

Agenda – Finance Committee

Meeting Venue: Hybrid – Committee room 4 Ty Hywel and video conference via Zoom	For further information contact: Owain Roberts Committee Clerk 0300 200 6388 SeneddFinance@senedd.wales
Meeting date: 30 January 2025	
Meeting time: 09.00	

At its meeting on 23 January 2025, the Committee agreed a motion under Standing Order 17.42(ix) to exclude the public from the start of today's meeting.

Registration / Private pre-meeting

(08.45 – 09.00)

2 The Land Transaction Tax (Modification of Relief for Acquisitions Involving Multiple Dwellings) (Wales) Regulations 2025

(09.45–10.00)

(Pages 1 – 3)

Supporting documents:

FIN(6)–04–25 P2 – Legal Services note

Public

3 Introductions, apologies, substitutions and declarations of interest

(10.00)

4 Paper(s) to note

(10.00)

4.1 PTN 1– Letter from the Minister for Children and Social Care: Health and Social Care (Wales) Bill – Government Amendments – 20 January 2025

(Pages 4 – 29)



- 4.2 PTN 2 – Letter from the Minister for Social Care to the Chair of Finance Committee: Health and Social Care (Wales) Bill – Revised Regulatory Impact Assessment – 21 January 2025
(Pages 30 – 31)
- 4.3 PTN 3 – Letter from the Minister for Social Care to the Chair of Legislation, Justice and Constitution Committee: Health and Social Care (Wales) Bill – Revised Regulatory Impact Assessment – 21 January 2025
(Pages 32 – 34)
- 4.4 PTN 4 – Letter from the Minister for Social Care to the Chair of the Health and Social Care Committee: Health and Social Care (Wales) Bill – Revised Regulatory Impact Assessment – 21 January 2025
(Page 35)
- 4.5 PTN 5 – Letter from the Cabinet Secretary for Finance and Local Government: Comparison of budget changes across the period 2023–24 to 2025–26 – 22 January 2025
(Pages 36 – 39)
- 4.6 PTN 6 – Letter from the National Education Union Cymru: Welsh Government Draft Budget 2025–26 – 22 January 2025
(Pages 40 – 51)
- 4.7 PTN 7 – Welsh Government response to the Committee's report: Financial Transactions Capital – 22 January 2025
(Pages 52 – 59)
- 4.8 PTN 8 – Future Generations Commissioner 2025–26 WG Draft Budget Analysis: additional evidence to the Senedd Finance Committee– 23 January 2025
(Pages 60 – 108)
- 5 Visitor Accommodation (Register and Levy) Etc. (Wales) Bill:
Evidence session 4
(10.00 – 11.00) (Pages 109 – 121)
Dyfed Alsop, Chief Executive, Welsh Revenue Authority
Rebecca Godfrey, Chief Operating Officer, Welsh Revenue Authority

Supporting documents:

Senedd Research Brief

Break

(11.00 – 11.10)

6 Visitor Accommodation (Register and Levy) Etc. (Wales) Bill:

Evidence session 5

(11.10 – 12.10)

(Pages 122 – 140)

Councillor Huw Thomas, WLGA Visitor Economy Spokesperson and Leader of Cardiff Council

Councillor Rob Stewart, WLGA Deputy Leader, Economy Spokesperson and Leader of Swansea Council

Councillor R Medwyn Hughes, Cabinet Member Economy and Community, Gwynedd Council

Roland Evans, Assistant Head of Economy and Community, Gwynedd Council

Supporting documents:

FIN(6)-04-25 P3 – WLGA

Senedd Research Brief

Lunch

(12.10 – 13.00)

7 Visitor Accommodation (Register and Levy) Etc. (Wales) Bill:

Evidence session 6

(13.00 – 14.00)

(Pages 141 – 199)

Barbara Griffiths (North Wales Holiday Cottages), representing the Association of Welsh Agents

Alistair Handyside, Executive Chair, Professional Association of Self-Caterers UK

Carl Thomson, Public Policy Manager, UK, Airbnb

Lisa Stopher, Managing Director, West Wales Holiday Cottages

Supporting documents:

FIN(6)-04-25 P4 – North Wales Holiday Cottages

FIN(6)-04-25 P5 – Association of Welsh Agents

FIN(6)-04-25 P6 – Professional Association of Self-Caterers UK

FIN(6)-04-25 P7 – Airbnb

FIN(6)-04-25 P8 – Additional written evidence: Airbnb

FIN(6)-04-25 P9 – West Wales Holiday Cottages

Senedd Research Brief

Break

(14.00 – 14.10)

8 Visitor Accommodation (Register and Levy) Etc. (Wales) Bill:

Evidence session 7

(14.10 – 15.10)

(Pages 200 – 236)

David Weston, Chair, Bed & Breakfast Association (UK)

Andrew Green, Policy Manager – Pub Operations, Welsh Beer and Pub Association

Dr Llyr ap Gareth, Head of Policy, Federation of Small Businesses

Mathew Teasdale, Operations & Partnerships Manager: Wales & Chester, Youth Hostels Association

Supporting documents:

FIN(6)-04-25 P10 – Bed & Breakfast Association (UK)

FIN(6)-04-25 P11 – Welsh Beer and Pub Association

FIN(6)-04-25 P12 – Federation of Small Businesses Cymru

FIN(6)-04-25 P13 – Youth Hostels Association

Senedd Research Brief

Break

(15.10 – 15.20)

9 Visitor Accommodation (Register and Levy) Etc. (Wales) Bill:

Evidence session 8

(15.20 – 16.20)

(Pages 237 – 288)

William McNamara, CEO, Bluestone National Park Resort

Katherine Squires, Director of Policy and Public Affairs, British Holiday and Home Park Association

Emma McQuillan, Head of Governance, Caravan and Motorhome Club

Supporting documents:

FIN(6)–04–25 P14 – Bluestone National Park Resort

FIN(6)–04–25 P15 – British Holiday and Home Park Association

FIN(6)–04–25 P16 – Additional evidence: British Holiday and Home Park Association

FIN(6)–04–25 P17 – Caravan and Motorhome Club

FIN(6)–04–25 P18 – Additional evidence: Caravan and Motorhome Club

Senedd Research Brief

10 Motion under Standing Order 17.42 (ix) to resolve to exclude the public from the remainder of this meeting.

(16.20)

11 Visitor Accommodation (Register and Levy) Etc. (Wales) Bill:

Consideration of evidence

(16.20 – 16.30)

Document is Restricted



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA/DB/0085/25

All Members of the Senedd
Senedd Cymru
Cardiff Bay
Cardiff
CF99 1SN

20 January 2025

Dear Member of the Senedd,

Health and Social Care (Wales) Bill - Government Amendments

I am enclosing detail of the Government amendments tabled to the Health and Social Care (Wales) Bill, together with an explanation of their purpose and effect.

Yours sincerely,

Dawn Bowden AS/MS

Y Gweinidog Plant a Gofal Cymdeithasol
Minister for Children and Social Care

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

HEALTH AND SOCIAL CARE (WALES) BILL – STAGE 3 GOVERNMENT AMENDMENTS

This table provides information about the amendments tabled in the name of Dawn Bowden MS on 17 January.

No.	GOVERNMENT AMENDMENT	GWELLIANT Y LLYWODRAETH	PURPOSE AND EFFECT
1.	Section 1, page 1, line 12, after 'children', insert '(children's home services)'.	Adran 1, tudalen 1, llinell 12, ar ôl 'blant', mewnosoder '(gwasanaethau cartrefi plant)'.	This amendment makes provision which is consequential on amendment 3, by adding the term "children's home services" as a parenthesis in the overview of Chapter 1 of the Bill.
2.	Section 2, page 2, line 19, leave out 'care home services at a place at which the service is provided wholly or mainly to children' and insert 'children's home services'.	Adran 2, tudalen 2, llinell 20, hepgorer 'gofal mewn man y mae'r gwasanaeth yn cael ei ddarparu'n gyfan gwbl neu'n bennaf i blant ynddo' a mewnosoder 'plant'.	<p>This amendment makes provision which is consequential on amendment 3, by substituting the term "children's home services" for "care home services at a place at which the service is provided wholly or mainly to children" in new sub-paragraph (ba) being inserted into section 1 of the 2016 Act.</p> <p>New sub-paragraph (ba) of section 1 of the 2016 Act provides an overview of the provisions on restricting</p>

No.	GOVERNMENT AMENDMENT	GWELLIANT Y LLYWODRAETH	PURPOSE AND EFFECT
			profit which are inserted into the 2016 Act by the Bill.
3.	Section 2, page 2, line 26, leave out 'provided at a place at which the service is provided wholly or mainly to children' and insert 'in so far as the service is a children's home service'.	Adran 2, tudalen 2, llinell 28, hepgorer 'a ddarperir mewn man y mae'r gwasanaeth yn cael ei ddarparu'n gyfan gwbl neu'n bennaf i blant ynddo' a mewnosoder 'i'r graddau y mae'r gwasanaeth yn wasanaeth cartref plant'.	<p>This amendment introduces the new term "children's home service" to denote the sub-category of restricted children's services which comprise care home services at one or more places at which the service is provided wholly or mainly to children.</p> <p>The purpose of this amendment is to clarify which parts of a care home service will be a restricted children's service where that service is provided at more than one place and is provided wholly or mainly for children at one or more of the places and wholly or mainly to adults at another place or other places.</p> <p>This amendment provides that in so far as a care home service meets the definition of children's</p>

No.	GOVERNMENT AMENDMENT	GWELLIANT Y LLYWODRAETH	PURPOSE AND EFFECT
			children's" in the amendment that inserts sub-paragraph (3A) into paragraph 1 of Schedule 1 to the 2016 Act. Sub-paragraph (3A) inserts provision about the circumstances in which a school that is a care home service does not constitute a restricted children's service. By using the term "children's home service" instead of "restricted children's service" sub-paragraph (3A) as amended is more precisely drafted.
7.	Section 4, page 6, line 7, leave out 'regulated' and insert 'restricted children's'.	Adran 4, tudalen 6, llinell 7, hepgorer 'rheoleiddiedig' a mewnosoder 'plant o dan gyfyngiad'.	This amendment amends the provision in paragraph 1 of Schedule 1A of the 2016 Act. It changes the reference at the beginning of the Schedule to focus the impact of the transitional period on "restricted children's services", to avoid an interpretation that the transitional period or other transitional effects have a wider application.

No.	GOVERNMENT AMENDMENT	GWELLIANT Y LLYWODRAETH	PURPOSE AND EFFECT
8.	Section 4, page 6, line 27, leave out 'care home service provided at a place at which the service is provided wholly or mainly to children' and insert 'children's home service'.	Adran 4, tudalen 6, llinell 27, hepgorer 'gofal a ddarperir mewn man y mae'r gwasanaeth yn cael ei ddarparu'n gyfan gwbl neu'n bennaf i blant ynddo' a mewnosoder 'plant'.	<p>This amendment amends the provision in paragraph 2(1) of Schedule 1A which identifies the group of service providers to which paragraph 2 of Schedule 1A applies. Paragraph 2(3) of Schedule 1A provides that in so far as a service provider to which paragraph 2 applies is registered in respect of a service described in paragraph 2(1), the service provider is not subject to section 6A(1) of the 2016 Act during the transitional period. (Section 6A(1) provides that "To be registered in respect of a restricted children's service, a person who is not a local authority must be a not-for-profit entity.")</p> <p>The amendment makes the identification of the places and services in respect of which paragraph 2(3) will apply more precise, by ensuring that, where a provider of a care home service which comprises</p>

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			<p>places at which the care home service is provided wholly or mainly to children, <i>and</i> places at which the care home service is provided wholly or mainly for adults, it is clear that the transitional arrangements will only apply to the places at which, at the time that the transitional period commences, the service is provided wholly or mainly to children.</p> <p>Amendment 37 makes provision which applies the definition of “children’s home service”, in section 2A(2) to the whole of Part 1 of the 2016 Act. Since Schedule 1A is introduced by section 6C in Part 1 of the 2016 Act, that definition would apply to paragraph 2(1) of Schedule 1A as amended by this amendment.</p>
9.	<p>Section 4, page 6, after line 35, insert—</p> <p style="text-align: center;">‘() In this Schedule, in relation to a provider, references to the existing service are to the</p>	<p>Adran 4, tudalen 6, ar ôl llinell 36, mewnosoder—</p> <p style="text-align: center;">‘() Yn yr Atodlen hon, mewn perthynas â darparwr, mae cyfeiriadau at y gwasanaeth</p>	<p>This amendment defines the term “existing service” for the purposes of Schedule 1A. (Schedule 1A relates to transition of</p>

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	<p>service in respect of which the provider is registered as described in sub-paragraph (1).’.</p>	<p>presennol yn gyfeiriadau at y gwasanaeth y mae'r darparwr wedi ei gofrestru mewn cysylltiad ag ef fel y'i disgrifir yn is-baragraff (1).’.</p>	<p>existing providers of restricted children's services and is inserted into the 2016 Act by section 4 of the Bill.)</p>
<p>10.</p>	<p>Section 4, page 6, line 36, leave out 'whom this paragraph applies is registered in respect of a service described in sub-paragraph (1)(a) to (1)(c)—</p> <p>(a) the registration of the provider is not subject to the requirement in section 6A(1) (and any reference to that requirement is to be read accordingly), and</p> <p>(b) (in consequence) the entry in the register maintained under section 38 in respect of a provider must show that the provider does not meet the requirement in section 6A(1).’</p> <p>and insert 'which this paragraph applies is registered in respect of the existing service—</p> <p>(a) the registration of the provider is not subject to the requirement in section 6A(1) (and any reference to that requirement is to be read accordingly), and</p> <p>(b) (in consequence) the entry in</p>	<p>Adran 4, tudalen 6, llinell 38, hepgorer 'â gwasanaeth a ddisgrifir yn is-baragraff (1)(a) i (1)(c)—</p> <p>(a) nid yw cofrestriad y darparwr yn ddarostyngedig i'r gofyniad yn adran 6A(1) (ac mae unrhyw gyfeiriad at y gofyniad hwnnw i'w ddarllen yn unol â hynny), a</p> <p>(b) (o ganlyniad) rhaid i'r cofnod yn y gofrestr a gynhelir o dan adran 38 mewn cysylltiad â darparwr ddangos nad yw'r darparwr yn bodloni'r gofyniad yn adran 6A(1).’</p> <p>a mewnosoder 'â'r gwasanaeth presennol—</p> <p>(a) nid yw cofrestriad y darparwr yn ddarostyngedig i'r gofyniad yn adran 6A(1) (ac mae unrhyw gyfeiriad at y gofyniad hwnnw i'w ddarllen yn unol â hynny), a</p> <p>(b) (o ganlyniad) rhaid i'r cofnod yn y gofrestr mewn cysylltiad â'r darparwr ddangos—</p> <p>(i) nad yw cofrestriad y</p>	<p>This amendment repeats the requirement in the Bill as drafted that the entry in the register maintained under section 38 of the 2016 Act, in respect of a provider to which paragraph 2(3) of Schedule 1A applies, must show that the provider is not subject to the requirement in section 6A(1) of the 2016 Act, and removes the requirement that the entry in the register must show that the provider does not meet the requirement. (“To be registered in respect of a restricted children’s service, a person who is not a local authority must be a not-for-profit entity”). It presents this requirement alongside an additional requirement, that the register shows that the condition in section</p>

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	<p>the register in respect of the provider must show—</p> <p>(i) that the provider's registration in respect of the existing service is not subject to the requirement in section 6A(1), and</p> <p>(ii) that the condition in section 7(3)(aa) is not imposed on the provider's registration in respect of that service.'</p>	<p>darparwr mewn cysylltiad â'r gwasanaeth presennol yn ddarostyngedig i'r gofyniad yn adran 6A(1), a</p> <p>(ii) nad yw'r amod yn adran 7(3)(aa) wedi ei osod ar gofrestrriad y darparwr mewn cysylltiad â'r gwasanaeth hwnnw.'</p>	<p>7(3)(aa) of the 2016 Act is not imposed on the provider's registration in respect of the existing service. (Section 7(3)(aa) of the 2016 Act (inserted by section 5 of the Bill) provides that the Welsh Ministers must impose a requirement on the registration of a provider of a restricted children's service which requires them to notify the Welsh Ministers of any circumstances under which they no longer meet the requirement in section 6A(1).)</p>
11.	<p>Section 4, page 7, line 7, leave out '(3) does not apply for the purposes of an application made by the service provider under section 6(1), section 11(1)(a)(i) or 11(1)(a)(ii)'</p> <p>and insert '(4) does not apply for the purposes of an application made by the service provider—</p> <p>(a) in relation to the existing service, under section 11(1)(a)(ii);</p> <p>(b) in respect of any other service, under section 11(1)(a)(i).'</p>	<p>Adran 4, tudalen 7, llinell 7, hepgorer '(3) yn gymwys at ddibenion cais a wneir gan y darparwr gwasanaeth o dan adran 6(1), adran 11(1)(a)(i) nac 11(1)(a)(ii)'</p> <p>a mewnosoder '(4) yn gymwys at ddibenion cais a wneir gan y darparwr gwasanaeth—</p> <p>(a) mewn perthynas â'r gwasanaeth presennol, o dan adran 11(1)(a)(ii);</p> <p>(b) mewn cysylltiad ag unrhyw wasanaeth arall, o dan adran 11(1)(a)(i).'</p>	<p>This amendment renumbers the reference to sub-paragraph (3) within current sub-paragraph (4), which is the sub-paragraph being amended, so that the reference instead refers to sub-paragraph (4). This change is consequential on the insertion of a new sub-paragraph (3) by amendment 9. It also removes the reference to</p>

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			applications made by the service provider under section 6, because existing service providers are unable to make applications to register “de novo” given that they are already registered to provide regulated services. The amendment also clarifies the application of the references to sections 11(1)(a)(ii) and 11(1)(a)(i).
12.	Section 4, page 7, line 12, leave out ‘whom’ and insert ‘which’.	Nid oes angen diwygio'r fersiwn Cymraeg. There is no need to amend the Welsh version.	This is one of four amendments (10, 12, 17, and 23) which amend references in amendments to the 2016 Act from ‘whom’ to ‘which’, in order to make as clear as possible that the service providers of restricted children’s services are legal persons.
13.	Section 4, page 7, line 29, after ‘place’, insert ‘at which the existing service is provided’.	Adran 4, tudalen 7, llinell 30, ar ôl ‘man’, mewnosoder ‘y mae’r gwasanaeth presennol yn cael ei ddarparu ynddo’.	This amendment clarifies that the power to remove a place from the provider’s registration applies to a place or places at which the existing service is provided.

