the Scottish proposals which has allowed councils proposing to siphon off large amounts to fund the continuation of their own services, such as street cleaning, rather than making any improvements or directing all of the funds to support the hospitality sector by increasing visitor numbers and overnight stays.

3. Should a share of revenues for local authorities be allocated on the basis of the proportion of overnight stays in the authority or some other centrally defined metric, or should the distribution within the area be determined entirely by Mayors and other local leaders?

We note that, since the consultation was launched, London Councils (which represents 32 boroughs and the City) has called for 50% of the tax collected is retained by the authorities to reinvest in their areas. They suggest that the remaining 50% should be used in partnership to support pan-London services. Ultimately, whatever the total of the pot is to be, it is being diluted and squabbled over already. If the carving up of any tourism tax receipts were to be agreed by any mayor or strategic authority, the hospitality sector would be losing still further control and influence unless their own improvement investment vehicles (i.e., BIDs) are protected, as previously suggested.

Whilst we doubt whether any fair centrally defined metric could be identified, favouring those areas that contribute less compared to those that pay more would be self-defeating. BIDs are the only mechanism that allow the hospitality sector to co-invest in priorities suited to their individual location and its priorities. Any funding raised, therefore, must be reinvested proportionately based upon the areas from which it is raised.

4. Do you agree that all overnight stays in commercially let visitor accommodation should be within scope of a levy, unless otherwise exempted within the national framework or by Mayors (see sections 4.3-4.5)?

Ideally, there should be a uniform approach, but it will prove impossible to tax all overnight stays. The Welsh Government's proposals initially suggested that all accommodation providers should be subject to the tax, including caravans in farmers' fields, properties used for Airbnbs, and one room private guest units. There is a difference between 'commercial properties' and 'commercially let visitor accommodation' (as described here). This has proved entirely unworkable in Wales. The only transparent record that local authorities have of commercial visitor accommodation is business rates lists and it is almost certain, therefore, that it will be found that this is the only mechanism that provides certainty of liability. It is then possible that smaller units could be eliminated by using a rateable value (RV) threshold or by using VOA (Valuation Office Agency) descriptions. This will ultimately mirror the methodology for inclusion and exclusion used by BIDs, and we return to our earlier argument that the BID model provides an already successful and trusted route to investment.

5. Should the government introduce a threshold below which providers are not liable for a levy? If so, what form should this take? Please provide evidence for why any suggestions should be considered.

See 4. above.

6. Do you agree that the following exemptions should apply at a national level? Please provide details for why any additional exemptions should be considered. Exemptions could include: a) Stays in registered Gypsy and Traveller sites where the accommodation is a primary residence. b) Stays in charitable or non-profit accommodation provided for shelter, respite, or refuge, where the accommodation is not commercially operated. c) Other types of accommodation, such as for statutory Temporary Accommodation arranged by local authorities (please provide details for why any additional exemptions should be considered).

We agree that those in need of or providing shelter and those living in their primary residence could not be considered as visitors and should not be taxed. Any exemptions should be agreed at a national level. However, the issue of exemptions has been found to be unworkable elsewhere. For example, are people staying on a cruise ship in Liverpool to be taxed and, if so, by who? No law prevents people staying in their own camper vans in motorway service station car parks and so should they be taxed and, if so, by who? The list is endless.

7. Do you think that Mayors and other local leaders should have the power to introduce additional local exemptions to those outlined nationally? Please provide examples of specific exemptions, and evidence for these.

If it were possible to create a fair and transparent national framework, that would be preferable. Some mayors have already stated that they will not introduce the visitor tax, even if they are given the power to do so. That will, no doubt, be true of some Foundation Strategic Authorities. With a patchwork approach already emerging, it would be both confusing and impossible for hospitality providers and visitors to determine a plethora of area-specific rules. As an example, major chains will not be able to charge correctly based upon multiple rates across some areas of the country. If there are to be exemptions they should, perhaps, be guided nationally to ensure fairness and consistency and they must include the protection of BIDs (and ABIDs).

8. Do you agree that a levy should be set as a percentage of accommodation costs?

A flat rate charge such as that applied in Manchester and Liverpool has proved both easier for the customer to understand and for the provider to facilitate. If the charge is based upon a percentage of an unknown, self-assessment and self-reporting processes will be required, though they will prove impossible to audit without huge cost, meaning that some providers will under-report to reduce their liabilities. Also see our response to 25. below.

9. How should a percentage-based levy be applied to inclusive packages where accommodation is only part of the total cost (for example, packages that include meals, entertainment, or transport)?

This example proves the point that a blanket percentage tax would be impossible to audit. If the cost of the package is, say, £1,000, providers could just reappportion costs to reduce the amount collected for the accommodation element.

10. Do you agree that Mayors and other local leaders should have the flexibility to set levy rates locally? Please describe any factors that should be considered in setting a rate.