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14.	Section 4, page 7, line 31, after 'registration', insert 'in respect of the existing service'.	Adran 4, tudalen 7, llinell 32, ar ôl 'darparwr', mewnosoder 'mewn cysylltiad â'r gwasanaeth presennol'.	This amendment clarifies that the power to cancel the provider's registration applies to registration in respect of the existing service.
15.	Section 4, page 7, leave out lines 34 to 36.	Adran 4, tudalen 7, hepgorer llinellau 35 hyd at 37.	This amendment is consequential on amendment 22, which provides the definition which currently appears at this point, but in an interpretation provision at the end of the Schedule instead.
16.	Section 4, page 8, line 2, leave out 'to whom paragraph 2 applies' and insert 'that is registered in respect of an existing service'.	Adran 4, tudalen 8, llinell 3, hepgorer 'y mae paragraff 2 yn gymwys iddo' a mewnosoder 'sydd wedi ei gofrestru mewn cysylltiad â gwasanaeth presennol'.	This amendment clarifies that paragraph 4 of Schedule 1A applies in respect of a service provider that is registered in respect of an existing service.
17.	Section 4, page 8, line 4, leave out 'whom this paragraph applies may apply to the Welsh Ministers to be registered' and insert 'which this paragraph applies may apply to the Welsh Ministers for the provider's registration in respect of the existing service to be'.	Adran 4, tudalen 8, llinell 6, hepgorer 'gael ei gofrestru' a mewnosoder 'gofrestriad y darparwr mewn cysylltiad â'r gwasanaeth presennol fod'.	This amendment permits service providers to apply to the Welsh Ministers for their registration in respect of their existing service to be subject to the requirement in section 6A(1) of the 2016 Act, the requirement that to be

No.	GOVERNMENT AMENDMENT	GWELLIANT Y LLYWODRAETH	PURPOSE AND EFFECT
			registered in respect of a restricted children's service, a person who is not a local authority must be a not-for-profit entity. This is a consequential amendment as a result of amendment 10 above.
18.	<p>Section 4, page 8, after line 6, insert—</p> <p style="padding-left: 40px;">‘() But where a service provider to which this paragraph applies makes an application under section 11(1)(a)(i) or (ii) in respect of a restricted children's service that is not the existing service, the provider must apply to the Welsh Ministers for the provider's registration in respect of the existing service to be subject to the requirement in section 6A(1).’.</p>	<p>Adran 4, tudalen 8, ar ôl llinell 6, mewnosoder—</p> <p style="padding-left: 40px;">‘() Ond pan fo darparwr gwasanaeth y mae'r paragraff hwn yn gymwys iddo yn gwneud cais o dan adran 11(1)(a)(i) neu (ii) mewn cysylltiad â gwasanaeth plant o dan gyfyngiad ac nad hwnnw yw'r gwasanaeth presennol, rhaid i'r darparwr wneud cais i Weinidogion Cymru i gofrestrriad y darparwr mewn cysylltiad â'r gwasanaeth presennol fod yn ddarostyngedig i'r gofyniad yn adran 6A(1).’.</p>	This amendment prescribes further circumstances where a service provider of an existing service must apply to the Welsh Ministers for the registration in respect of the existing service to be subject to section 6A(1) of the 2016 Act.
19.	Section 4, page 8, line 7, leave out 'sub-paragraph (2)' and insert 'this paragraph'.	Adran 4, tudalen 8, llinell 7, hepgorer 'is-baragraff (2)' a mewnosoder 'y paragraff hwn'.	This amendment has the effect that sub-paragraph (3), which makes provision about requirements for applications to the Welsh Ministers, applies to all applications under

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			paragraph 4 of Schedule 1A, that is, to applications under sub-paragraphs (2) and (3).
20.	Section 4, page 8, line 12, leave out 'sub-paragraph (2)' and insert 'this paragraph'.	Adran 4, tudalen 8, llinell 12, hepgorer 'is-baragraff (2)' a mewnosoder 'y paragraff hwn'.	This amendment concerns applications by existing service providers for variation of registration. It separates the requirement for service providers to make an application to the Welsh Ministers in Schedule 1A, sub-paragraph 4(2), and the requirement for Welsh Ministers to grant such applications under Schedule 1A, sub-paragraph 4(4). This amendment has the effect that sub-paragraph 4(4), which makes provision requiring the Welsh Ministers to grant applications if the requirements set out in (4)(a) and (b) are met, applies to all applications under paragraph 4, that is, to applications under sub-paragraphs (2) and (3).

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21.	<p>Section 4, page 8, line 22, leave out ‘vary the provider’s registration to—</p> <ul style="list-style-type: none"> (a) show that the provider meets the requirement in section 6A(1), and (b) impose the condition in section 7(3)(aa) on the provider’s registration’ <p>and insert ‘, in so far as the provider is registered in respect of the existing service—</p> <ul style="list-style-type: none"> (a) impose the condition in section 7(3)(aa) on the provider’s registration; (b) show in the register that— <ul style="list-style-type: none"> (i) the provider’s registration in respect of the existing service is subject to the requirement in section 6A(1), and (ii) the condition in section 7(3)(aa) is imposed on the provider’s registration in respect of that service’. 	<p>Adran 4, tudalen 8, llinell 22, hepgorer ‘amrywio cofrestrriad y darparwr—</p> <ul style="list-style-type: none"> (a) i ddangos bod y darparwr yn bodloni’r gofyniad yn adran 6A(1), a (b) i osod yr amod yn adran 7(3)(aa) ar gofrestrriad y darparwr’ <p>a mewnosoder ‘, i’r graddau y mae’r darparwr wedi ei gofrestru mewn cysylltiad â’r gwasanaeth presennol—</p> <ul style="list-style-type: none"> (a) gosod yr amod yn adran 7(3)(aa) ar gofrestrriad y darparwr; (b) dangos yn y gofrestr— <ul style="list-style-type: none"> (i) bod cofrestrriad y darparwr mewn cysylltiad â’r gwasanaeth presennol yn ddarostyngedig i’r gofyniad yn adran 6A(1), a (ii) bod yr amod yn adran 7(3)(aa) wedi ei osod ar gofrestrriad y darparwr mewn cysylltiad â’r gwasanaeth hwnnw’. 	<p>This amendment requires the register to be updated following a successful application under Schedule 1A, sub-paragraph 4(2).</p> <p>This amendment is consequential on amendment 24 below.</p>
22.	<p>Section 4, page 8, after line 30, insert—</p> <p><i>‘Interpretation</i></p>	<p>Adran 4, tudalen 8, ar ôl llinell 30, mewnosoder—</p> <p><i>‘Dehongli</i></p>	<p>This amendment defines “looked after children” and “register” for the purpose of</p>

No.	GOVERNMENT AMENDMENT	GWELLIANT Y LLYWODRAETH	PURPOSE AND EFFECT
	<p>5 In this Schedule—</p> <p>(a) “looked after children” means children who are looked after by local authorities as described in section 74(1) of the 2014 Act;</p> <p>(b) references to the “register” are to the register maintained under section 38 of this Act.’</p>	<p>5 Yn yr Atodlen hon—</p> <p>(a) ystyr “plant sy’n derbyn gofal” yw plant sy’n derbyn gofal gan awdurdodau lleol fel y’u disgrifir yn adran 74(1) o Ddeddf 2014;</p> <p>(b) mae cyfeiriadau at y “cofrestr” yn gyfeiriadau at y gofrestr a gynhelir o dan adran 38 o’r Ddeddf hon.’</p>	<p>Schedule 1A.</p>
23.	<p>Section 7, page 12, line 28, leave out ‘whom’ and insert ‘which’.</p>	<p>Nid oes angen diwygio’r fersiwn Cymraeg. There is no need to amend the Welsh version.</p>	<p>See amendment 12 above.</p>
24.	<p>Section 9, page 13, line 35, leave out ‘, after subsection (2) insert—</p> <p>“(2A) In the case of an entry in the register in respect of a provider that—</p> <p>(a) is registered in respect of a restricted children’s service, and</p> <p>(b) is subject to the requirement in section 6A(1),</p> <p>the entry must also show that the provider meets that requirement.’</p> <p>and insert ‘—</p> <p>(a) in subsection (2)—</p> <p>(i) after paragraph (a) insert—</p> <p>“(aa) whether any of those services is a restricted children’s</p>	<p>Adran 9, tudalen 13, llinell 40, hepgorer ‘, ar ôl is-adran (2) mewnosoder—</p> <p>“(2A) Yn achos cofnod yn y gofrestr mewn cysylltiad â darparwr—</p> <p>(a) sydd wedi ei gofrestru mewn cysylltiad â gwasanaeth plant o dan gyfyngiad, a</p> <p>(b) sy’n ddarostyngedig i’r gofyniad yn adran 6A(1),</p> <p>rhaid i’r cofnod hefyd ddangos bod y darparwr yn bodloni’r gofyniad hwnnw.’</p> <p>a mewnosoder ‘—</p> <p>(a) yn is-adran (2)—</p> <p>(i) ar ôl paragraff (a) mewnosoder—</p> <p>“(aa) a yw unrhyw un neu rador o’r</p>	<p>This amendment removes the requirement for an entry in the register in relation to a provider that is registered in respect of a restricted children’s service and which is subject to the requirement in section 6A(1) of the 2016 Act to show that the provider meets the requirement. Instead, the effect of the amendment is to require that the entry shows that the provider is subject to the requirement. It also adds a requirement that such an entry in the register must show that the</p>

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	<p>service;”;</p> <p>(ii) after paragraph (d) insert—</p> <p>“(da) in the case of a provider of a restricted children’s service—</p> <p>(i) that the provider’s registration in respect of that service is subject to the requirement in section 6A(1), and</p> <p>(ii) that the condition in section 7(3)(aa) is imposed on the provider’s registration in respect of that service;”;</p> <p>(b) after subsection (2) insert—’.</p>	<p>gwasanaethau hynny yn wasanaeth plant o dan gyfyngiad;”;</p> <p>(ii) ar ôl paragraff (d) mewnosoder—</p> <p>“(da) yn achos darparwr gwasanaeth plant o dan gyfyngiad—</p> <p>(i) bod cofrestrriad y darparwr mewn cysylltiad â’r gwasanaeth hwnnw yn ddarostyngedig i’r gofyniad yn adran 6A(1), a</p> <p>(ii) bod yr amod yn adran 7(3)(aa) wedi ei osod ar gofrestrriad y darparwr mewn cysylltiad â’r gwasanaeth hwnnw;”;</p> <p>(b) ar ôl is-adran (2) mewnosoder—’.</p>	<p>condition in section 7(3)(aa) is imposed on the service provider’s registration in respect of that service. The condition that is being referred to by new sub-section (2)(da)(ii) is a condition that the service provider notifies the Welsh Ministers of any circumstances under which the service provider no longer meets the requirement in section 6A(1). This should serve to make the position of the provider clearer in the register entry.</p>
25.	<p>Section 10, page 14, line 32, leave out ‘in respect of which a person is registered under Part 1 of the Regulation and Inspection of Social Care (Wales) Act 2016 to provide a care home service (within the meaning of paragraph 1 of Schedule 1 to that Act) wholly or mainly to children’ and insert ‘at which a children’s home</p>	<p>Adran 10, tudalen 14, llinell 36, hepgorer ‘person wedi ei gofrestru o dan Ran 1 o Ddeddf Rheoleiddio ac Arolygu Gofal Cymdeithasol (Cymru) 2016 mewn cysylltiad ag ef i ddarparu gwasanaeth cartref gofal (o fewn ystyr paragraff 1 o Atodlen 1 i’r Ddeddf honno) yn gyfan gwbl neu’n bennaf i blant’ a mewnosoder</p>	<p>This amendment amends section 10(6) of the Bill which amends section 75(4) of the 2014 Act. The amendment has the effect that the term “children’s</p>

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	service (within the meaning of section 2A(2) of the Regulation and Inspection of Social Care (Wales) Act 2016) is provided’.	‘gwasanaeth cartref plant (o fewn ystyr adran 2A(2) o Ddeddf Rheoleiddio ac Arolygu Gofal Cymdeithasol (Cymru) 2016) yn cael ei ddarparu ynddo’.	home” in sections 75 and 75A will carry the meaning of “children’s home service” as defined in section 2A(2) of the 2016 Act (as amended by amendment 4).
26.	Section 13, page 18, line 37, leave out ‘as meeting’ and insert ‘subject to’.	Adran 13, tudalen 18, llinell 37, hepgorer ‘y cofrestrwyd ei fod yn bodloni’r’ a mewnosoder ‘sydd wedi ei gofrestru yn ddarostyngedig i’r’.	This amendment is consequential on amendment 24 and amends the reference to a service provider which is registered as “meeting the requirement” in section 6A(1) of the 2016 Act to be a reference to a service provider which is registered as being “subject to the requirement” in section 6A(1).
27.	Section 13, page 19, line 6, leave out ‘as meeting’ and insert ‘subject to’.	Adran 13, tudalen 19, llinell 6, hepgorer ‘y cofrestrwyd ei fod yn bodloni’r’ a mewnosoder ‘sydd wedi ei gofrestru yn ddarostyngedig i’r’.	Like amendment 26, this amendment is consequential on amendment 24 and amends the reference to a service provider which is registered as “meeting the requirement” in section 6A(1) of the 2016 Act to be a reference to a service provider which is registered as being “subject to the

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			requirement” in section 6A(1).
28.	Section 16, page 23, line 23, leave out ‘Subsection (3) amends’ and insert ‘Subsections (2) and (3) amend’.	Adran 16, tudalen 23, llinell 23, hepgorer ‘is-adran’ a mewnosoder ‘is-adrannau (2) a’.	This amendment is made to section 16(1) of the Bill, which provides an overview of section 16 of the Bill. The amendment ensures that the overview correctly reflects that subsections 2 and 3 both amend the 2016 Act (following amendment at Stage 2).
29.	Section 17, page 24, after line 37, insert— () after “think” insert “it”.	Adran 17, tudalen 24, ar ôl llinell 39, mewnosoder— () yn y testun Saesneg, ar ôl “think” mewnosoder “it”.	This is an amendment to the drafting of section 17 (2)(i) and inserts a missing word in the English text of the 2016 Act.
30.	Section 17, page 26, leave out lines 17 to 20 and insert— ‘is committing or has committed an offence under this Part’.	Adran 17, tudalen 26, hepgorer llinellau 21 hyd at 26 a mewnosoder— ‘yn cyflawni neu wedi cyflawni trosedd o dan y Rhan hon’.	This is an amendment to the term “investigation” which was introduced (at Stage 2) by the amendment introducing new section 33(1A) of the 2016 Act. The term “investigation” is amended to refer to an investigation into whether a person is committing or has committed an offence under Part 1 of the 2016 Act.

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31.	Section 17, page 26, after line 23, insert— '() omit "and inspect".	Adran 17, tudalen 26, ar ôl llinell 29, mewnosoder— '() yn lle "ac arolygu" rhodder "i".	This is an amendment to the drafting, to make it clear that an inspector may enter premises (subject to relevant conditions) for the purpose of inspection or investigation.
32.	Section 17, page 26, after line 23, insert— '() in subsection (2), omit "and inspect";.	Adran 17, tudalen 26, ar ôl llinell 29, mewnosoder— '() yn is-adran (2), yn lle "ac arolygu mangre" rhodder "i fangre";.	This amendment makes it clear that an inspector may not enter premises used wholly or mainly as a private dwelling without consent for the purpose of inspection or investigation.
33.	Section 24, page 39, after line 21, insert— '() Where the Welsh Ministers make payments under subsection (1), they must, having regard to the purposes for which the payments are made, make arrangements for the provision to the patient, payee or their representative of such information, advice or other support, as the Welsh Ministers consider appropriate.'	Adran 24, tudalen 39, ar ôl llinell 21, mewnosoder— '() Where the Welsh Ministers make payments under subsection (1), they must, having regard to the purposes for which the payments are made, make arrangements for the provision to the patient, payee or their representative of such information, advice or other support, as the Welsh Ministers consider appropriate.'	This amendment requires that when the Welsh Ministers exercise the power to make direct payments for continuing healthcare (including through delegating this power to local health boards), this must include providing appropriate information, advice and support. The extent and nature of this information, advice and support will be set out in regulations which will be subject to the Senedd's scrutiny via the

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			draft affirmative procedure.
34.	<p>Section 24, page 39, after line 30, insert—</p> <p style="padding-left: 40px;">‘() make provision in respect of information, advice or other support to be provided by a Local Health Board to patients, payees or their representatives in connection with the payments’.</p>	<p>Adran 24, tudalen 39, ar ôl llinell 30, mewnosoder—</p> <p style="padding-left: 40px;">‘() make provision in respect of information, advice or other support to be provided by a Local Health Board to patients, payees or their representatives in connection with the payments’.</p>	<p>This amendment relates to regulations under section 10B which will enable health boards to make direct payments in lieu of the provision of services to meet a person’s need for after care services under section 117 of the Mental Health Act 1983. Should the Welsh Ministers exercise the power to make such regulations, this amendment requires that the regulations make provision about the information, advice and support that health boards must provide to recipients of the direct payments, their payees or representatives.</p> <p>This amendment will be inserted into the existing section 10B(6) (which will be re-numbered and re-formatted) to add this additional requirement that regulations made under the existing section 10B(5)</p>

No.	GOVERNMENT AMENDMENT	GWELLIANT Y LLYWODRAETH	PURPOSE AND EFFECT
			must make provision about information, advice and support.
35.	Section 29, page 43, line 8, leave out '2(6), 3(b), 4(4)' and insert '2(1) and (6), 3(b), 4(1) and (4)'.	Adran 29, tudalen 43, llinell 8, hepgorer '2(6), 3(b), 4(4)' a mewnosoder '2(1) a (6), 3(b), 4(1) a (4)'.	The purpose of this amendment is to ensure that paragraphs 2(1) and 4(1) of Schedule 1 of the Bill, which introduce a following list of amendments, come into force on the day after the day the Bill receives Royal Assent. This will ensure the changes to various enactments made in the following paragraphs 2(6) and 4(4) of Schedule 1 to the Bill come into force as intended.
36.	Schedule 1, page 44, after line 18, insert— () In section 197(1), in the appropriate places insert— ““for-profit provider” (“ <i>darparwr er elw</i> ”) has the meaning given by section 75A(4);” ““private provider” (“ <i>darparwr preifat</i> ”) has the meaning given by section 75A(5);”.	Atodlen 1, tudalen 44, ar ôl llinell 18, mewnosoder— () Yn adran 197(1), yn y lleoedd priodol mewnosoder— “mae i “darparwr er elw” (“ <i>for-profit provider</i> ”) yr ystyr a roddir gan adran 75A(4);” “mae i “darparwr preifat” (“ <i>private provider</i> ”) yr ystyr a roddir gan adran	The purpose of this amendment is to clarify the drafting of the Bill in order to provide practical assistance to future readers of the legislation seeking to understand these terms. The effect of the amendment is to insert definitions of the terms “for-profit provider” and “private provider” into the General Interpretation section of the

No.	GOVERNMENT AMENDMENT	GWELLIANT Y LLYWODRAETH	PURPOSE AND EFFECT
		75A(5);”.	2014 Act (section 197).
37.	<p>Schedule 1, page 44, after line 33, insert—</p> <p>“children’s home service” (“<i>gwasanaeth cartref plant</i>”) has the meaning given by section 2A;”.</p>	<p>Atodlen 1, tudalen 44, ar ôl llinell 32, mewnosoder—</p> <p>“mae i “gwasanaeth cartref plant” (“<i>children’s home service</i>”) yr ystyr a roddir gan adran 2A;”.</p>	<p>This amendment applies the definition of “children’s home services” in section 2A of the 2016 Act, to the whole of Part 1 of the 2016 Act. This will have the effect that references to this term in Schedule 1A, inserted into the 2016 Act by section 4 of the Bill, will carry the meaning provided in section 2A(2) of the 2016 Act as amended by amendment 4.</p>
38.	<p>Schedule 1, page 45, after line 10, insert—</p> <p>() in paragraph 1(1)—</p> <p>(i) for the words “at a place” substitute “ ”;</p> <p>(ii) after the words “in Wales” omit “ ”.</p>	<p>Atodlen 1, tudalen 45, ar ôl llinell 14, mewnosoder—</p> <p>() ym mharagraff 1(1)—</p> <p>(i) yn lle’r geiriau “mewn man” rhodder “ ”;</p> <p>(ii) ar ôl y geiriau “yng Nghymru” hepgorer “ ”.</p>	<p>This amendment amends the definition of “care home service” in paragraph 1 of Schedule 1 to the 2016 Act. This has no substantive effect on the scope of the definition but makes the application of the definition of “children’s home service” as a sub-set of the definition of care home service clearer.</p>
39.	<p>Schedule 1, page 45, after line 30, insert—</p> <p>‘<i>Safeguarding Vulnerable Groups Act 2006 (c. 47)</i></p>	<p>Atodlen 1, tudalen 45, ar ôl llinell 32, mewnosoder—</p> <p>‘<i>Deddf Diogelu Grwpiau Hyglwyf 2006 (p. 47)</i></p>	<p>This amendment is made by adding a new paragraph to Schedule 1 to the Bill. It inserts a new exemption</p>

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	<p>[] (1) The Safeguarding Vulnerable Groups Act 2006 is amended as follows.</p> <p>(2) In section 6, after subsection (8G) (as inserted by paragraph 4(2) of Schedule 2) insert—</p> <p style="padding-left: 40px;">“(8H) A local authority does not make arrangements for another to engage in a regulated activity by virtue of anything the authority does under regulations under section 49A of, or Schedule A1 to, the Social Services and Well-being (Wales) Act 2014 (anaw 4);</p> <p style="padding-left: 40px;">(8I) A person (P) who is authorised as mentioned in subsection (5)(a) of section 50 of, or paragraph 4(5)(a) of Schedule A1 to, the Social Services and Well-being (Wales) Act 2014 does not make arrangements for another to engage in a regulated activity by virtue of anything that P does under subsection (5)(b) or (6)(b) of section 50 or paragraph 4(5)(b) or (6)(b) of Schedule A1.”</p> <p>(3) In section 30(8), for “sections 50 to 53 of” substitute “section 49A of, or Schedule A1 to,”.</p>	<p>[] (1) Mae Deddf Diogelu Grwpiau Hyglwyf 2006 wedi ei diwygio fel a ganlyn.</p> <p>(2) Yn adran 6, ar ôl is-adran (8G) (fel y'i mewnosodir gan baragraff 4(2) o Atodlen 2) mewnosoder—</p> <p style="padding-left: 40px;">“(8H) A local authority does not make arrangements for another to engage in a regulated activity by virtue of anything the authority does under regulations under section 49A of, or Schedule A1 to, the Social Services and Well-being (Wales) Act 2014 (anaw 4);</p> <p style="padding-left: 40px;">(8I) A person (P) who is authorised as mentioned in subsection (5)(a) of section 50 of, or paragraph 4(5)(a) of Schedule A1 to, the Social Services and Well-being (Wales) Act 2014 does not make arrangements for another to engage in a regulated activity by virtue of anything that P does under subsection (5)(b) or (6)(b) of section 50 or paragraph 4(5)(b) or (6)(b) of Schedule A1.”</p> <p>(3) Yn adran 30(8), yn lle “sections 50 to 53 of” rhodder “section 49A of, or Schedule A1 to,”.</p>	<p>into section 6 of the Safeguarding Vulnerable Groups Act 2006 (SVGA), which contains the definition of a “regulated activity provider” (RAP) for the purposes of that Act.</p> <p>The purpose of this amendment is to exclude local authorities (when exercising the function of making direct payments) from the definition of RAP, and the duties imposed in relation to that status under the SVGA.</p> <p>It also excepts from the definition of RAP the activity of a person who is authorised to make decisions as to whether another person is a “suitable” to receive and administer a direct payment on behalf an individual who does not have mental capacity.</p> <p>Schedule 2 of the Bill as introduced currently amends section 6 of the</p>

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			<p>SVGA, relating to the provisions (in Part 2 of the Bill) on direct payments for health care; these amendments will exempt health bodies (the Welsh Ministers and Local Health Boards) when exercising functions in relation to the making of direct payments.</p> <p>This new amendment will give local authorities the same status under the SVGA as health bodies when making direct payments in lieu of the provision of services.</p> <p>In addition the amendment makes a further amendment to SVGA (section 30(8)); this is consequential upon the changes to the numbering of the direct payment provisions in Part 4 of the 2014 Act (as amended by section 20 of the Bill).</p> <p>These amendments are consequential upon the</p>

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			restatement of the provisions in Part 4 of and Schedule A1 to the 2014 Act which enable the making of direct payments by local authorities in lieu of the provision or arrangement of services to meet needs for care and support.
40.	Schedule 1, page 47, after line 3, insert— '() In the heading of section 34, omit "and inspect".'	Atodlen 1, tudalen 47, ar ôl llinell 3, mewnosoder— '() Ym mhennawd adran 34, yn lle "ac arolygu mangreodd" rhodder "i fangreodd".'	This is an amendment to the drafting, to make it clear that an inspector may enter premises for the purpose of inspection or investigation.
41.	Schedule 1, page 47, after line 22, insert— <i>'Social Services and Well-being (Wales) Act 2014 (Consequential Amendments) Regulations 2016 (S.I. 2016/413 (W. 131))</i> [] (1) The Social Services and Well-being (Wales) Act 2014 (Consequential Amendments) Regulations 2016 are amended as follows. (2) Omit— (a) regulation 2(5); (b) regulation 253.'	Atodlen 1, tudalen 47, ar ôl llinell 23, mewnosoder— <i>'Rheoliadau Deddf Gwasanaethau Cymdeithasol a Llesiant (Cymru) 2014 (Diwygiadau Canlyniadol) 2016 (O.S. 2016/413 (Cy. 131))</i> [] (1) Mae Rheoliadau Deddf Gwasanaethau Cymdeithasol a Llesiant (Cymru) 2014 (Diwygiadau Canlyniadol) 2016 wedi eu diwygio fel a ganlyn. (2) Hepgorer— (a) rheoliad 2(5); (b) rheoliad 253.'	These amendments are made to Schedule 1 to the Bill. They amend the Social Services and Well-being (Wales) Act 2014 (Consequential Amendments) Regulations 2016, to remove provision which purported to make an equivalent amendment to section 6 of the Safeguarding Vulnerable Groups Act 2006 to that in amendment 39 above; this has not taken effect because legislation upon

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			which these amendments are dependent has not been commenced by the Secretary of State.



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA/DB/0078/25 - FC

Peredur Owen Griffiths MS
Chair of the Finance Committee
Senedd Cymru

21 January 2025

Dear Peredur,

Health and Social Care (Wales) Bill – Revised Regulatory Impact Assessment

Following the completion of the Stage 2 proceedings in respect of the Health and Social Care (Wales) Bill, and in line with Standing Order 26.28, a revised Explanatory Memorandum has been laid and I would like to bring relevant changes which have been made to the Regulatory Impact Assessment (RIA) to the Committee's attention.

The Committee's recommendations

In my letter of 18 October, following the publication of the Committee's Stage 1 report, I set out my initial response to the Committee's recommendations. I can now provide further details for those recommendations in response to which the RIA has been revised.

In response to the Committee's recommendation 2, I have included an additional summary table in the RIA (at Chapter 6) to demonstrate how the constituent elements agree with the range of total costs of the Bill.

In response to the Committee's recommendation 4, I have updated and corrected any errors or apparent inconsistencies, and provided further information regarding annual costs and benefits, where possible.

In response to the Committee's recommendation 6, I have provided an update about latest evidence on private providers expected to convert to "not-for-profit" status in the RIA.

In response to the Committee's recommendation 8, I have reviewed the assumptions made about the projected number of looked after children in the RIA.

In response to the Committee's recommendation 9, I have set out the rationale for the costs relating to modelled revenue for for-profit provision during the transition period, which are in tables 7.19 and 7.22 of the RIA.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

FIN(6)-04-25 PTN 2.

In response to the Committee's recommendation 16, I have provided further detail on how the costs for implementation and administration of Continuing Healthcare direct payments have been estimated.

In response to the Committee's recommendation 17, I have provided further information to support the use of the estimated CHC package cost in the RIA.

In response to the Committee's recommendation 18, where possible I have confirmed the sources used to justify modelling the financial implications of the proposals for funding Continuing Health Care direct payments in Wales on the level of savings made by NHS England after the introduction of Personal Health Budgets.

Provisions relating to eliminating profit from the care of looked after children

In my [written statement of 27 November 2024](#), I outlined the adjusted timescale for the transitional arrangements for the provisions relating to eliminating profit from the care of looked after children. The cost implications as a result of this have been reflected in the RIA. I would be happy to provide the Committee with further information on these changes if needed.

I would like to take the opportunity to again thank the Finance Committee for its scrutiny of the Bill.

I have copied this letter to the Chairs of the Health and Social Care Committee and the Legislation, Justice and Constitution Committee.

Yours sincerely,



Dawn Bowden AS/MS

Y Gweinidog Plant a Gofal Cymdeithasol
Minister for Children and Social Care

Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA/DB/0078/25 - LJCC

Mike Hedges MS
Chair
Legislation, Justice and Constitution Committee
Senedd Cymru

21 January 2025

Dear Mike,

Health and Social Care (Wales) Bill – Revised Explanatory Memorandum

Following the completion of the Stage 2 proceedings in respect of the Health and Social Care (Wales) Bill, and in line with Standing Order 26.28, a revised Explanatory Memorandum (EM) has been laid, to account for amendments made to the Bill at Stage 2, in order to reflect new, amended or removed provisions. Updates have been made to Chapter 5 of the EM in order to reflect the updated position on the powers for making subordinate legislation, and to Annex 1 of the EM to ensure the Explanatory Notes reflect the Bill as amended.

In response to recommendation 24 in your Committee's Stage 1 report, which I accepted in principle, I have provided indicative information regarding the healthcare services where a direct payment could be made in lieu of those services. This is included in an annex to this letter.

I would like to take the opportunity to again thank the Legislation, Justice and Constitution Committee for its scrutiny of the Bill. I have copied this letter to the Chairs of the Health and Social Care Committee and the Finance Committee.

Yours sincerely,

Dawn Bowden AS/MS
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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Annex: further indicative information**Recommendation 24 (LJC Committee):**

The Minister should provide detail on all the services that could be subject to direct payments using the provisions to be inserted into the National Health Service (Wales) Act 2006 by section 24. This information should be provided no later than the commencement of Stage 3 proceedings.

Welsh Government response provided to the recommendation:

I accept this recommendation in principle.

The power will enable direct payments in health care to recipients with a wide range of conditions and diagnoses. It would not be appropriate to provide an exhaustive list of where a direct payment could be made in lieu of services. In addition, it would be taking a 'medical model' approach and would not be in keeping with the social model of disability to be prescriptive in terms of type of condition or disability. However, I would be happy to provide the Committee with indicative information.

Further information provided by Welsh Government:

In addition to adults in receipt of NHS continuing health care, the list of service user groups eligible for direct payments could be expanded in future, if considered appropriate. Further groups could include children and young people eligible for continuing care, people eligible for aftercare services under section 117 of the Mental Health Act and people eligible for an NHS wheelchair¹. This would be in alignment with direct payments made as part of a personal health budget in England. Direct payments can also be made in England for a short period to individuals to facilitate their discharge from hospital, and this might be a model which could be replicated at a future point in Wales.

Further to those indicative services and user groups, a comprehensive list of delegated health care tasks has been developed by specialist insurers who cover the work of PAs in England. These are health care tasks that can be carried out by a PA once appropriate training has been undertaken. Competence would need to have been confirmed by a registered health care professional. Additionally, as part of the agreed health and care plan of the direct payment recipient, the PA would have a means to escalate any issues or engage the support of healthcare professionals should they need to do so. The list of healthcare tasks, which is indicative and not intended to be exhaustive, is included below for information:

- Administration of drugs
- Administration of enemas
- Administration of medication by nebuliser
- Administration of oxygen
- Application of compression garments
- Bipap and cough assist machine
- Bowel care
- Catheter care
- Changing dressings
- Chest/limb physiotherapy
- Epilepsy management and first aid in the event of an attack
- Gastrostomy feeding and care
- Hickman Line
- Hydrotherapy
- Identification and treatment of Autonomic Dysreflexia

¹ [NHS England » Personal health budgets](#) Pack Page 33

FIN(6)-03-25 PTN 3

Infusion pumps
Insulin injections
Management of asthma and first aid in the event of an attack
Monitoring of pressure areas
Monitoring of vitals inc. blood sugars
Oral suction/Nasopharyngeal suction
Severe allergic reactions and the use of auto injector in emergency situations
Total Parenteral Nutrition (TPN)
Tracheostomy care
Urostomy care
Ventilator care
Duodenostomy
Jejunostomy
Management of FND Non-Epileptic Seizures
Naso-gastric feeding and care
Colostomy care

Dawn Bowden AS/MS
Y Gweinidog Plant a Gofal Cymdeithasol
Minister for Children and Social Care

Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA/DB/0078/25 - HSCC

Russell George MS
Chair of the Health and Social Care Committee
Senedd Cymru

21 January 2025

Dear Russell,

Health and Social Care (Wales) Bill – Revised Explanatory Memorandum

Following the completion of the Stage 2 proceedings in respect of the Health and Social Care (Wales) Bill, and in line with Standing Order 26.28, a revised Explanatory Memorandum (EM) has been laid, to account for amendments made to the Bill at Stage 2, in order to reflect new, amended or removed provisions. Updates have been made to Chapter 5 of the EM in order to reflect the updated position on the powers for making subordinate legislation, and to Annex 1 of the EM to ensure the Explanatory Notes reflect the Bill as amended.

In addition, the EM now also reflects my [Written Statement of 27 November 2024](#), regarding the timescale for implementing the eliminating profit element of the Bill. The impact of this on the cost estimates for the Bill has been reflected in the Regulatory Impact Assessment (RIA) within the EM, and I am writing to the Chair of the Finance Committee to outline this and other changes made to the RIA in light of the Committee's Stage 1 report recommendations.

I would like to take the opportunity to again thank the Health and Social Care Committee for its scrutiny of the Bill.

I have copied this letter to the Chairs of the Finance Committee and the Legislation, Justice and Constitution Committee.

Yours sincerely,



Dawn Bowden AS/MS
Y Gweinidog Plant a Gofal Cymdeithasol
Minister for Children and Social Care

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Agenda Item 4.5

Mark Drakeford AS/MS

Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg

Cabinet Secretary for Finance and Welsh Language



Llywodraeth Cymru
Welsh Government

Peredur Owen Griffiths MS
Chair, Finance Committee
Senedd Cymru

22 January 2025

Annwyl Peredur,

Following my letter to you on 20 December, please see the information the Committee requested to enable comparison of budget changes across the period 2023-24 to 2025-26.

The attached table shows the 2023-24 outturn in the current MEG structure. It also includes the percentage change between the 2023-24 outturn and the 2024-25 Revised Baseline (Final Budget restated with adjustments to the baseline) and the percentage change between 2023-24 outturn and the 2025-26 Draft Budget, as well as real terms percentage changes. Also included for completeness is the percentage change between the 2024-25 Revised Baseline and the 2025-26 Draft Budget.

Yours sincerely,

Mark Drakeford AS/MS

Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg

Cabinet Secretary for Finance and Welsh Language

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

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We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

FISCAL RESOURCE	2023-24 Outturn £m	2024-25 Revised Baseline £m	%age change 23-24 to 24- 25	2025-26 Draft Budget £m	%age change 24-25 to 25- 26	%age change 23-24 to 25- 26	real terms %age change 23-24 to 24-25	real terms %age change 24-25 to 25-26	real terms %age change 23-24 to 25-26
Health & Social Care	10,743.2	11,479.0	6.8%	11,914.9	3.8%	10.9%	4.4%	1.4%	5.8%
Housing & Local Government	4,980.4	5,194.5	4.3%	5,475.4	5.4%	9.9%	1.9%	3.0%	4.9%
Education	1,741.1	1,716.2	-1.4%	1,799.7	4.9%	3.4%	-3.7%	2.4%	-1.4%
Transport	548.0	581.9	6.2%	651.5	12.0%	18.9%	3.7%	9.4%	13.4%
Climate Change & Rural Affairs	560.5	531.1	-5.3%	566.3	6.6%	1.0%	-7.5%	4.1%	-3.6%
Economy, Energy & Planning	359.6	442.0	22.9%	461.0	4.3%	28.2%	20.1%	1.9%	22.3%
Social Justice	146.3	132.8	-9.2%	139.0	4.7%	-5.0%	-11.3%	2.3%	-9.3%
Central Services & Administration	381.1	399.3	4.8%	428.8	7.4%	12.5%	2.4%	4.9%	7.3%
Total	19,460.2	20,476.8	5.2%	21,436.6	4.7%	10.2%	2.8%	2.2%	5.1%

NON-FISCAL RESOURCE	2023-24 Outturn £m	2024-25 Revised Baseline £m	%age change 23-24 to 24- 25	2025-26 Draft Budget £m	%age change 24-25 to 25- 26	%age change 23-24 to 25- 26	real terms %age change 23-24 to 24-25	real terms %age change 24-25 to 25-26	real terms %age change 23-24 to 25-26
Health & Social Care	292.9	287.3	-1.9%	325.5	13.3%	11.1%	-4.2%	10.7%	6.0%
Housing & Local Government	3.9	-	-100.0%	-	-	-100.0%	-100.0%	-	-100.0%
Education	224.9	280.9		267.6	-4.7%			-7.0%	
Transport	266.1	226.7	-14.8%	226.7	0.0%	-14.8%	-16.8%	-2.3%	-18.7%
Climate Change & Rural Affairs	21.0	20.9	-0.7%	20.9	0.2%	-0.5%	-3.0%	-2.2%	-5.1%
Economy, Energy & Planning	27.0	13.9	-48.6%	32.7	135.0%	20.9%	-49.8%	129.5%	15.3%
Social Justice	0.4	0.2	-51.2%	0.5	153.5%	23.7%	-52.4%	147.6%	18.0%
Central Services & Administration	14.6	17.4	19.4%	18.5	6.5%	27.2%	16.6%	4.1%	21.3%
Total	400.9	847.3	111.3%	892.4	5.3%	122.6%	106.4%	2.9%	112.4%

	2023-24 Outturn £m	2024-25 Revised Baseline £m	%age change 23-24 to 24- 25	2025-26 Draft Budget £m	%age change 24-25 to 25- 26	%age change 23-24 to 25- 26	real terms %age change 23-24 to 24-25	real terms %age change 24-25 to 25-26	real terms %age change 23-24 to 25-26
GENERAL CAPITAL									
Health & Social Care	482.7	439.0	-9.0%	614.0	39.9%	27.2%	-11.2%	36.6%	21.4%
Housing & Local Government	1,001.4	1,071.6	7.0%	1,191.3	11.2%	19.0%	4.5%	8.6%	13.5%
Education	334.1	346.5	3.7%	374.5	8.1%	12.1%	1.3%	5.6%	6.9%
Transport	876.9	477.8	-45.5%	528.8	10.7%	-39.7%	-46.8%	8.1%	-42.5%
Climate Change & Rural Affairs	188.0	232.1	23.5%	304.0	31.0%	61.7%	20.6%	27.9%	54.3%
Economy, Energy & Planning	138.8	205.7	48.2%	327.2	59.1%	135.7%	44.8%	55.3%	124.9%
Social Justice	11.5	14.5	25.8%	17.9	23.4%	55.2%	22.9%	20.5%	48.1%
Central Services & Administration	11.9	10.7	-10.5%	15.7	46.9%	31.5%	-12.5%	43.5%	25.5%
Total	3,045.2	2,797.9	-8.1%	3,373.3	20.6%	10.8%	-10.3%	17.8%	5.7%

	2023-24 Outturn £m	2024-25 Revised Baseline £m	%age change 23-24 to 24- 25	2025-26 Draft Budget £m	%age change 24-25 to 25- 26	%age change 23-24 to 25- 26	real terms %age change 23-24 to 24-25	real terms %age change 24-25 to 25-26	real terms %age change 23-24 to 25-26
FINANCIAL TRANSACTION CAPITAL									
Health & Social Care	6.7	-	-100.0%	-		-100.0%	-100.0%		-100.0%
Housing & Local Government	107.2	105.8	-1.3%	72.9	-31.1%	-32.0%	-3.6%	-32.7%	-35.2%
Education	19.8	2.1	-89.4%	1.7	-180.9%	-108.6%	-89.6%	-179.0%	-108.2%
Transport	- 0.3	13.6		-	-100.0%			-100.0%	
Climate Change & Rural Affairs	-	20.0		10.0	-50.0%			-51.2%	
Economy, Energy & Planning	- 7.9	25.6		16.5	-35.7%			-37.2%	
Social Justice	-	0.0		1.5	-3578.6%			-3497.5%	
Central Services & Administration	-	-	0.0%	-		0.0%			
Total	125.5	167.1	33.1%	99.1	-40.7%	-21.1%	30.0%	-42.1%	-24.7%

AME	2023-24 Outturn £m	2024-25 Revised Baseline £m	%age change 23-24 to 24- 25	2025-26 Draft Budget £m	%age change 24-25 to 25- 26	%age change 23-24 to 25- 26	real terms %age change 23-24 to 24-25	real terms %age change 24-25 to 25-26	real terms %age change 23-24 to 25-26
Health & Social Care	191.6	368.4	92.3%	278.0	-24.5%	45.1%	87.8%	-26.3%	38.4%
Housing & Local Government	925.3	1,112.2	20.2%	1,114.8	0.2%	20.5%	17.4%	-2.1%	14.9%
Education	1,142.8	6.6	-99.4%	1,252.3	18920.7%	9.6%	-99.4%	18477.4%	4.5%
Transport	2.7	32.2	1111.3%	2.0	-93.8%	-24.8%	1083.2%	-93.9%	-28.3%
Climate Change & Rural Affairs	39.2	90.0	-329.8%	6.0	-106.7%	-84.7%	-324.5%	-106.5%	-85.4%
Economy, Energy & Planning	19.5	58.5	199.9%	66.5	13.7%	240.9%	192.9%	11.0%	225.2%
Social Justice	0.1	0.2	98.2%	0.2	0.0%	98.2%	93.6%	-2.3%	89.1%
Central Services & Administration	- 2.7	3.2		3.2	0.0%			-2.3%	
Total	2,318.4	1,491.3	-35.7%	2,723.1	82.6%	17.5%	-37.2%	78.3%	12.1%

These tables have been produced for administrative purposes only.