Our response to 7. also applies. A hodgepodge of different inclusions, exemptions, charges etc. will just confuse and deter visitors, leading to the hospitality sector paying the price of the systems' inevitable failing.

11. Should the government put in place a cap on the maximum tax rate? If so, at what level should a cap be set? Please provide evidence in support of your views.

Our response to 7. applies again. In addition, the early feedback from Scotland suggests that any proposed charges should be kept to a minimum, with regular reviews as to their impact on demand and room rates to ensure that visitors are not being deterred.

12. Should the government put in place a limit on the maximum number of consecutive nights to which a levy applies? If so, at what level should that limit be set? Please provide evidence in support of your views.

The experience in Manchester and Liverpool is that the small per room/unit charge of £1 or £2 introduced through a vote amongst providers has not affected occupancy. Therefore, the removal of charges after a certain number of consecutive nights is, conversely, very unlikely to encourage longer stays.

13. Are there any other flexibilities or safeguards that should be built into the rate-setting framework?

The process must be kept simple and transparent.

14. Should Mayors and other local leaders have powers to vary the rate for different types of accommodation, including short term lets?

Such a proposal would serve only to complicate an already fragmented approach.

15. Do you agree that Mayors should have the flexibility to decide whether the levy applies to different constituent authorities within their region?

It is understanding that the governance of most mayoral authorities requires approval for major decisions from a majority of the constituent authorities. This suggestion could mean, therefore, that those authorities proposing to vote against the introduction of a tax could be exempted or offered differing proposals to secure the overall majority required. Meantime, those responsible for charging the tax are absent from the process.

16. Should Mayors and other local leaders be able to vary the application of a levy in their areas based on, for example, seasonality? Please provide details of any other flexibilities that should be considered.

Whilst this may work and be favourable in some areas, in the majority it would make the process much harder for hospitality providers to operate and more confusing to visitors. Additionally, certain accommodation providers within the same area may have different peak periods. Allowing remit for wide variations will make the overall system unduly complex and unworkable.

17. Do you agree that a formal consultation process conducted by Mayors and, if powers are extended to them, Foundation Strategic Authorities should be required before a levy is introduced and that this approach is proportionate?

The consultation process in Edinburgh has led to the hospitality sector feeling marginalised or excluded. Therefore, any consultation process must be mandatory and weighted towards those that could be made to collect the tax. It is imperative that consultation with existing BIDs is also prioritised to ensure their continued viability.

18. Do you agree with the proposed components of the prospectus?

Nothing more to add.

19. Do you think that the proposed length of the notice period of 12 months is appropriate?

This should be adequate as long as it is preceded by the creation and publication of the prospectus following consultation with BIDs and the hospitality sector, a minimum 3-month period of consultation, and the publication of the detailed responses and findings, including a viability and impact assessment, clear performance indicators and proposed investments aimed to increase visitor numbers and overnight stays.

20. Do you agree that introduction of a levy, and any subsequent changes to the core elements of a levy, should be subject to the relevant statutory Mayoral budget voting process in MSAs?

Only for a maximum period of 3-years following introduction. Prior to the end of each 3-year period, the process set out in 19. above should be repeated before any decision to continue with the scheme can be made.

21. If Foundation Strategic Authorities have powers to introduce a visitor levy, do you agree that a simple majority council vote should be required ahead of consultation on a levy, ahead of implementation and this be repeated ahead of any changes to the core elements of a levy? Is this approach fair and proportionate?

See 15. and 20. above.

22. If Foundation Strategic Authorities have powers to introduce a visitor levy, what are your views on the consent mechanism in Foundation Strategic Authorities where a levy is applied to a smaller area within the Foundation Strategic Authorities' geography?

This will dilute the intended approach and lead to even more inconsistency between areas.

23. What further or different governance and accountability mechanisms are needed in Foundation Strategic Authorities, Mayoral Strategic Authorities or the Greater London Authority?

If introduced, the already elected BIDs and representatives of the hospitality sector from the area concerned must form part of the governance arrangements.

24. Do you agree with the proposed approach to reporting, and should any further accountability mechanisms be considered?

We have set out our concerns on self-assessment and self-reporting in 8. above.

25. Do you agree that it should be the visitor accommodation provider that is ultimately liable?

In practice, this will prove extremely problematic. The ABID model calculates the levy due from each provider based on their number of rooms/units and an area-wide occupancy rate. The charge to the customer is contained in each provider's terms and conditions and is for them to collect and administer. There is no liability on the provider if they do not collect the charge from a customer. If the provider is to be made ultimately liable should a visitor refuse to pay the tax this places a huge additional burden on the sector,

particularly since they are already collecting VAT for the Exchequer. If a guest refuses to pay the tax, there is little that some providers either will or could do, and yet they could end up in court. Additionally, if, say, a percentage of the room charge is adopted, there will be no way of checking if a provider alters its 'all-inclusive' weighting of charges to minimise the tax due. The organisation providing the enforcement will be the local authority which is likely to be highly unwilling to take small accommodation providers to court for not collecting from customers who refuse. Also, more than one authority within an area may exist and each might adopt different enforcement processes. These examples are in addition to the core issue which is that the self-declaration of taxes due from providers will be impossible to audit.