The Welsh Government's audited outturn is contained within the Welsh Government Annual Consolidated Accounts 2023-24 laid before the Senedd on 29 November 2024.

The Welsh Government Outturn Report 2023-24 published on 23 December 2024 reflects the position set out in the audited annual accounts.

Peredur Owen Griffiths MS
Chair, Finance Committee
Senedd Cymru

By email

22nd January 2025

Dear Chair,

We are writing to you regarding NEU Cymru's concerns with funding in education in Wales, as the Finance Committee consults on the publish Draft Budget 25-26.

We welcome that the Welsh Government has provided outlined extra funding to the education budget. However, we have concerns this may not reach the frontline. We have updated the letter we wrote to you in December.

Our members enter education to educate and support children in their learning, but the financial situation in education means our members are struggling to fulfil this aim. We believe this is a critical budget for Welsh Government to invest in the future of Wales, and support the education system.

“The system is broken and now crumbling. Our school is barely able to run with the limited number of staff and resources. Children's needs cannot be met due to lack of staff. Buildings are in disrepair, teachers and TAs are exhausted from the workload. Something needs to be done urgently. Schools should be funded properly, and the government need to invest in the future of our children.” **Teacher, Conwy**

We conducted a poll of our members which highlights schools and colleges struggling for funding, and unable to provide enough resources (like books and pens), support children with additional learning needs (ALN), or employ enough teachers or support staff to provide the education children

deserve. We have included some of the quotes from that survey across our response here.

We highlight some areas of particular challenge below.

Local authority funding

Clear guidance is needed to ensure that funding from the Revenue Support Grant (RSG) gets to schools. Much could be done to resolve the funding fog in Wales, as our members see huge differentiation between local authorities. Welsh Government needs to reexamine the way that monies are divided between the local authorities, and guarantee funding reaches schools. We need to ensure that the education budget is protected at every level – to support our workforce and ensure children get the education they deserve.

Eighty-nine per cent (89%) of respondents in our survey said that there aren't enough teachers and support staff in their school / college to provide the education the students deserve. When asked if there was enough money available to ensure that more teachers and support staff can be appointed if required, fifty-one per cent (51%) said that the school / college needs more funding to be able to appoint all the staff they need, and a further forty-one per cent (41%) said that the school / college is in real trouble with urgent funding needed to appoint all the staff they need.

Whilst we welcomed the further £14.436m to local authorities through the Local Government settlement in 2024-25, we have seen schools and colleges' costs rise. Whilst Welsh Government struggle to recruit potential teachers into training¹, we saw a significant year for redundancies. As the Annual School Census data shows:

- There were 24,297 full-time equivalent qualified teachers in maintained schools, down 587 compared with January 2023.²

The last budget has not protected schools and colleges from having to make further cuts in provision, it is vital that this education budget does.

Fifty-three per cent (53%) of respondents in our survey told us that the school / college building that they work in wasn't suitable for learning. When asked if there was enough money available to ensure that any repairs / amendments can be carried out, two-thirds (65%) said that the school / college needs more funding to be able to carry out repairs and a further seventeen per cent (17%) said that the school / college is in real trouble with urgent funding needed.

¹ Only 57% of those who registered in 2014 were registered as teachers in 2024. EWC

² <https://www.gov.wales/schools-census-results-january-2024.html>

Additional Learning Needs (ALN) Reform

Eighty-one per cent (81%) of respondents in our survey said that students with Additional Learning Needs (ALN) are not getting the support they need to enable them to engage fully in their learning.

“ALN is at crisis point. We are seeing such an increase in the children's needs and the number of children with complex needs that require specialist input entering mainstream school. We do not have the space, resources or staff to adequately support these children” **Teacher, Swansea**

The recent Children, Young People and Education Committee reports³ should make for sobering reading, and clearly show how more support is needed to ensure that ALL children have access to the education they deserve.

We welcomed the extra £25 million for ALN Coordinators (ALNCos) to move onto leadership pay. But we have huge concerns that more support is needed for ALNCos, as they struggle to find the time to complete the administration associated with the role. Time outside the classroom costs money, and this is money that schools don't have.

Furthermore, as schools and colleges have delegated duties under the ALNET Act to support children, (who would previously have been supported by local authorities), they are trying to support children without the adequate funds.

“Our school is really struggling. The teachers are finding it very difficult to meet the needs of their children. We have many children with complex needs and cannot support them or staff. This is the same for children with ALN, especially since the withdrawal of funds for 1-1 support.” **Senior Leader, Cardiff**

We cannot continue to have a situation where children and young people do not have access to the support they need. Regardless of declining figures of identified children⁴, we know they are still in our classrooms. Educators need access to support services from local authorities to ensure that they can support children with ALN at the earliest opportunity, and the funding to provide the adjustments they need.

³ <https://business.senedd.wales/mgIssueHistoryHome.aspx?IId=40923>

• ⁴ There were 52,152 pupils with additional learning needs (ALN) or special educational needs (SEN) in maintained schools (11.2% of all pupils), down from 63,089 (13.4%) at January 2023.

<https://www.gov.wales/schools-census-results/2023.html>

“Every year we face the possibility of redundancies which is ridiculous, we are losing support staff left right and centre so the education for children with ALN suffers!” **Primary Teacher, Wrexham**

When asked if there was enough money available to ensure that students with ALN receive the education they deserve, forty-one per cent (41%) said that the school / college needs more funding as they can't provide all the support they need, and a further forty-five per cent (45%) said that the school / college is in real trouble with urgent funding needed to provide all the support they need.

Behaviour

“I have taught in Flintshire for 28 years and this is the worst year I have ever experienced. Poor behaviour, lack of resources, huge needs of learners as no specialist settings available, not enough staff, buildings & amenities in desperate need of repair. I am considering leaving the profession!”

Primary Teacher, Flintshire

We have seen schools across Wales take strike action, linked to behaviour in schools, and the way in which the leadership team is managing this. NEU Cymru are clear – we don't want to nurture a situation where children's behaviour becomes the focus of a school which is struggling to support children with ALN and other needs. This is clearly about schools having the resources to support everyone, no matter what their needs. As we have highlighted above, schools don't have enough money to support children with ALN, we believe this is a key factor in terms of behaviour in our schools.

Absence rates remain high, with schools needing support to help children with attendance. Not all schools will have access to a pastoral care team, but they cannot support children without access to other services – including local authorities and CAHMs.

- Overall, 29% of pupils have met the persistent absence threshold of 10% of sessions missed for this academic year, down from 30.2% over the same period in the 2022/23 academic year.

Clear too is that families need support. And whilst schools try and help families in need, they cannot do this alone – they need access to all the support services which local authorities should be able to provide. Cutting the funding to support services is having a direct impact in our schools, as they try to do more with less.

Workload

“Having been a teacher for over 20 years, I am now at breaking point. Work has become unmanageable. We are so understaffed that we all face covering lunch duties and working extra hours (over and above) just to keep the school ‘ticking over’.” **Primary Teacher, Monmouthshire**

Excessive workload continues to be the leading cause of workplace stress and mental health issues, as 94% of respondents to our members mental health and wellbeing survey in 2023, said that workload impacted on their emotional health and wellbeing.

The percentage of days lost due to mental health issues has risen by 17% between 21/22 and 22/23 (latest available figures), representing a quarter of the days lost to sickness absence. In total, 5,583 education professionals took sickness absence due to poor mental health during this period.

Despite settling our dispute with the Welsh Government in March last year, the education workforce has seen little meaningful change in terms of workload in our classrooms. Clearly workload is costing Wales money, as the leading cause of poor mental health in the workplace.

From a funding perspective, workload has increased as more pressure is placed on the workforce to adapt and change their practice, carry out more and more tasks, and support the increasingly wide needs of children, without an increase in time outside of the classroom. There is minimal funding for cover. And yet an increasing demand to attend training as new initiatives keep coming, without sufficient resources attached.

Reducing workload must be a priority for the next Welsh Government budget.

Ninety-three per cent (93%) of respondents in our survey said that staff aren't able to complete most of their workload during their working day at school / college and don't have a good work / life balance. When asked if there was enough money available to ensure that staff have more time outside the classroom for planning, preparation and assessment so that they don't take most of their work home with them and have a better work / life balance, nearly half (49%) said that the school / college needs more funding to be able to provide all the time outside the classroom for planning, preparation and assessment that the staff need, and a further third (34%) said that the school / college is in real trouble with urgent funding needed to provide this time for the staff.

Child poverty

- 29.3% of pupils aged 5 to 15 were known to be eligible for free school meals or transitionally protected, up from 28.7% at January 2023.⁵

“We have an incredible and hard-working staff who cannot do their job because of lack of funding. Every year cuts are being made and at the moment our school is running in deficit, and difficult choices are being made every day. Our staff are doing an amazing but impossible job. With the correct funding we have the potential to be incredible, but everyone is being pushed to the limit”. **Senior Leader, Bridgend**

With rising number of children living in poverty in Wales (29%), NEU Cymru have welcomed the roll-out of free school meals (FSM) to all primary aged children. However, it is vital that free school meals are available to all children, regardless of their stage of education. Our members are clear – children need not to be hungry whilst they are in school.

We supported the Bevan Foundation’s work around the Welsh Benefits System⁶. However, we would ask that the Committee considers how automatic enrolment to FSM and Pupil Development Grant (PDG), can be used in a positive way, to ensure that children receive FSM, now that transitional protection has been removed.

In England, Pupil Premium funding is guaranteed for 6 years (known as the Ever 6⁷). This allows schools to plan their interventions for pupils who are eligible for FSM (eFSM). In Wales, the funding relies on parents’ revealing their financial situation at the time of data collection, and in many authorities, still requires a form to be completed. Clearly this ability to plan would help support schools in Wales, in terms of their financial stability, and their ability to support our most disadvantaged pupils.

As the threshold for eligibility for FSM has not increased in a number of years, its validity is questionable as a proxy measure. It is our view that the threshold for FSM eligibility must increase.

Forty-two per cent (42%) of respondents in our survey said that families who need extra support from the school / college, are not receiving this

⁵ <https://www.gov.wales/schools-census-results-january-2024-html>

⁶ <https://www.bevanfoundation.org/resources/making-the-case-for-a-welsh-benefits-system-peoples-experiences/>

⁷ <https://www.gov.uk/government/publications/pupil-premium-allocations-and-conditions-of-grant-2024-to-2025/pupil-premium-2024-to-2025-conditions-of-grant-for-local-authorities>

support whenever they need it. When asked if there was enough money available to ensure that those families get the support they need, a third (33%) said that the school / college needs more funding to be able to provide all the support that is necessary, a further quarter (25%) said that the school / college is in real trouble with urgent funding needed to ensure that those families get the support they need, and thirty percent (30%) said they don't know.

Pay

“This term I have spent hundreds of pounds on resources including glue, pens, paper, card and books for the class library as there are not enough funds to provide what is needed. I lead LLC throughout the school but have no TLR because there isn't enough money.” **Teacher, Swansea**

NEU Cymru members voted to support the 5.5% pay award – it is vital that this is fully funded. Too many times we have seen Welsh Government promise to fund this, give funding to local authorities, only for schools to be told that they do not have sufficient extra funding to meet actual salaries. Schools are not in a position to raise their own funds to support additional costs. Welsh Government must ensure that teachers' pay is fully funded by each local authority, and each individual funding formula does not mask under-funding of the sector.

“No good giving raises in pay if it isn't reflected in the school's budget.” **Senior Leader, Torfaen**

Curriculum and qualifications reform

“I am fed up with the lack of resources to provide the new 'experiential' curriculum and having to spend my own money on basic things like glue and pens.” **Teacher, South Wales**

The Curriculum for Wales and associated qualifications reform have not come without significant additional costs to the education sector. Our members should have been given sufficient time to plan and develop the resources to support the curriculum, assessment, and qualifications.

As the new qualifications are developed, we must ensure that teachers have enough time outside the classroom to plan, prepare and develop their approach and resources, in order to meet the needs of the children they teach. These qualifications must succeed in supporting all children to show what they can do, not focus narrowly on exams, or assessments that feel

like exams to everyone involved. With absence levels highest in year 11⁸, teachers must be supported to prepare for teaching of these new qualifications.

Proper professional learning allows people time outside of the classroom to learn, develop and reflect on their skills. However, time outside of the classroom costs money, so it vital that funding is given to every new initiative and change.

Eighty per cent (80%) of respondents in our survey said that there aren't enough resources available in their school / college to provide the education the students deserve. When asked if there was enough money available to ensure that these resources are plentiful, fifty-one per cent (51%) said that the school / college needs more funding to be able to provide all the resources they need, and a further thirty-four per cent (34%) said that the school / college is in real trouble with urgent funding needed to provide these resources.

School improvement

Plans to change school improvement appear to be largely driven by cost saving, rather than driven by workforce need. We do not feel that adequate support has or will be given to the workforce to enable them to embed collaboration in their practice. Again, time is needed outside of the classroom to develop this practice.

We are disappointed to see that subject specialist advisors will be decreased. It is our belief that what is left of the school improvement system should focus on support for the workforce, not another layer of accountability without sufficient resources to make changes in the classroom.

Welsh Language in Education Bill

NEU Cymru supports the general principles of the Bill, but if the education system is to implement the Welsh Language in Education Bill, then this must be fully funded. Teachers and support staff are going to need time outside of the classroom to ensure they have time to learn the language to a level where they can teach it.

Imposing a minimum amount of provision could have an adverse effect on staff, especially if staff aren't confident in teaching through the medium of Welsh. We surveyed our members in Wales on the White Paper proposals in 2023, and asked respondents to place themselves in one of seven

• ⁸ The attendance rate by year group for the academic year to date has been highest for pupils in Year 3 (92.6%) and lowest for pupils in Year 11 (79.0%).

Welsh speaking categories, e.g. I am a confident, but not fluent, Welsh speaker, and would like more support to be confident enough to teach through the medium of Welsh. Fifty-five per cent (55%) of respondents who either speak a lot of Welsh, are confident, or fluent Welsh speakers said they'd like more support to be confident enough to teach through the medium of Welsh.

Clearly it is only through investing in our current workforce now, that we will see enough Welsh speaking members of the workforce to fulfil the aims of the Bill.

Estyn

“Schools are at absolute breaking point! We cannot continue like this. The number of children with ALN and behaviour needs and the class sizes getting bigger and the taking away of staff, especially teachers and TAs. It's such an undesirable job! We go home exhausted every single night. How can we have a work life balance when the day-to-day things are draining us!” **Senior Leader, North Wales**

Whilst we recognise the differences in terms of inspection in both England and Wales, our members in Wales tell us that inspection is very stressful and has a significant impact on workforce well-being. Whilst the Chief Inspector refused to pause inspection, we do believe it is critical that the Welsh Government remit contains a requirement to carry out a mental health impact assessment of the whole workforce, regarding inspection.

Furthermore, we are concerned that Estyn's responsibilities in terms of the wellbeing of the workforce are non-statutory. We believe that learners in Wales can only truly be valued by the inspectorate if we are putting the well-being of the workforce as a top priority.

“Moral is low and mental health is beginning to decline. The state of our education system is dire for both students and teachers. As SLT too much of our time is taken up with budget matters and trying to manage staff shortages.” **Senior Leader, Cardiff**

In a funding landscape where schools are struggling to meet the needs of children and the workforce, it is time to think about how inspection can be more supportive for everyone.

Supply teachers

The increase in the number of support staff in Wales (from 16,556 in 2010 to 30,155 in 2023) and the rise in the number and strength of teaching agencies has led to an increase in schools utilising teaching assistants and agency workers to cover absent teachers, to the detriment of qualified supply teacher members.

“Teacher absences are not being covered by qualified supply staff. Schools are using assistants to cover. Every child deserves a qualified teacher. Schools are also employing the cheapest staff they can find available. This means experienced staff are not being chosen for job vacancies. This impacts on the quality of teaching across the school.” **Teacher, Bridgend**

This problem has continued to grow over the last 12 years and more of our supply teacher members are either not getting work, are forced to leave the profession or, even with the introduction of the new Welsh Government Commercial Delivery (WGCD) Supply Agency Framework Agreement for supply teachers (September 2023), where 41 agencies are currently on the framework, are being forced to register with agencies that have significantly lower rates of pay, to get work.

Part of the Welsh Government’s long-term programme of education reform included in the Programme for Government states that it wants to “*Develop a sustainable model for supply teaching that has fair work at its heart.*”

Nearly all local authorities no longer have a supply teacher pool which would pay teachers the correct rate based on their experience, and have turned exclusively to agencies to provide their schools with supply teacher cover. Because of this, many leave the profession as they cannot find ‘*fair work*’ as the rates of pay do not cover their living costs.

Agencies are costing schools money, whilst supply teachers are locked out of School Teachers’ Pay and Conditions (Wales) Document. Welsh Government need to implement a fully functioning national supply pool as a matter of urgency, and ensure supply teachers have equal rights to STPC(W)D in all teaching positions.

As we see high levels of absence amongst pupils, poor behaviour and a struggling workforce, it is clear Welsh Government needs to take action and support our supply workforce, and ensure there is a qualified teacher in every classroom.

As the recent Senedd Public Accounts and Public Administration Committee Report says:

110. The Committee has not heard a persuasive reason why the Welsh Government specified that the review carried out by IWPRB should not have included all supply teachers, including those employed by agencies. Whilst not all recommendations will be applicable to all supply teachers, we urge that the recommendations made with regard to those employed directly by schools and local authorities should be reviewed for their applicability to agency supply teachers.⁹

We believe that this is an opportunity for Welsh Government to fulfil its aims in terms of supply teachers and fair work, and stop public money going to supply agencies, which should be going towards supply teachers' pensions.

Further Education

In terms of FE, we need to know the Welsh Government sees and rewards their hard work, and are not making cuts to such a fragile sector.

We ask Welsh Government to prioritise educational funding and investment, as a matter of urgency. As funding the future of post-16 education moves to Medr, it is critical we retain the important mix of provision in the sector – ensuring both School Sixth Forms and the FE sector can provide education close to home for young people across Wales.

Participation in Higher Education (HE) is low in Wales, and needs a flourishing compulsory and post-16 sector in order to grow.

Workload, support services and ALN reform are particular issues for FE, and must be addressed. Doing more for less is not an option within the education system in Wales.

The future of education is at stake and schools, colleges, educators, and most importantly, students in Wales, are too important not to be properly funded.

We would be happy to speak to Committee about the issues we have raised here.

⁹ <https://business.senedd.wales/mg/Issue/Item/4-10-19-650/Id=42660>

Yours sincerely

A handwritten signature in black ink, appearing to read 'N Fitzpatrick'.

Nicola Fitzpatrick

Ysgrifennydd Cymru Dros-dro / Interim Wales Secretary

CC – Mark Drakeford, Finance Secretary, Welsh Government
Lynne Neagle, Education Secretary, Welsh Government



Financial Transactions Capital

Response to the Finance Committee Report (November 2024)

22/01/2025

In November 2024, the Finance Committee submitted its report on Financial Transactions Capital. The report includes 15 recommendations.

This document sets out the Welsh Government's response to those recommendations and its intended next steps prior to the 2026-27 budget round.

1. Introduction

The Welsh Government is committed to maximising its use of Financial Transactions Capital (abbreviated as FTC, or sometimes just as FT) in order to deliver Ministerial priorities.

- 1.** I thank the members of the Senedd Finance Committee for their report on Financial Transactions Capital and share their commitment to improving the process of utilising FTC.
- 2.** The Welsh Government has already made steps to improve its processes and to increase transparency around the use of FTC. The 2025-26 Draft Budget included a greater level of detail on FTC than previously been provided at the draft stage in order to facilitate effective budget scrutiny. We will continue to make improvements, and I welcome the contribution the Committee's report makes to this work.
- 3.** As the report notes, as a form of repayable public finance, it is required that FTC is properly utilised in line with requirements set both at the UK and Welsh Government level for the effective use of public money. These requirements place limits on the extent to which processes can be reformed, however we will look to work constructively to implement, where possible, the Committee's recommendations.
- 4.** I have set out my response to the Report's individual recommendations below and have asked my officials to continue their engagement with the Clerk to the Finance Committee to ensure the Committee are updated on progress related to these recommendations.

2. Response to the 15 recommendations

Recommendation 1

The Committee recommends that the Cabinet Secretary assesses how the reclassification of the Development Bank of Wales by the Office of National Statistics as a central government body has impacted on the way it can use and allocate Financial Transactions Capital funding, and provides an update to the Committee on the outcome of the assessment including any actions taken.

Response: Accept

The reclassification of the Development Bank of Wales as a central government body primarily impacts when FTC expenditure is recognised against the Welsh Government's budget. There are two ongoing strands of work which must be completed before an assessment can be reported to the Committee.

The first is the resolution with HM Treasury on the handling of budgetary consequences arising from the reclassification of the Development Bank of Wales as a Central Government body.

The second is engagement between the Welsh Government and HM Treasury on the [Financial Transactions Control Framework](#), published October 2024, which is expected to take place early in 2025 to consider any potential impacts on devolved areas.

The outcome of this work will be significant in informing our assessment of how the reclassification of the Development Bank of Wales will impact the way it can use FTC funding.

Recommendation 2

The Committee recommends that the Cabinet Secretary provides an update on the progress of any discussions with the Treasury regarding reforming Financial Transactions Capital.

Response: Accept

No formal engagement has taken place with the Treasury in recent years regarding potential reforms to FTC, but we are keen to work closely with the UK Government on this. Some early informal discussions between officials have taken place, and it is anticipated that reforms to FTC will be considered through the UK Government Spending Review that is currently underway. An update will be provided to the Committee following that process.

Recommendation 3

The Committee recommends that the Cabinet Secretary confirms the total amount of Financial Transactions Capital funding that the Welsh Government has received to date.

Response: Accept

As at the Main Estimates 2024-25, the UK Government has provided £2,230,774m of ring-fenced FTC Financial Transactions Capital since 2012-13.

Recommendation 4

The Committee recommends that the Cabinet Secretary ensures that details regarding Financial Transactions Capital allocations are presented in the Welsh Government's Draft Budget documentation for 2025-26 and future years, and that, if this is not possible, a full explanation is provided to justify the approach taken.

Response: Accept

The Welsh Government is committed to providing transparent information on how funding from all sources is allocated. We therefore published details of proposed FTC allocations in the 2025-26 Draft Budget on December 10, 2024.

It is our intention to provide this information at the Draft Budget on an annual basis. If this is not possible an explanation will be provided to the Committee in advance.

Recommendation 5

The Committee recommends that the Cabinet Secretary provides updates to the Committee on how Barnett consequential impact the Financial Transactions Capital funding available, as soon as such additional funding is received by the Welsh Government.

Response: Accept

If additional funding that impacts FTC is received outside the annual budget process, the Welsh Government will provide an update to the Finance Committee as soon as is practical after the funding is confirmed.

Recommendation 6

The Committee recommends that the Cabinet Secretary publishes disaggregated Financial Transactions Capital data alongside Draft Budget documents from 2025-26 onwards.

Response: Accept

In the 2025-26 Draft Budget we published disaggregated data in the [Supporting Tables](#).

Recommendation 7

The Committee recommends that

Cabinet Secretary conducts an analysis of the use of Financial Transactions Capital, by sector, and presents its findings to the Committee

Response: Accept in principle

I have asked my officials to undertake an analysis of where FTC has been allocated to date and to provide this information to the Committee. To facilitate this work I have asked them to engage further with the Committee to better understand the nature of the information which would be most useful to the Committee.

Recommendation 8

The committee recommends that the Cabinet Secretary ensures that information, expertise and knowledge relating to Financial Transactions Capital is shared across departments within Welsh Government, and that training is targeted at staff within policy areas which have hitherto not fully utilised such funding.

Response: Accept

The Welsh Government has already begun to revise the internal FTC guidance for the next budget round. Additionally, targeted training sessions for staff that have limited or no experience of FTC, but might have opportunities to use FTC within the areas for which they are responsible, will be run by my officials to help facilitate the sharing of expertise and knowledge across departments.

Welsh Treasury provides proactive support to departments across the Welsh Government throughout the year to identify and develop specific proposals, with particular effort devoted to supporting new and innovative proposals from areas inexperienced in accessing FTC. Targeted discussions are also held with relevant finance and policy leads during the budget process to ensure that viable proposals can be submitted from as wide a range of areas as possible.

Recommendation 9

The Committee recommends that

The Cabinet Secretary publishes the three criteria for success used by the Welsh Government in relation to Financial Transactions Capital and that this is incorporated within guidance for businesses interested in applying for such funding so that expected outcomes are known at the outset prior to application.

Response: Partially Accept

The Welsh Government use the core principles for management of all forms of public resources as set out in '[Managing Welsh Public Money](#)' and HM Treasury's '[Consolidated Budgeting Guidance](#)' when considering deployment of FTC. Feasibility, viability and desirability of a proposal are the key considerations. Specifically with FTC the HM Treasury's '[Consolidated Budgeting Guidance](#)' guidance sets out the expectation that any funding provided will be wholly repaid. As such, the ability to repay and expected profile of repayments are always considerations when making FTC allocations.

All FTC allocations are required to follow the conditions for the use of public funds, ensuring that resources are effectively and efficiently used, and investments are wholly repaid. Allocations must be made objectively and fairly, using cost benefit analyses and seek good value while avoiding any conflicts of interest.

The Welsh Government are currently in the process of developing guidance for external stakeholders. However, most businesses that receive FTC do so through the Development Bank for Wales and will not differentiate between the funding streams provided for the loan or investment. These businesses are unlikely to be aware that FTC has been utilised, and therefore would not require specific guidance for FTC funded investments.

Recommendation 10

The Committee recommends that the Cabinet Secretary provides further information regarding the steps taken by the Development Bank of Wales to streamline the application process for Financial Transactions Capital, and the barriers it faced in doing so within the current framework.

Response: Accept

Business applications for finance.

All applications for funding from the Development Bank of Wales are made through a single digital application form. The model operated by the Development Bank is to review the business's needs and to provide the finance best suited to the company, which may be either or a combination of debt or equity and may also be sourced from multiple funds.

The guiding principle is to simplify the processes for businesses as far as possible and to provide the best customer service. Business owners are ultimately more concerned with terms and timescale than which of the 11 business funds managed by the Development Bank will provide the funding. The process for the business is largely dictated by the type of finance being sought (for example debt, equity or project finance), rather than by individual funds or their respective sources of capital.

In terms of the application process, significant progress has been made to streamline decision making. In the case of micro loans of up to £50,000 for businesses that have been trading for two years or more, the Development Bank aims to provide a decision within two working days of receiving all the information needed.

Further investment has been made in the customer journey with a new customer portal due to launch early in 2025. This represents a significant innovation and demonstrates the Development Bank's ongoing commitment to customer service.

More broadly, the Development Bank operates a 'relational' model where businesses can speak directly to named contacts in the bank if necessary. Applications for larger loans are considered on a case-by-case basis. This does add to the time it takes to consider an application when compared to purely algorithm-based approaches. However, this approach helps the bank better understand the needs and circumstances of an applicant before decisions are taken. The bank has achieved an exceptionally high Net Promoter Score of 90¹, indicating the relational approach is welcomed and valued by customers.

The process for securing FTC for deployment by the Development Bank

The Development Bank draws on market insight and intelligence to identify opportunities for new funds they believe will succeed in the marketplace. The Development Bank will then develop and submit a business case for consideration by Welsh Government. If accepted, the relevant policy team will engage with the centrally managed bidding process so that the merits of the bid may be considered alongside other applications in the context

¹ The Net Promoter score is a widely used measure of customer experience, satisfaction and loyalty.

of Government priorities. If successful, contractual arrangements are then put in place for delivery.

Recommendation 11

The Committee recommends that the Cabinet Secretary publishes details of Financial Transactions Capital allocations made within its budget and the purposes for which such funding has been provided, on an annual basis.

Response: Accept:

The Welsh Government is committed to providing transparent information on FTC allocations and the purpose of that funding. We published details of proposed FTC allocations along with their potential purpose and use in the 2025-26 Draft Budget on December 10, 2024.

Recommendation 12

The Committee recommends that the Cabinet Secretary provides further clarification regarding the process by which the Welsh Government repays its Financial Transactions Capital to HM Treasury, and ensures that such information is made publicly available.

Response: Accept:

Repayments of FTC to HM Treasury are agreed at the end of each financial year. The value of repayments in each year is agreed as the underspend reported against the final FTC budget less any underspend Welsh Government carry forward in the Wales Reserve.

The amount is reported in the Welsh Government Outturn Report.

Recommendation 13

The Committee recommends that the Cabinet Secretary explains how underspends in Financial Transactions Capital allocations could be used by the Welsh Government as general capital.

Response: Accept:

FTC is a ring-fenced element of the Welsh Government's Capital DEL settlement that can only be used for loan or equity type investments. It can only be used for purposes outside of the ring-fence with the agreement of HM Treasury.

Recommendation 14

The Committee recommends that the Welsh Government provides clarification on how much Financial Transactions Capital is recycled each financial year, and that this information is provided in its annual draft budget and outturn documentation as a matter of course

Response: Accept

In the 2025-26 Draft Budget, the Welsh Government published data on new FTC funding allocation and recycled FTC repayments. The total quantum of available funding has been

allocated, with an element of overprogramming to manage potential underspends. The Development Bank is currently recycling FT Capital within the Wales Property Fund 2 and the Wales Stalled Sites Fund.

In 2023-24 the Bank invested (using recycling) a total of £32,755,000. This was split by £19,062,000 for the Wales Property Fund 2 and £13,693,000 for the Wales Stalled Sites Fund. This investment was substantively off set by property receipts in the year (82%) of £26,992,000. This illustrates the significant value for money recycling of funds can have compared to new in year funding.

Agenda Item 4.8



Comisiynydd
Cenedlaethau'r
Dyfodol
Cymru

**Future
Generations**
Commissioner
for Wales

Dear Chair,

Re: Future Generations Commissioner 2025-26 WG Draft Budget Analysis: additional evidence to the Senedd Finance Committee

I would like to share with you the evidence of my analysis of the Draft Budget 2025/26 as part of your inquiry into the 2025/26 Welsh Government's Draft Budget. This follows the [letter](#) I submitted in November in response to your call for evidence prior to the Draft Budget being published.

Overview

In previous years my work had focused on the budget setting process to see how the Well-being of Future Generations Act [WFG Act] had been applied. This year, I have looked instead at how the budget has been allocated to understand the extent to which the budget makes a positive contribution to the seven Well-being Goals. This is information that Welsh Government should make clear when the Draft Budget is published. Without this clarity, I have had to develop a methodology and had to make some assumptions, which has presented some challenges.

Other governments that I have spoken with are already ahead of us in this, aligning their budget setting to frameworks like the Sustainable Development Goals (SDGs) and their nation's own well-being indicators. Having had the WFG Act for almost ten years, Wales should be leading the way in this.

On the positive side, I was pleased to see increased reference to the WFG Act throughout the documents this year, but it still lacked detail and evidence to see how the WFG had been

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applied. My team will be working with the Welsh Treasury on this for the next budget and as part of the review of the Strategic Integrated Impact Assessment.

It was also positive to see that only a small number of budget lines could be seen as having a potentially negative impact on the Well-being Goals. The Welsh Treasury team have in the past asked which areas of the budget I think should be stopped to better deliver on the Well-being Goals. My analysis has revealed examples of budget lines that would be strong contenders, like supporting the airport, payments for fuels and encouragement of international travel and imported food miles where this is not by the most sustainable means.

The analysis also used my Cymru Can missions (Implementation and Impact, Climate and nature; Health and well-being; Culture and Welsh language; and the Well-being economy) as a lens to understand the balance across the four dimensions of well-being and this revealed a lack of prioritisation for climate and nature in particular.

On the five Ways of Working, my analysis used the Ways of Working Progress Checker that I referred the Committee to in my evidence last year, The aim of this tool is to help organisations assess their progress on their journey towards sustainability. It shows there has been slow progress overall, with a similar ranking this year to last but there are some positive signs, especially on working to better integrate prevention and collaboration, particularly through the work of the Budget Impact Improvement Advisory group [BIIAG].

A more detailed analysis on these elements of the WFG Act follows below.

This year, we recognise the ten-years of the WFG Act. While I see some improved referencing of the Act, I would expect by now, that the Act, the ways of working and Well-being Goals would be embedded into the budget development process and its outcomes. For the year ahead, I will continue to prioritise my work to assist Welsh Government to make progress.



List of Recommendations

Recommendation 1: Welsh Government should publish the (more detailed) Ministerial statements at the same time as the Draft Budget to enable a better understanding of the meaning and intent of budget lines.

Recommendation 2: The Strategic Integrated Impact Assessment (SIIA) should more comprehensively incorporate potential negative impacts of spending decisions and explain mitigation. Similarly, the draft budget narrative should more openly discuss how trade-offs are identified and addressed.

Recommendation 3: Welsh Government should provide a more detailed explanation and evidence of how it has applied the WFG Act in the budget process.

Recommendation 4: Welsh Government should follow international examples and map budget lines to national goals, objectives and indicators.

Recommendation 5: Senedd Committees should reflect on the four well-being dimensions and/or the Well-being Goals as guiding concepts in their scrutiny of spending and investment decisions.

Recommendation 6: The Strategic Integrated Impact Assessment should at the very least explicitly consider the Globally Responsible Wales Well-being Goal.

Recommendation 7: Welsh Government should make use of the tools available to move faster on their journey to sustainable development. This includes the Ways of Working Maturity Matrix and the simplified online Ways of Working Progress Checker



Main Report

Applying the Act to the budget process

In anticipation of there being little change to the process in time for this year's Draft Budget, as had been indicated to me by the Welsh Government Treasury Team, this year my analysis has taken a different approach, looking instead at the expenditure allocated. While in the past the office has looked closely at specific expenditure like decarbonisation, this is the first time we have undertaken a whole budget expenditure analysis.

My team and I worked with the support of economists at the ZOE Institute to review how the proposed budget expenditure aligns to the Well-being Goals and ensures a balanced approach across all four dimensions of well-being.

The analysis also looked back over the past three-year spending period to help us understand baselines and how spending is evolving. Should I see a need to continue with analysis of the whole budget on a periodical basis, this will provide a baseline and data that can be tracked.

The collaboration with ZOE Institute has improved understanding of:

- How the allocations in the budget take us closer to advancing the seven Well-being Goals;
- The allocation of the budget in line with each of my [Cymru Can](#) missions and, by proxy, an idea of the balance across the four dimensions of well-being; and
- How the budget allocations will enable the use of the five Ways of Working.

However, I am disappointed that I need to go to such lengths to build this picture and would expect Welsh Government to be clearly expressing this in the first instance. I have had conversations with other governments, including the Republic of Ireland and Maltese

government and can see how they are already doing this by aligning their budget setting to frameworks like the Sustainable Development Goals (SDGs) and their nation's own well-being indicators. Having had the Future Generations Act for almost ten years, Wales should be leading the way in this.

Case study: Budget setting in Malta. All requests for funding through the budget are coded to align with the Sustainable Development Goals. Budget lines are equally coded against the SDGs and the national programme for government. This allows better budget decision making, easy tracking and reporting as well as efficient review of how allocations of funds are advancing the achievement of those Goals or national objectives.

ZOE Institute collated other examples of budgeting in other nations which align to the SDGs, including methodology such as gender budgeting, and can be found at Annex 1.

Our analysis investigates budget actions outlined in the Budget Expenditure Lines (BEL Tables) accompanying the budget. Our analysis found that the information released with the draft budget is not sufficient to understand the impact of individual budget actions. Instead, we relied on the budget descriptions and justifications of ministerial evidence submitted to Senedd committees in recent years. These ministerial submissions are the only official documents that provide more detailed information on specific actions and budget lines.

Recommendation 1: Welsh Government should publish the (more detailed) Ministerial statements at the same time as the Draft Budget to enable a better understanding of the meaning and intent of budget lines.

In my analysis of budget setting decisions last year, the Committee will recall my recommendations to make improvements in areas like the Strategic Integrated Impact Assessment and the Budget Improvement Plan. For example, I recommended that Welsh

Government should provide a clearer picture of how the five Ways of Working have been used and how budget decisions link back through the Programme for Government's Well-being Objectives and the advancement of the Well-being Goals and National Indicators.

In my view, the SIIA could do more to explain some of the negative impacts that have been discussed as part of the SIIA process.

Recommendation 2: The Strategic Integrated Impact Assessment (SIIA) should more comprehensively incorporate potential negative impacts of spending decisions and explain mitigation. Similarly, the draft budget narrative should more openly discuss how trade-offs are identified and addressed.

I welcome the indication in the Budget paperwork this year that this feedback has been considered. The language of the WFG Act is used more frequently in the documentation to make it more transparent how the Act has been applied to the process. Some examples include these excerpts from the Budget Narrative:

“15. Throughout the SIIA we have sought to identify where the 2025-26 Draft Budget supports the First Minister’s priorities, the relevant Well-being Goals and the Wellbeing of Wales National Indicators.”

“34. This section has been framed to reflect the four domains of sustainable development in the Well-being of Future Generations (Wales) Act 2015 setting out the areas of well-being that are considered as part of our approach: social, economic, environmental and culture.”

However, there is still progress needed in how these good intentions are put into practice as it still wasn't clear to me where and how this had been achieved. My team has been



providing ongoing support and training to the Welsh Government team and will continue to do so in coming months with a view to influencing the next budget round.

Recommendation 3: Welsh Government should provide a more detailed explanation and evidence of how it has applied the WFG Act in the budget process.

Recommendation 4: Welsh Government should follow international examples and map budget lines to national goals, objectives and indicators.

The Four Dimensions of Well-being

I would like the budget to demonstrate a better balance across the four dimensions of well-being (economic, social, environmental and cultural). This is crucial to advancing all seven of the Well-being Goals, for example ensuring a well-being economy that serves all aspects of life in Wales and protects nature.

Viewed through the lens of my Cymru Can missions, which broadly align to the four dimensions of well-being, it appears that 90.4% of this Draft budget would make a positive contribution to health and well-being (social), a little over half at 54.5% to a well-being economy (economic); 40.4% to culture and Welsh language (cultural), and only 8.7% to climate and nature (environmental). The full breakdown can be found in a table below.