26. How could digital booking platforms or intermediaries best be integrated to streamline levy assessment, collection and tax returns?

This has been a significant issue in our ABIDs, and some digital platforms still refuse to collect the levy. In fairness, they have found it difficult to change their systems using various charges between locations and boundaries that they can't easily recognise. Unless this is fully resolved, it will lead to some accommodation providers being enforced against when their booking agent has not collected the money on their behalf. Alternatively, some might move more bookings to agents who are not collecting to avoid liability. The possible remedy of collecting the tax on arrival from the visitor will not work for corporate bookings where the liability is with the company making the booking rather than the person staying.

27. Do you agree that a self-assessed model is the most appropriate approach for administering a visitor levy?

Our response to 8. and 24. apply.

28. Do you agree that the tax point of a levy should be the point of arrival?

This is partly dealt with by our response to 26. above as the 'point of arrival' for a large number of customers is at an on-line portal. This tax question also ignores the issue of VAT which is likely to have to be charged to the customer (if the accommodation provider is registered), though would not be able to be charged by the authority to the accommodation provider. This would require complete clarification before any introduction and the avoidance of double taxation i.e. an additional vat charge added to a tax on a visitor. A visitor who has paid the providers' costs prior to arrival but refuses to pay the tax on arrival seemingly cannot be enforced against or denied their stay, meaning that hotels etc. would be entirely beholden to visitors to pay the tax.

29. In your view, should levies be administered locally by relevant authorities, through a centralised approach, or a combination of local and central authorities?

Whatever provides the simplest and most cost-effective approach would be preferred. Mayoral authorities do not have the capacity or expertise to establish the necessary resources to enable a centralised approach. Creating such structures will be costly and bureaucratic. Reliance will, therefore, be on local authorities to raise tax demand notices, but it is unclear how they will know what to charge each provider. If it is to be based entirely upon self-assessment and self-declaration, standard business rate billing systems will not be compatible.

30. Do you agree a portion of levy revenues should be retained by the relevant authorities to fund administration costs, if levies are administered locally?

See also our response to 29. above. If the collection processes require the purchase of new software for local authorities (none of which exists), extra resources including staff etc, and various other costs, this will prove extremely costly and inefficient. The process of managing collection (including any audit processes to verify taxes due) is likely to be extremely high, thereby diminishing any net funds available for local investment. The issue for BIDs who, for 20-years have had no control over the charges made by local authorities, has been extremely problematic and has seen large variation in charges between authorities. If the costs of collection are to be extracted from receipts, the businesses responsible for collecting and paying across the visitor tax must be allowed to reclaim their own costs also.

31. Should the registration process for accommodation providers to support the administration of the visitor levy be operated locally or nationally alongside the registration scheme for short-term lets in England?

This is likely to prove impossible to undertake and, even if it were so, would take a very long period of time. If it were to be introduced, it should be a national procedure, not region-by-region.

32. What processes or solutions for collecting revenues could be introduced to minimise the burden on businesses?

The full additional cost of administering and paying across the charges, changing booking processes and systems, making tax (including VAT) returns, complying with audit requirements etc. must be fully reclaimable.

33. What further support could reduce the administrative burden on businesses in collecting and remitting a levy?

See 32. above.

34. Tax authorities will require enforcement powers to ensure compliance with a levy. Do you agree with the powers listed? a) Civil information and inspection powers, including those to enquire into tax returns, audit records retained by visitor accommodation providers, and inspect premises. b) Civil powers to charge interest and penalties, and to recover unpaid tax, where a visitor accommodation provider fails to undertake their statutory obligations relating to the visitor levy. c) Discretionary debt relief powers, for example the ability to reduce a debt to nil or to not issue a penalty in certain circumstances.

In principle, we agree that there would need to be enforcement provisions. However, whichever final charging basis may be selected (e.g., per room or percentage) will require huge costs to audit the scheme. A clear statutory obligation to pay following a favourable vote to introduce the charge, together with no requirement for the costs of compliance checks etc, is a feature of the BID (and ABID) model which the government's proposals now risk.

35. Do you agree that an appeals process should enable providers to appeal on the basis of liability, classification or enforcement action? Please provide details of any additional areas which should be considered.

The Manchester and Liverpool ABID models have a strictly controlled appeals system based on the inability of an accommodation provider to make certain rooms available for private, overnight booking. The provider is required to provide evidence. A similar process will be required but it would be complicated by the basis of any appeal being against a process which is based on self-assessment and self-declaration.

36. Do you have any views on the potential impacts of the proposals in this consultation on persons who share a protected characteristic?

No.

Yours faithfully,



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Note: this response has been shared with and welcomed by other organisations, including those in the hospitality sector, all of which are committed to the BID/ABID model.