I welcome that the SIIA presents the information on the 'Analysis of impacts of Draft Budget 2025-26' structured around the four dimensions of well-being, namely social, economic, environmental, and cultural. This allows a more cross-cutting, holistic perspective of the budget. However, this is not translated into the narrative document, which has no mention of the four dimensions of well-being.

My own analysis reveals:

The budget narrative and SIIA touch on equality and social considerations from a high-level perspective. It is essential that Welsh Government supports the right conditions for social well-being to flourish and the budget is an important tool in providing the resources. The focus on housing is commendable, reflecting a recognition of its critical role in well-being. However, more emphasis and funding are needed for preventative health and other key building blocks of social well-being, such as ensuring access to leisure facilities, green spaces, and fostering strong community relationships. These elements are essential for long-term societal well-being and resilience.

Similarly, while the narrative and SIIA address environmental considerations at a high level, there is less clarity on how specific Main Expenditure Groups [MEG] and budget actions integrate an environmental well-being perspective into their spending plans. Strengthening these connections could enhance the budget's ability to meet our climate and nature goals and ensure alignment across sectors.

The economic dimension is strongly represented in the budget. Whilst I acknowledge the role economic prosperity plays in the provision of employment and opportunities, I draw attention to the fact that the budget narrative leans on growth-oriented language rather than emphasizing a well-being economy, which would be in line with Wales' commitment as part of the Well-being Economies Governments (WEGo).

There is a positive, strong focus on job creation, training, and education, alongside a clear commitment to decarbonization and achieving net-zero, which are well reflected in budget actions. Key sectors like agriculture, food, and fisheries are recognized as vital for achieving prosperity and resilient, cohesive communities. However, the connection between these sectors and the broader goals of building a well-being economy is not clearly articulated in the narrative, SIIA, or specific budget allocations.

The cultural dimension of well-being provides the fabric of our communities and society. My analysis finds that culture and creativity are not always understood as being at the heart of achieving other Well-being Goals. The budget does not provide enough evidence that cultural well-being outcomes are supported in a more holistic way.

Embedding cultural well-being across various policy areas requires fostering a culture that prioritises this perspective. Public bodies must actively cultivate the capacity and practice of integrating cultural considerations into their work as the WFG Act asks us all to do.

Recommendation 5: Senedd Committees should reflect on the four well-being dimensions and/or the Well-being Goals as guiding concepts in their scrutiny of spending and investment decisions.

The Seven Well-being Goals

I welcome the clear effort that the Budget Improvement and Impact Advisory Group (BIAG) has put in working towards a budgetary process that more closely aligns with the WFG Act. The Budget Improvement Plan mentions the Well-being Goals in one of the plan's five key areas – Spending Decisions. This area aims at helping prioritise expenditure decisions that align with the Well-being Goals, which is an important step for applying a well-being lens throughout the whole development of the budget.

On the other hand, I note that while the Strategic Integrated Impact Assessment (SIIA) states its intent to identify how this year's Draft Budget supports the Well-being Goals, it lacks a comprehensive explanation of the connections between the budget and the goals. Similarly, the narrative document references the Well-being Goals only briefly, and they do not appear to serve as central elements within the narrative.



Our analysis aimed to understand how the expenditure lines are supporting each of the seven Well-being Goals:

A significant proportion of this Draft Budget would contribute positively to the Goals of a Prosperous (87.7%), Healthier (86.4%) and More Equal Wales (78.1%) with the other four Goals lagging significantly behind. The goals for A Resilient and Globally Responsible Wales only receive 7.3% each as a positive contribution from the total budget. A full breakdown of impacts on achieving the Goals, whether positive, negative or impact neutral can be found below.

	Well-being Goals						
	A prosperous Wales	A resilient Wales	A healthier Wales	A more equal Wales	A Wales of cohesive communities	A Wales of vibrant culture and thriving Wales language	A globally responsible Wales
% of the budget positive	87,7%	7,3%	86,4%	78,1%	38,6%	8,8%	7,3%
% of the budget neutral	8,0%	12,2%	12,7%	18,7%	52,5%	85,5%	39,5%
% of the budget harmful*	0,0%	50,4%	0,0%	1,2%	1,0%		1,7%

*Potentially

A Prosperous Wales: This goal refers to both an innovative, productive and low carbon society as well as a skilled and well-educated population and an economy that generates opportunities, decent work, and wealth.



In line with the emphasis on jobs in the narrative document, budget actions reflect the provision of skills, training, and education for the workforce and the creation of opportunities for decent work. Spending under the Education MEG also more broadly supports achieving the long-term benefits of a well-educated population – although I note that Education is the only MEG that did not receive an increase in funding in this year's budget.

Funding that potentially contributes to a low carbon society can be seen throughout the budget, and overall, variations on budget allocation for the different activities that relate to this topic remain relatively constant, with some encouraging increases. The exception is the action “Develop and implement climate change policy, energy efficiency, Green Growth and environmental protection”.

In contrast, I call attention to the fact that while improving our roads' quality is necessary and it can contribute to better integrating communities across Wales, the narrative document provides little to no information on sustainable travel plans for this year and funding for this has slightly reduced. A key concern is the lack of ring-fencing for active travel funding.

Real positive impact on achieving A Prosperous Wales will depend on the implementation of the Government's priorities and budget allocations in the next years. It will be especially relevant whether actions will in practice provide decent work and fair working conditions. I also recommend that a close look is taken into the design of policies, and actions within the budget, to ensure they are holistically contributing to well-being. For instance, the action “Energy Efficiency” supports green industry but it must be done in a just way to ensure communities are not left behind.

A Resilient Wales: This goal relates to ecosystems resilience and safeguarding biodiversity and the natural environment.

I note here that while there are some mentions to environmental dimensions in the spending descriptions, it is relatively difficult to see how an environmental perspective is applied holistically across all policy areas in the budget and budget allocations.

Health-related actions may not seem directly linked to A Resilient Wales at first glance, however, health system emissions can contribute considerably to pollution and climate change. The potential impacts of spending in this area and what is being done strategically to embed an environmental perspective into health and social services, could be made clearer. As “Delivery of Core NHS Services” represents around 45% of total budget, I would appreciate more clarity on how this action relates to A Resilient Wales and how services and provision of health are reducing their negative environmental impacts.

On housing, while housing built with Welsh Government grant must meet environmental standards, I raise the question of where housing is being built and whether environmental limits are being taken into consideration. This aligns with a preventative approach to avoid lock in (built environment) and brings an environmental perspective by raising attention to the potential impact on nature that proposals to increase housing supply may have.

Based on the available evidence, my view is that more clarity is needed on how environmental considerations are incorporated, particularly in areas such as transport. I acknowledge that further information may be available with the publication of the ministers’ written evidence to the Senedd, as yet unpublished.

Under the Climate Change and Rural Affairs MEG, I welcome the two new actions of “National Park Authorities” and “Coal Tip & Reservoir Safety Delivery”. Protection of green spaces is an essential part of building resilience. My analysis highlights that while many actions under this MEG focus on critical issues essential for safeguarding climate and nature, some others raised concern as they may have potentially harmful impacts to

achieving A Resilient Wales. For example, actions that focus more on exports rather than local supply or the construction of new infrastructure.

The key question here is about acknowledging the trade-offs or multiple benefits that come with different policy and initiatives designs and working together to define how to address them. This is also about having environmental goals, such as decarbonisation but also adaptation and nature recovery as a cross-cutting goal across policy.

A Healthier Wales: This goal reflects the aim of achieving a society in which people's physical and mental well-being is maximised and future health is pursued.

Of the seven Well-being Goals, A Healthier Wales is spotlighted as one of the current government's priorities. Funding dedicated to health has been increasing steadily over recent years, increasing its share of the overall budget to over half (see graph below). The result of this trend is the squeezing of other budgets important to the wider determinants of health such as education, housing and access to green space, leisure and culture.

Frontline services have been identified as a key budget priority over the past four years, given the pressures of the pandemic and cost-of-living crisis.

There is a considerable decrease in funding for the action "Support Mental Health Policies and Legislation". As mental health care demand remains relatively high and is increasing, also stated in the SIIA, this is a cause for alarm. Moreover, the SIIA outlines that vulnerable or minority communities are at greater risk of poor mental health, so I expect this decrease to have harmful impacts on equality.

The budget delivers some health spending aligned with a preventative lens, such as investing in the A Healthier Wales strategy, early years programmes, and the development of a more skilled workforce. Nonetheless, a considerable portion of health spending



remains focused on acute care. Furthermore, the allocation of budget for prevention is difficult to identify and track.

My office will continue to work on this issue. I have written to the Cabinet Secretary for Finance on the 21st of January to ask that budget for prevention is prioritised and ring-fenced in each Ministerial portfolio in coming years. The same recommendation also applies to local authorities.

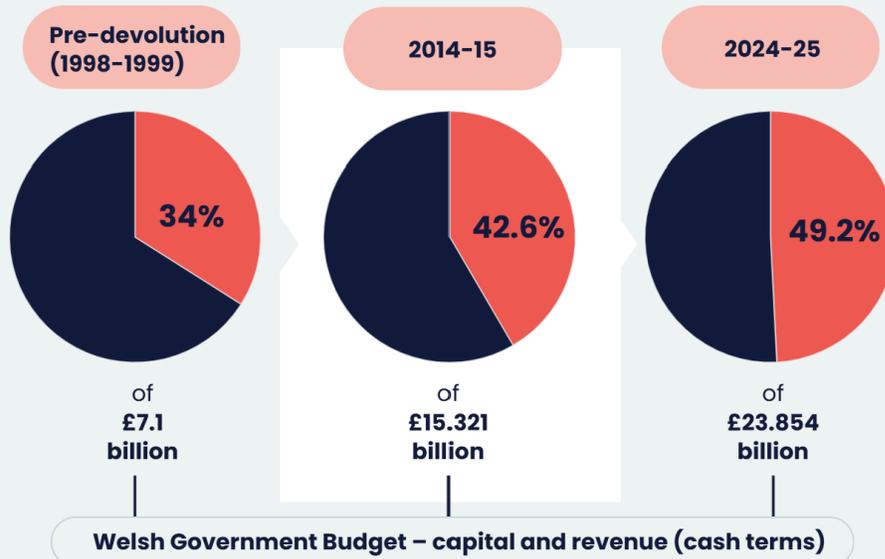
As in previous years, we cannot see that the agreed definition of prevention (see infographic below) has been used for this Goal or throughout the budget. When examining health determinants, which are also key for prevention, spending on better housing and against homelessness are in line with broader health goals and economic prosperity is a fundamental determinant of health. Similarly, funding for sports, culture, and the arts supports positive health outcomes (see below).

However, I note a small but concerning decrease in funding for adaptation and nature conservation. This reduction is a step backward, as it could increase climate-related risks in the long term.

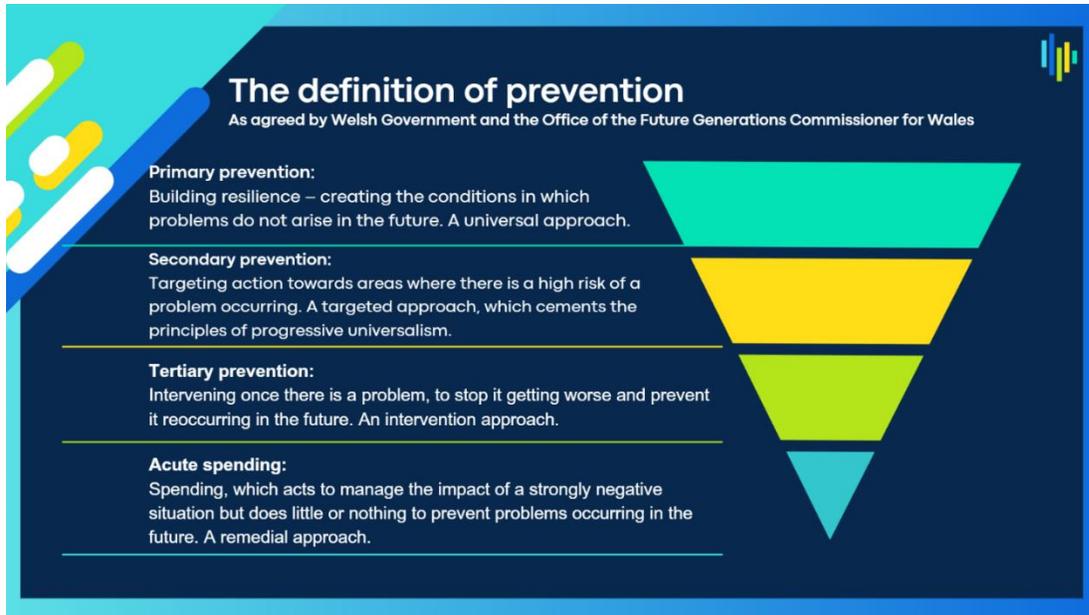


How has funding for the NHS in Wales changed?

Per cent of overall budget for health and social care:



Source: Welsh [NHS Confed](#)



A More Equal Wales: This goal refers to creating a society that enables people to fulfil their potential no matter what their background or circumstances.

Based on our analysis, the budget is working towards achieving A More Equal Wales but there is still scope for more thoroughly integrating equality considerations into spending decisions.

The Health and Social Services MEG contributes to this Well-being Goal, for instance, by including funding to improve access to NHS services. However, I emphasize the decrease on funding for mental health, as highlighted above. This year's cut of the Mental Health budget of over £30 million is already the second decrease in a row. The trend is especially regrettable as mental health was only recently deemed a priority in light of the pandemic impacts and allocated extra funding in the 2022/23 budget.

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As anticipated, the Social Justice MEG is closely aligned with and supports achieving a More Equal Wales. I'm pleased to see an increase in funding for actions such as 'Violence against Women, Domestic Abuse and Sexual Violence', and 'Equality, Inclusion and Human Rights', although amounts remain modest. I also positively acknowledge the capital funding to invest in digital inclusion, tackling food poverty, and fighting gender-based violence and abuse.

Spending related to housing provision and quality also support this Well-being Goal. I welcome the introduction of the new action 'Homes & Places', and also the increase on 'Funding Support for Local Government'. On education, the budget supports targeting people with barriers to participation in the education system and access to Welsh language education for all. The action 'Wellbeing of children and young people' is a good example of supporting A More Equal Wales by providing access to good meals for all children.

However, equality considerations are less evident in spending related to transportation, climate and environment, and rural affairs. I also note that some actions under the MEG Economy, Energy, and Planning lack clarity on whether and how equality is being addressed. Additional information would be necessary to properly assess their contribution to this goal.

A Wales of Cohesive Communities: This goal relates to building attractive, viable, safe and well-connected communities.

The budget reflects the pursuit of building more cohesive communities across Wales in line with the focus of connecting communities outlined in the budget narrative, and the Government's priorities. This is reflected in the increased funding for railways for example.

The budget includes funding for the development of economic infrastructure, which can help create attractive and viable places with employment opportunities. However, achieving this goal should also incorporate the foundational economy as a strategy to empower and



strengthen local communities. I see with concern the decrease in funding for the action “Business Wales / Entrepreneurship and Regional Economy”, which has potential for a place-based approach and supporting community wealth building.

Education-related actions in the budget can support building safer communities, especially those related to keeping children more engaged in schools and engaging youth in education and employment. Moreover, actions related to sports and leisure, such as building sport community facilities, and on promoting culture and protecting local heritage, further work towards this Well-being Goal. While present in the budget, funding for these activities remains low, limiting their potential impact.

A Wales of Vibrant Culture and Thriving Welsh Language: This goal is about promoting and protecting culture, heritage, and the Welsh language, and supporting the arts, sports, and leisure.

My analysis finds that although elements that work towards promoting and protecting culture, heritage and the Welsh language are integrated in the budget, funding for those remains relatively low. This is similar to funding related to the arts, sports, and recreation. Cultural initiatives receive some attention, with modest increases for the action “Sport Wales” which saw a 13% cut in real terms in the previous budget and plays an important role as a preventative health tool. Efforts to connect communities are also noted, with an emphasis not only on transport infrastructure but also on community wealth building. However, a more holistic integration of cultural considerations across budget actions is needed to fully harness their potential to contribute to well-being.

Within the Economy, Energy & Planning MEG, I commend actions, funding education programmes that include language and cultural skills such as Employability and Business and Regional Economic Development. I am especially pleased to see a good increase in the funding for support for culture and the arts and the historic environment.



Overall, I suggest that this Well-being Goal could encourage out-of-the-box thinking on how to integrate Welsh culture and arts across different policy areas. For instance, social care services could consider using arts-based approaches to enhance their methods.

A Globally Responsible Wales: This goal emphasises not only contributing to Welsh well-being but also ensuring that actions taken in Wales have a positive impact on global well-being.

This Well-being Goal is unique in its scope and complexity. It refers to developing Wales in a way that does not come at the expense of people and planetary well-being elsewhere. Thus, much of what aligns with this goal involves indirect impacts stemming from economic, social, environmental, or cultural activities, making it challenging to evaluate solely through the lens of the budget.

While I acknowledge this is ambitious, incorporating a global perspective into decision-making is essential to align with Wales' sustainability commitments and global responsibilities. This could involve integrating tools or frameworks, such as carbon footprint assessments or fair-trade considerations, into the evaluation of budgetary decisions. By doing so, policymakers can identify and mitigate potential negative impacts on global well-being while strengthening Wales' role as a responsible global actor.

Through my analysis, I have also identified actions within the budget that could potentially have harmful global impacts. For example, initiatives that depend on or promote air travel may increase Wales carbon footprint, contradicting the broader intent of this Well-being Goal. I emphasize again the key policy question of looking at trade-offs and how to address them.

Recommendation 6: The Strategic Integrated Impact Assessment should at the very least explicitly consider the Globally Responsible Wales Well-being Goal.



My Cymru Can Missions

My Cymru Can strategy summarises the approach I intend to take over my term in Office to protect the interests of those not yet born and support well-being at the heart of decision-making in Wales. Taking a participatory and 'Theory of Change' approach, I aimed to understand the biggest challenges faced by future generations, what public bodies in Wales need to do to address these, and what the role of my office should be in making transformative change happen. As an outcome of this process, I have identified five integrated missions:

- Effective implementation of the Well-being of Future Generations Act
- The climate and nature emergency
- Health and well-being
- Culture and the Welsh language
- A shift towards a well-being economy

These missions are closely linked to the seven Well-being Goals and help Wales improve our environmental, economic, social, and cultural well-being. My reflections below on how the budget contributes to these missions should be seen as complementary to the analysis against the Well-being Goals.

	Cymru Can Missions				
	Implementation & Impact	Climate & Nature	Health and Well-being	Culture and Welsh Language	A Well-being Economy
% of the budget positive	82,4%	8,7%	90,4%	40,4%	54,5%
% of the budget neutral	13,0%	12,4%	1,5%	54,3%	17,6%

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% of the budget harmful*	1,7%	50,4%	1,1%		0,0%
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*Potentially.

Implementation and Impact

In recent years, I have not seen the implementation of the Future Generations Act being done at the scale and pace necessary. In Cymru Can, I have therefore reiterated the need for improving the implementation of the Act through a consistent application of the sustainable development principle and the five Ways of Working across all public sector organisations, including their budget setting process. My Office has repeatedly called for more attention to be paid to the Well-being Goals in budgetary decisions and more explicit references to these considerations reflected in the associated publications.

I provide a review of the five Ways of Working in the next section. Overall, a closer review against budget actions reveals that a considerable share of actions use language that aligns to well-being principles. This is positive overall but still does not provide enough to assess alignment between budgetary actions based on the descriptions available and their eventual implementation and impact.

Moreover, I appreciate the investments into workforce and preparedness in health and early intervention approaches in the housing market.

Climate and Nature

My climate and nature mission emphasises the continuous need for effort to reach our climate and nature protection goals in Wales, aligned with A Resilient Wales. This must happen by tackling the climate and nature emergency as well as taking a preventative approach to policy and budget making. Special attention should be paid to ensuring that

policies use their available leverage for environmental and climate goals, for example in public procurement and land use or as requirements in business support. Another priority for our office is the work on systemic infrastructure problems.

As highlighted before, I see little attention paid to climate concerns in some areas that would have considerable leverage for example NHS Services. There is not enough evidence on how actions in the Health and Social Services, Education, and Housing and Local Government MEGs reflect attempts to integrate environmental objectives. While the Transport MEG features some positive contributions to climate and nature through funding of sustainable travel and strategic infrastructure which should ensure the delivery of the Wales Transport Strategy (Llwybr Newydd), I see a decline in funding for these Actions in real terms due to inflation and reprioritisation of funds. More information would be needed to assess the environmental impacts of general transport infrastructure investments increase – such as Motorway and Trunk Road Operations.

Due to the redefinition of MEGs and the considerable change of Budget Expenditure Lines within climate change actions without providing sufficient public information as to the meaning and impact of these shifts, it is difficult to assess the funding of climate policy in comparison to previous budgets. Overall, my impression is that funding for climate actions has not significantly expanded. I see some positive developments like the increase in funding for “Natural Resources Wales” or environmental legislation, governance and communications. Combining Climate Change and Rural Affairs into a single ministerial portfolio and expenditure group could potentially increase climate action in the agricultural sector, one of the highest emitting and nature depleting sectors.

The Economy, Energy and Planning MEG shows a good awareness of climate leverage potential with over half of the budget going to actions with a potentially positive climate impact, especially through skills training relevant to the net-zero transition, development of



renewable energy, or support for the decarbonisation of cultural sites. However, more could be done to clearly embed climate considerations into business support programmes.

Health and Well-being

The Health and Well-being mission brings a long-term view on health prevention and underlines the need to address the root causes of ill health and health inequalities. Health is central to our well-being and is also a central part of the annual Welsh budget. This is why I pay special attention to ensure positive impact of spending in health and emphasise the role of prevention if we want the sector to be more sustainable both in terms of demand for care and budget implications.

The Health MEG is the biggest in the whole budget, representing almost half of the total value. There is an observable trend of continuously growing funding for this area, especially to NHS funding. I raise concerns over the consequences of the constant increase in the share of health in the budget, such as the fact that this may squeeze funding for other actions, policies and areas that could prevent us from being unhealthy in the first place.

I call for a better alignment with social spending and wider determinants of health to ensure that our budget decisions are funding the right places when it comes to the well-being of our population. The analysis of the Well-being Goals above can also support alignment as a balanced approach to them is needed. For instance, cohesive communities and a vibrant culture can help improve social and human capital, while a prosperous and more equal Wales support income security and social protection.

What we invest in devolved areas

Based on Wales' draft budget 2025-2026

What drives our health

Based on WHO Findings 2019

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Health and Social Services - 49.5% (£12,854m)	Health services – 10%
Housing and Local Government - 26% (£6,740m)	Living conditions – 29%
Climate Change & Rural Affairs - 3.5% (£901m)	Income security and social protection – 35%
Transport - 5.5% (£1,407m)	Employment and working conditions – 7%
Economy, Energy & Planning – 3% (£837m)	Social and Human capital – 19%
Central Services and Admin – 2% (£463m)	
Social Justice - 1% (£159m)	
Education – 9.5% (£2,440m)	

When diving deeper into the budget actions, there are notable highlights in both positive and concerning areas. On the positive side, there are encouraging increases throughout key areas, including community facilities, which underscores a commitment to enhancing local spaces and resources. However, there are several areas of concern where decreases in funding are evident. These include reductions in the mental health budget line, which could impact essential services for vulnerable populations, preparedness for crises, support for the voluntary sector, and funding for Town and Community Councils.

Furthermore, some sectors, such as research and development (R&D), social care, and arts and culture, are not receiving sufficient attention. In particular, arts and culture should be treated as integral to community well-being and development. Addressing these gaps is essential to ensure a preventative lens to health.



Culture and Welsh Language

Cymru Can stressed the need for more attention to be paid to the value of culture and the Welsh language. It is especially relevant to remind ourselves of these values, given the precarious funding for culture and language amid the crises of recent years. In our strategy, we have noted that a lack of funding and long-term thinking in this field can threaten community cohesion and well-being. Next to this, we are especially concerned with maintaining commitment to the Welsh language milestones, given the stagnating developments, also noted in many of the strategic integrated impact assessments of recent years. I also wish to stress the importance of funding initiatives aimed at improving inclusion and access to cultural activities for people with protected characteristics and those from disadvantaged backgrounds.

Given the concerns over community cohesion, I am happy to see many actions in the Housing and Local Government MEG addressing community cohesion through affordable housing provision and support for local government which next to community cohesion also supports local culture and language initiatives.

Given the importance of education funding for both cultural development and the Welsh language, it is concerning to see the continuing decline in real funding for this area over the past four years. Even in nominal terms the education budget decreased by £125 million compared to the 2024/25 budget. In light of the even stronger funding fluctuations of previous years, this change not only shows a lack of funding but also a lack of long-term thinking at odds with our well-being missions.

I am, however, pleased to see some recognition of cultural goals within climate and nature budget actions that recognise nature as a part of Welsh heritage and aim to preserve it through funding for national parks and other nature conservation policies.

Within the Economy, Energy & Planning MEG, I commend actions, funding education programmes that include language and cultural skills such as Employability and Business and Regional Economic Development. I am also pleased to see a good increase in the funding for culture and the arts and the historic environment.

The Social Justice MEG makes some provisions for community cohesion, especially through the Community Facilities Programme which saw a strong budget increase compared to last year. However, overall funding for this MEG remains low in proportion to the whole budget.

A Well-being Economy

In my Cymru Can Strategy, I reaffirmed my commitment to enabling a well-being economy that puts people and planet first. Accordingly, I would like to see budgetary actions that support the transformation of our economy from a narrow focus on economic growth to the promotion of Well-being Goals and Objectives. One particularly relevant step on this mission is to ensure that we build tools and incentive structures that allow private businesses to effectively support well-being.

We see an overall positive contribution of the Health and Social Services MEG to the well-being economy since the health and social sector are essential employers that provide good jobs and essential services for the people in Wales. The contributions of the NHS to the well-being economy as an anchor organisation, major employer, and biggest expense of the Welsh budget, could, however, be made even more explicit. This could benefit from a greater focus on building a social and care economy.

Disappointingly we see little well-being economy ambition reflected within the major actions of the Housing and Local Government MEG. While there are some good ambitions for providing jobs and skills training in the context of housing decarbonisation, most of the MEG shows little consideration for well-being impact of actions.



Whitin the Transport MEG, I see the investment in strategic infrastructure as a good step towards achieving future-relevant infrastructure developments in collaboration with the private sector.

Similarly, from my analysis I observe a good level of integration of well-being economy approaches within the Climate and Rural Affairs MEG through support for greening industries like timber or fisheries and the efforts to move Wales up the waste hierarchy towards a more circular economy. Regrettably, the budget for Resource Efficiency and Circular Economy has decreased by £2 million compared to last year.

I note that the Economy, Energy & Planning MEG as the key area of economic policy budget shows a good level of consideration for well-being, especially the large budget share for funding the education of the future work force and the creation of opportunities for decent work through action items like “Employability”, “Apprenticeships”, and “Economic Infrastructure Developments” can contribute positively to this goal.

However, the overall picture suggests further potential for embedding well-being principles more deeply across all sectors and addressing gaps to ensure equitable and sustainable development.

The Five Ways of Working

This year, as with last year’s assessment, I have assessed progress with the five Ways of Working using the Ways of Working [Maturity Matrix](#).

2.1 Long-term – our assessment is *Simple Change*

Four dimensions were taken into consideration for the analysis, that in my view are key to ensure a long-term perspective: time horizons, use of future-oriented tools, consideration of future trends and, stakeholder engagement in future thinking.

The budget process shows a foundation for incorporating long-term considerations, but significant gaps remain in embedding long-term thinking in a structured way. Based on the available evidence on these dimensions, we rank the budget process as “Simple Change”.

First, the reliance on a one-year budget period constrains possibilities of planning for the future. The budget narrative and additional documents show some acknowledgement of long-term priorities, such as the decarbonisation targets, biodiversity milestones, and the Cymraeg 2050 initiative. It also mentions some systemic issues Wales will face in the coming decades such as the demographic challenges of the ageing population. However, there remains a disconnect between recognition and action with many long-term goals remaining abstract with insufficient details on the long-term spending plans and milestones to achieve them. Moreover, long-term considerations are limited to specific areas (e.g. environment) while other critical domains are missing longer-term planning and focus remains largely on delivering core services (e.g. public health, education).

This is reflected by our analysis of the allocation of funding across actions. Ranking each of the actions on its alignment with the long-term way of working on a scale from no alignment to minimal, partial, strong and comprehensive alignment, we find that over 75% of the budget shows no or minimal evidence of alignment with a long-term perspective.

This is in part due to the large amount of the budget dedicated to delivering NHS core services. It is hard to know how much of this is for prevention or for the long-term. Whilst we acknowledge that this spending may avoid the deterioration of a situation that could have long-term effects, we consider this budget action to be minimally aligned with a future perspective as it aims mainly to address current demand and immediate needs.

I also appreciate the emphasis and increased support for capital spending, as it supports building lasting structures and long-term development.

I want to highlight the worrying decrease in two budget actions which in my view demonstrate a significant alignment with long-term climate actions: the actions “Develop and implement climate change policy, energy efficiency, Green Growth and environmental protection” and “Deliver Nature Conservation and Forestry Policies and Local Environment Improvement”, with also minimal changes to “Develop and implement flood and coastal risk, water and sewage policy and legislation”.

The current narrative and SIIA show no evidence that future-oriented tools, such as horizon scanning or foresight techniques, are currently embedding in the budget process. The SIIA uses the Five-Year Future Trends report, which I see as a positive step, but its impact on guiding spending priorities remains unclear. Moreover, the process leans towards managing short to medium-term impacts rather than addressing root causes or investing in resilience.

I welcome the engagement of key stakeholders in the SIIA process as well as public engagement in setting budget priorities. However, there is little evidence on how the engagement approach adopted was designed to develop a long-term vision for Wales.

To advance the budget process to “More Adventurous” and beyond, Welsh Government should:

- Adopt a multi-year budget framework to provide greater certainty for long-term initiatives and improve alignment with structural challenges and opportunities.
- Systematize the use of foresight tools in the budgeting process to anticipate future risks and opportunities.
- Improve the consideration of long-term impacts in the SIIA process: the SIIA focus remains largely on established trends with limited attention to emerging or disruptive

factors such as technological advancement or automation. Moreover, it does not give a clear picture of the long-term impacts of budget decisions.

2.2 Prevention – our assessment is between *Simple Change* and *More Adventurous*

In evaluating the budget process, I note an ongoing effort to incorporate prevention into the framework and into budget expenditures, for example with the Invest to Save funding for children in care and funding for screening, vaccination programs and housing adaptation. However, the lack of a clear distinction between the different levels of prevention, following the agreed definitions, and the absence of a holistic approach undermines the potential impact of preventative measures and falls short of fully realising the goals of prevention. I rank the budget between “Simple Change” and “More adventurous” on prevention.

I emphasize the lack of a robust distinction between acute spending and the different levels of prevention. The budget narrative mentions several spending priorities as preventative, such as NHS spending on reducing waiting times or support for school attendance. However, a more careful consideration following the prevention definition would highlight these spendings are more accurately classified as acute spending or tertiary spending. These efforts aim to manage existing problems rather than prevent future issues or addressing the root causes of these issues in the first place. By labelling such spending as “preventative”, the Government misses the opportunity to allocate spending towards stronger forms of prevention that could have longer term benefits for future generations.

Analysis of the budget actions based on the levels of prevention showed that about 15% of the budget is directed toward actions with a preventative dimension, with less than 10% going towards actions that provide enough evidence to contribute to primary prevention, the highest level of prevention. While a great number of actions are aligned with prevention, due to the large amount of the budget taken by the delivery of core NHS services (ranked as acute spending), this ultimately represents still a small share of the budget.



At the MEG level we are worried about the share allocated to preventative actions, and notably primary prevention, for the Climate MEG and the Economy, Energy and Planning MEG while a decrease in funding towards “Business Wales / Entrepreneurship and Regional Economy”. Although we welcome the creation of a new budget line with primary prevention aspects “energy efficiency” and “social partnership”. Finally, we want to highlight the substantial redistribution of the funding in the Social Justice MEG towards more preventative actions which now represent the majority of this budget’s MEG.

Prevention requires a systemic approach, and the current budget lacks a comprehensive approach that would embed prevention as a central principle across all areas of spending. I understand that it takes time to establish a shared understanding of the agreed definition and a culture that applies this lens across Government. My office will be working and supporting public bodies in this regard over several years.

I’m pleased to see Welsh Government collaborating with the BIAG to work towards this goal in the future through the development of a prevention agenda as explained in the Budget Improvement Plan.

I further recommend that the prevention agenda:

- Implements a formal funding requirement for prevention which includes ring-fencing budget for prevention in all expenditure groups and Ministerial portfolio with a commitment to increasing such budget year on year
- Adopts and embed the framework of levels of prevention agreed by the Welsh Government and my Office to the budget decisions, in a way that is reflected in budget allocations with the intention to see budget move upstream away from acute spending over the years

- Adopts a systemic approach that work together addressing root causes and structural issues as well as anticipating future issues to prevent them before they happen.

2.3 Collaboration – our assessment is between *More adventurous* and *Owning Ambition*

I have reviewed the 2025-2026 Budget narrative, SIIA and Draft Improvement Plan considering the following elements that support assessing a collaborative approach: types of formal or informal mechanisms for collaboration in place, stakeholder mapping and engagement, and innovation elements.

From the evidence presented, the budget demonstrates a level of implementation of the Collaboration way of working between “More adventurous” and “Owning ambition”. The narrative and accompanying documents show a commitment to fostering collaboration in the budget process both with internal and external stakeholders.

I welcome the critical role played by the Budget Improvement and Impact Advisory Group (BIAG) as well as collaboration with global networks such as the Wellbeing Economy Governments (WEGo), expert groups like the Welsh Women's Budget Group, and with the diverse Commissioners. This engagement ensures that diverse well-being focused perspectives inform budgetary decisions. I also welcome co-production efforts with under-represented groups, and notably with the younger generations, such as the development of the Young Person’s version of the Budget Improvement Plan.

However, while these efforts show progress, a more systematic integration of collaboration into the budgeting process can be achieved. For instance, with further formalisation of such collaboration in all areas.

Our analysis of the budget actions through a collaborative lens reveals that many initiatives and projects are being executed in partnership with local authorities, the private sector, and other key stakeholders. I particularly commend the initiatives that allocate funding to the third sector. However, I question whether the level of funding for this sector is sufficient and emphasize the need to intentionally address this gap in the distribution of the budget. Additionally, I would appreciate more detailed information on community-led actions, as the available data was insufficient for a comprehensive assessment.

To continue to make progress on collaboration in the budget process, I recommend:

- A more systematic approach to stakeholder mapping across all policy areas to enhance inclusion and representation.
- Moving beyond consultation to more systematic co-creation with those stakeholders, building on existing attempts, could push even further collaboration and ensure both representation but also ownership of all stakeholders in the budgeting process.

2.4 Involvement – our assessment is between *Simple Change* and *More adventurous*

The following are essential to lead the way on involvement in the budget process: having systems in place to facilitate stakeholder involvement, diversity and representation, and the use of new tools and technology to ensure continuous engagement.

The budget process demonstrates consistent efforts to involve stakeholders through public consultations, events and co-production initiatives. There is some inclusion of diverse groups and efforts to improve accessibility through innovative materials and outreach materials. Thus, this year's budget ranks between "Simple Change" and "More Adventurous" in its implementation of the Involvement way of working.

There is evidence that some systems were put in place to facilitate stakeholder involvement in the budgeting process, for instance with the public consultations on the land fill rates and

the domiciliary care charges, the co-production of the Young Person's version of the Budget Improvement Plan and the Tax Conference. Getting inputs from the commissioners who represent marginalised voices and co-hosting "Discover Economics" events are encouraging examples for involving under-represented groups in the budget development process.

Finally, efforts to use social media to disseminate information and increase citizen awareness also shows initiative towards more adventurous involvement of citizens. A participatory budget process can support the needs and interests of communities where people are heard and addressed while also promoting a deeper understanding of how current decisions may affect future generations.

To shift to *More Adventurous*, I encourage:

- The Government continue its efforts and move from consultations to fostering deeper co-production and long-term dialogues.
- That efforts to include diverse groups follow a more systematic approach to help identify and address gaps in representation.
- That systems for engagement to ensure a more participatory approach are consistently applied across all stages of the budgeting process.

2.5 Integration – our assessment is *More adventurous*

My analysis focusses closely on the integration of the Well-being Goals and dimensions into the whole process of developing the budget as well as the extent to which the WFG Act is reflected in budget-related documents and processes. This should include cross-government spending such as integration across the programme for government.

To be fully integrated, the Future Generations Act needs to be taken as a framework to support the whole phase of projects and policies as well as the budget – spanning design, decision making, implementation, and evaluation.

Based on the evidence provided in this year's budget material, it appears there has been some progress in the integration of the WFG Act, notably in the SIIA document, reaching the rank of "More Adventurous" in the Matrix.

I welcome the framing of the SIIA along the four well-being dimensions. I also welcome the integration of data from the Wellbeing of Wales report, and thus consequently of more than ten National Indicators for Wales as required by section 10(1) of the Future Generations Act, as the basis for budget allocation. This marks significant progress in linking budget action to gaps identified in the well-being indicators and increasingly shaping priorities and spending decisions through the lens of well-being. Moreover, the Budget Improvement Plan mentions of steps towards better aligning fiscal tools with the Well-being Goals is another step in the right direction.

Still, some references to the Future Generations Act – notably in the narrative document – remain overarching rather than fully showing alignment at the granular level. While the Act is referenced in primary budget documents, there is limited evidence linking actions to specific Well-being Goals, which are never mentioned explicitly on their own. Doing so would help map resource allocations to ensure the delivery of every Well-being Goal in a balanced and holistic manner.

Regarding the integration of the five Ways of Working, their integration in the budget documents is also less transparent. However, the action in the budget improvement plan to consider how to improve transparency on the five Ways of Working demonstrates ongoing commitment to fix this issue.

To further integrate the existing Welsh well-being framework provided by the Act, I recommend:

- Further provide evidence of how budget process and decisions are led by consideration of the well-being goals and dimensions as well as the five ways of working.
- Paying special attention to understanding the interconnections of well-being goals and dimensions as well as key policy issues.

Recommendation 7: Welsh Government should make use of the tools available to move faster on their journey to sustainable development. This includes the Ways of Working Maturity Matrix and the simplified online Ways of Working Progress Checker

As I mentioned in my overview - my analysis of the five Ways of Working shows that the shift towards 'leading the way' has been slow in progressing. The ranking this year is similar to the previous year, but there are some positive signs, especially on working to better integrate, prevent and collaborate, particularly through the work of the BIIAG. The long-term perspective continues to receive less attention than it needs and the potential use of future-oriented tools remains to be further explored.

I recognize that embedding the five ways of working is a complex, long-term endeavour, but I strongly urge making it a priority to accelerate meaningful progress in this area.

Such information should follow the principles of comprehensiveness and coherence, enabling stakeholders and the Welsh people to form an informed view of where funds are allocated.

I attach further details for your information in the following annexes including:

- Annex 1: Examples of well-being aligned budget setting processes around the world



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- Annex 2: Ways of Working Maturity Matrix: How is Welsh Government budget setting progressing on that journey?

In conclusion, while I see more acknowledgement to the WFG Act, I would expect by now, that the Act, the ways of working and Well-being Goals would be far more embedded into the budget development process and outcomes.

With this being the tenth year since the Future Generations Act came into being, it is timely to reflect on this overall picture and I would be happy to find a convenient time to meet with you to discuss these findings in more detail should you wish.

Yours Sincerely,

Derek Walker
Future Generations Commissioner for Wales



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Annex 1: Examples of well-being aligned budget setting processes around the world

Good practices in place

There are already many initiatives and practices that are used to scrutinise budget from different perspectives. The most mainstreamed in governance are Gender or Green Budgeting, although a few countries have also adopted Wellbeing Budgets.

This section reviews some of the most promising examples and what we could learn from them for the development of our methodology. Below we provide a summary table of our findings so far. It is important to note that most of the examples below are government-led. Moreover, in many cases, the aim behind these initiatives is to guide expenses rather than to analyse expenditure (which is the end goal of our methodology).

Example	Logic of the budgeting system	Coverage	Budgets covered	Step of the budgeting process	Methodology	Classification and weighting system	Source of evidence	Deliverables	Governance
New Zealand – Wellbeing Budget	Needs-based budget: budget decisions are underpinned by a prior assessment of needs.	Wellbeing (5 priorities: just transition, Maori and Pacific incomes, skills and opportunities, child poverty,	Specific national government budget package dedicated to wellbeing	Ex-ante: during the preparation of the budget initiatives	1) Well-being priorities are defined from data and expert evidence 2) Ministries and agencies developed	N/A	Existing data. Priorities defined using the Living Standards Framework and expert advice.	Wellbeing budget report.	



		mental health).			initiatives targeting those priorities.				
Canada – Quality of Life Budget	Needs-based budget: budget decisions focus on enhancing quality of life.	Wellbeing (Quality of life framework, 5 domains: prosperity, health, environment, society, good governance)	National government budget – not yet fully integrated	Ex-ante: integrate into the analysis of individual budget proposals	1) Development of a standardise approach following the Quality of life framework 2) Departments apply template to individual budget proposals.	N/A	Existing data. Quality of Life Framework indicators, including 20 headline indicators. And departments self-assessment.	Budget Impacts Report was expanded from the existing Gender analysis to also assess each budget proposal against its impact on Quality of Life	The Department of Finance leads cross-government efforts
New Zealand – Gender budgeting	Informed resource allocation: individual policy or funding decisions take into account the impact on	Gender	National government budget	Ex-ante: between the creation of the initiatives and the funding allocation	Ex-ante gender assessment	Scaled For each initiative: What kind of impact on women and girls: A) direct, indirect, no impact. B) Targeted and tailored for women and girls/disproportionate positive impact/Other	Policymakers self-assessment. Using a questionnaire, policymakers perform a self-assessment of their own initiative,	Gender budgeting “snapshot” highlighting a range of initiatives identified as having direct positive impacts on women and girls	



	women and girls							explain the reasoning behind their answer.	
Ireland Equality Budgeting	Incentivise departments to set wellbeing targets to their programmes.	Equality budgeting objectives: gender, disability, environmental, socio-economic, well-being, other	National government budget	Ex-ante: gender dimension in performance setting	Target-setting (instead of simply setting indicators) when developing the monitoring framework of policies.	N/A	Existing framework. The targets are derived from the existing performance budgeting framework associating each programme with output, context and impact indicators.	Targets included alongside the other performance indicators in the Revised Estimates Volume (REV).	Department of Public Expenditure and Reform (DPER) leads the initiative with support from the Department of Justice and Equality (DJE).
Australia – Gender-Based Analysis Plus (GBA Plus)	Informed resource allocation	Equality Although called a Gender-Based Analysis, it include analysis for other diversity considerations.	National government budget	Ex-ante	Tagging methodology	Scaled. System based on an estimation of the balance inside each demographic group of who will benefit from the proposal. Example: for gender identity: Predominantly Women ($\geq 80\%$) / Women (60%-79%) / Gender balanced / Men (60%-79%) / Predominantly Men ($\geq 80\%$)).	Policymakers self-assessment. Policymakers have to answer a questionnaire explaining the reasoning behind their answer and if they identify barriers to access or		



								negative impacts, they should specify measures that seek to mitigate these effects.	
France – Green Budget Tagging	Green assessed budget.	Green. Six objectives: mitigation, adaptation, water resource management, circular economy, pollution abatement, biodiversity and sustainable land use.	National government budget. Expenditures: budget appropriations, earmarked taxes and tax expenditures.	Ex-ante Complemented by an ex-post performance review of certain expenditure.	Tagging methodology	Scaled. <i>Favorable:</i> directly targeted environmental expenses. <i>Favorable (indirect):</i> no explicit target but indirect positive impact. <i>Favourable but controversial:</i> ST favorable effect but LT technology lock-in. <i>Neutral:</i> not significant or no information <i>Unfavourable:</i> environmentally harmful.	Multiple sources. Annual performance projects (published in appendices to the Budget Bills), academic sources or administrative reports.	Green Budget database + Annual 'report on the environmental impact of the central government budget in France' as an annex to the annual budget bill.	Report prepared in accordance with the 2020 Budget Act 2919-1479 by the General Commission for Sustainable Development (CGDD) of the Ministry of the Ecological Transition and Regional and the Budget Directorate (DB), Tax Policy Directorate (DLF) and Directorate General of the



									Treasury (DGT).
Ireland – Green Budget Tagging	Green assessed budget	Green	National government budget	Ex-ante	Tagging methodology	Binary. only tags programmes where it is evident that all, or at least a majority of the investment support the transition to a low-carbon, climate-resilient and environmentally sustainable economy.	Policymakers self-assessment. After selecting a suitable definition, the Department reviewed all expenditure programs to identify potential climate-related expenses. It then consulted government departments with questions to validate the selected expenditures, identify any missed items, and highlight new climate-related expenditures	Appendix to the Revised Estimates for Public Services 'Climate Related Expenditures'	Developed by the Climate Change Unit of the Department of Public Expenditure and Reform working with other departments.



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Annex 2: A snapshot of the Ways of Working Maturity Matrix: Where is Welsh Government's budget setting on that journey?

The full [Maturity Matrix](#) offers a range of indicative actions across People, Process and Leadership, and both this and the shorter online [WOW Journey Checker](#) are designed for self-assessment. This snapshot ranking is only based on interpreting the evidence available.

	No change or no evidence of implementation	Simple change	More adventurous	Owning Ambition	Leading the way
Long-term	e.g., No road map or theory of change to the	e.g., Processes recognise the value	e.g., Underline the value of the long term in policy	e.g., 25+ years vision.	e.g., Value of balancing short term and long-

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	end ambition or long-term vision.	of thinking long term but no process for application or review.	discussions, for example around budget and in consultations.		term needs applied routinely.
Prevention	e.g., Spending on acute matters only.	e.g., Small pockets of funding for preventative measures.	e.g., Processes enable and encourage consideration of the challenges to be prevented.	e.g., Organisational processes incorporate and encourage consideration of prevention in a holistic way	e.g., Top-slicing of budget for preventative action.
Integration	e.g., No consideration or integration with the goals and/or no knowledge of or integration with others' objectives.	e.g., Act only referred to as a consideration, but no working outs evidenced.	e.g., Clear evidence on maximisation of contribution to each of the goals.	e.g., Budget processes clearly show how each wellbeing objective is being resourced to ensure sufficient allocation of resources for the delivery of all commitments.	e.g., All financial processes and decisions led by consideration of the national goals and long-term well-being objectives.
Involvement	e.g., Not including future needs or needs of future generations.	e.g., Processes differentiate between involvement and consultation.	e.g., Plan for continuous improvement of involvement methods and techniques.	e.g., Evidence of use of more advanced techniques to understand and include future generations needs in policy and decision making.	e.g., Trust and confidence in the public sector strengthened and people are more engaged in the democratic process.



Collaboration	e.g., No mechanisms to encourage internal or external collaboration.	e.g., Processes encourage collaboration but no clear guidelines of how this works in practice.	e.g., Processes encourage and enable collaboration with 'unusual' partners and stakeholders.	e.g., Processes enable true and honest flow of feedback from external sources.	e.g., Collaboration is used to encourage other sectors to adopt the Act and maximise collective impact to tackle long-term challenges.
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https://www.futuregenerations.wales/resources_posts/self-reflection-tool-2019/

- 'Getting started' means this is a new objective or a change in direction for the organisation. This could also mean you have faced challenges or barriers to progress.
- 'Making simple changes' should be quick and easy to implement. They're often actions that are 'low hanging fruit', that have been tested by others and have a low risk of failure. They mobilise and involve people, aligning the agendas of different departments. In 2018, the Commissioner published some examples of the 'simple changes' some public bodies are already making in taking steps to meet their well-being objectives and maximise contribution to the national well-being goals:

<https://futuregenerations.wales/the-art-of-the-possible/>



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- 'Being more adventurous' involves stepping out of a 'business as usual' mindset and acting to change how things are currently done. Signalling early progress to wider change, this might involve a change in strategy or team approach to doing something and could involve more departments and organisations than a 'simple change'.
- 'Owning our ambition' can be a similar stage to 'being more adventurous' with initiatives developing and more people becoming involved. The organisation will be taking more well-managed risks, reaching out to other sectors to make progress and collaborating on funding or staffing. The organisation defines its approach as ambitious and staff feel empowered to work across sectors and influence change.
- Those that are 'Leading the way' may be the first people or organisation to be taking these actions and are a guide for others to follow. This is a systemic, transformational change to how things have always been done and will require reallocating resources, time to put the changes in place and collaboration with other bodies. Actions are innovative, inspirational and collaborative, putting the Act into practice across larger portfolios to achieve the Wales we want. This way of working becomes embedded in the organisation and good practice is shared with others.

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Please use this template to draft your responses to submit via the online consultation form.

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?**
-

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.

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FIN(6)-04-25 P4

VAB83 North Wales Holiday Cottages Ltd

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 **North Wales Holiday Cottages Ltd** | Evidence from North Wales Holiday Cottages Ltd

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).

Lack of consultation with tourism businesses prior to the announcement that a Levy was to be introduced in the form of a 'bed tax' was disappointing. Just because this is the form of levy applied in some other countries or areas doesn't mean it has to be the best for Wales. Consultation at the earliest possible point could have resulted in an innovative different form of visitor tax that would have been more acceptable to both visitors and businesses, and still bring in revenue for Welsh Government/Local Authorities.

There are far more day visitors coming into Wales every year than those staying overnight, yet they will not be affected by this levy. They will most likely be the beneficiaries of any improved infrastructure resulting from local authority investment but will not have contributed.

Sustainable tourism is often interpreted as reduced numbers of visitors coming to an area, but improved facilities could have the opposite effect, bringing in more day visitors. For businesses to be sustainable they need to make a living for the owners of the business and any employees. Reduced numbers of overnight visitors will not help many small businesses.

I have accepted that a levy is to be introduced as a bed tax, and have worked with Welsh Government and Welsh Revenue Authority staff on the Visitor Levy Consultation Group to ensure that it will be the best possible outcome for businesses, visitors and local authorities alike.

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).

There has long been a need for a form of statutory registration of those offering tourist accommodation. The inclusion of registration within the Bill is good, but ideally it should have been in place and implemented well before the start of any thoughts of an accommodation levy, not at the same time. The current proposal for registration is a simple list, with no requirement for businesses to prove that they meet statutory legal requirements regarding fire regulations, landlords gas certification and liability insurance (for example). I do not know how Visit Wales are planning to set up the registration scheme, but it is highly likely that many operators, especially those who offer accommodation for just a few days or weeks a year will continue to operate under the radar, avoid registration and then going forward avoid contributing their levy. How can we be certain that everyone offering overnight accommodation will be registered? I don't think either Visit Wales or individual local authorities have a proper knowledge of the providers in their administration.

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).

Already there are many areas where visitor numbers are high and local businesses such as shops and cafes are highly dependent on such visitors. Over some winter months this can result in a vicious circle. The smaller tourist shops and cafes close because there are fewer visitors to sustain them during the day when local residents are at work. But potential overnight visitors are put off booking to stay, because there are so few local facilities open for them to enjoy. If people are deterred from staying overnight this could be made worse, to the extent that businesses not directly tourism related could have to close.

Improved infrastructure such as car parks, toilets and tourist information could as stated previously increase the number of day visitors, consequentially causing traffic problems as they drive into and out of the area for both locals and other visitors.

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).

I find it difficult to comment on this. The economic impact assessment carried out by Cardiff University has had to make enormous assumptions in order to draw some sort of conclusions. These conclusions seem to show no net gain and some job losses. That does not appear to be a good outcome overall, Local authorities may benefit from increased spending power, but local residents are in danger of losing their livelihoods.

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).

I am concerned that the subordinate legislation could lead to changes without proper consultation, with subsequent unintended consequences.

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).

I do not have the knowledge to comment on the quality of legislation.

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%20to%20the%20Legislative%20Process-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).

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).

In all consultation prior to publication of the Bill there has never been any mention of the possibility for an authority to apply a premium to the levy. This has come from nowhere as far as tourism businesses are concerned and has no place in the Bill. It is of considerable concern that such a clause can be introduced against all guidance offered by the industry during consultation meetings. This has echoes of the introduction of the 182 days let requirement for self catering businesses in order that they can qualify for non-domestic rates instead of council tax. In that case there was consultation, around a thousand responses, the vast majority supporting a raise in the number of days let to 105 or 120 but a very small number saying 182 days. What is the point of consulting if responses are ignored and minority ideas are adopted?

Cyflwynwyd yr ymateb i ymgynghoriad y [Pwyllgor Cyllid](#) ar [Bil Llety Ymwelwyr \(Cofrestr ac Ardoll\) Etc. \(Cymru\)](#)

This response was submitted to the [Finance Committee](#) consultation on the [Visitor Accommodation \(Register and Levy\) Etc. \(Wales\) Bill](#).

VAB146: Ymateb gan: Cymdeithas Asiantaethau Cymru | Response from: Association of Welsh Agents



Response to Senedd Cymru Finance Committee on the Tourism Levy and Registration Bill.

Barbara Griffiths (North Wales Holiday Cottages) representing the Association of Welsh Agents

From the very first meetings with Visit Wales to discuss the possibility of a tourist tax we were told that it would be in the form of a 'bed tax' This was disappointing. Just because this is the form of levy applied in some other countries or areas doesn't mean it has to be the best for Wales. Discussion with businesses with a more open mind at the earliest possible point could have resulted in an innovative different form of visitor tax that would have been more acceptable to both visitors and tourism providers, and still bring in revenue for Welsh Government/Local Authorities. From the start only a bed tax was discussed. I have accepted that a levy is to be introduced as a bed tax, and have worked with Visit Wales, Welsh Government and Welsh Revenue Authority staff on the Visitor Levy Consultation Group to ensure that it will be the best possible outcome for businesses, visitors and local authorities alike.

Most unexpected when the Bill was published was the introduction of the ability for local authorities to add a premium to the basic levy. There has never been the slightest indication that this was a possibility in the three to four years since discussions were started. In all the meetings I have been involved with there has been unanimous agreement within the industry that the levy should be the same throughout Wales and the preference was that, if implemented, it should be nationwide rather than on an authority by authority basis. It is of considerable concern that such a clause can be introduced against all guidance offered by the industry during consultation meetings. To now see the possibility of some areas charging even more than the basic levy is galling when it has never been put to consultation groups. For self-catering Agencies we are already facing the additional cost of paying for new computer software for booking systems to take the levy into account. Now we not only face the need for the software to work out whether to apply the levy or not dependent on which LA each property is in, but also to potentially have to add different amounts per person as well.

I would like the Finance Committee to consider and put forward an amendment removing this clause in the Bill.

There has long been a need for a form of statutory registration of those offering tourist accommodation, and tourism groups have been calling for it for quite a while now . The inclusion of registration within the Bill is good, but ideally it should have been in place and implemented well before the start of any thoughts of an accommodation levy, not at the same time. Things have been done backwards. The current proposal for registration is a simple list, with no requirement for businesses to prove that they meet statutory legal requirements regarding, for example fire regulations, landlords gas certification and public liability insurance. I think it is highly likely that many operators, especially those who offer accommodation for just a few days or weeks a year do not have this certification, will not be aware of the need to

register, and will continue to operate under the radar, avoid registration and then going forward could avoid contributing their levy. How can we be certain that everyone offering overnight accommodation will be registered? I don't think either Visit Wales or individual local authorities have any true knowledge of the accommodation providers in their administration.

I would like the Finance Committee to propose an amendment to the Bill requiring all accommodation providers to produce evidence that their business is safe and legal when they first apply for registration, and for this to be updated annually.

It is uncertain whether Welsh Government is introducing the levy with the intention of trying to reduce visitor numbers, or if such a reduction would be an unintended consequence. It is highly likely that in areas where the levy is applied then overnight visitors will reduce. Some may choose another part of Wales, others may simply go elsewhere outside of Wales. However the number of day visitors could increase, with people choosing to come for the day rather than pay increased prices for an overnight stay.

An unintended consequence if the register of accommodation providers is published could lead to 'Meibion Glyndwr' style retribution against any providers of self-catering premises. Very unlikely to be setting fire to buildings, but campaigns against owners of holiday accommodation, many of whom live and work in Wales. (It is currently estimated that about half of self-catering properties offered for short term holiday lets are owned by residents within Wales). Welsh Government should take great care when considering how much information they publish about business owners. In some areas there has already been ill feeling against short term holiday lets, despite the fact that these bring visitors into that area, supporting local shops and restaurants throughout the year, compared to owners of second homes who may visit frequently, or may only apers for a few weeks a year.

There are far more day visitors coming into Wales every year than those staying overnight, yet they will not be affected by this levy. They will be the beneficiaries of the improved infrastructure resulting from local authority investment but will not have contributed to it in any way. Sustainable tourism is often interpreted as reduced numbers of visitors coming to an area, but improved facilities could have the opposite effect, bringing in more day visitors. For businesses to be sustainable they need to make a living for the owners of the business and any employees. If as expected the introduction of the levy leads to reduced numbers of overnight visitors this will not help the sustainability of many small businesses. Already there are areas where visitor numbers are high and local businesses such as shops and cafes are highly dependent on visitors. Over some winter months this can result in a vicious circle. The smaller tourist shops and cafes close because there are fewer visitors to sustain them during the day when local residents are at work. But potential overnight visitors are put off booking to stay, because there are so few local facilities open for them to enjoy. Improved infrastructure such as car parks, toilets and tourist information could potentially increase the number of day visitors, consequentially causing traffic problems as they drive into and out of the area for both locals and other visitors. Ideally some of the levy revenue could be used to help keep more facilities open throughout the year, to ensure further extending the tourism season for overnight visitors.

I find it difficult to comment on the economic consequences of the levy. The economic impact assessment carried out by Cardiff University has had to make enormous assumptions in order to draw some sort of conclusions. These conclusions seem to show no net gain and some job losses. That does not appear to be a good outcome for Welsh tourism overall, Local authorities may benefit from increased spending power, but local residents are in danger of losing their livelihoods.

Also extremely difficult to estimate is the additional cost to businesses in order to implement the levy. There was a call last year for businesses to estimate their expected additional costs involved in collecting a levy, but with no details at the time as to how the levy would be set up (per person per night, as a percentage of total cost or some other way) this was effectively impossible.

Barbara Griffiths (North Wales Holiday Cottages), representing the Association of Welsh Agents

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 Cymdeithas Broffesiynol Hunanddarparwyr y DU | Evidence from The Professional Association of Self-Caterers UK

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).

PASC UK believes that the Bill fails on each of the three policy objectives:

1. "... a more even share of costs ..."

There are approximately 70 million day trips to Wales annually, of which only 8 million involve overnight stays. As a result, the entire levy is to be paid by the 11% of visitors who stay overnight, creating a grossly unfair situation.

As the levy is a fixed charge per person per night, regardless of accommodation cost, it disproportionately affects budget-priced stays as enjoyed by families on lower incomes. For example, a businessperson staying in a £150-per-night hotel for two nights would pay £300 with a £3 Levy equating to 1%. In contrast, a family of six staying for a week in a lodge at £300 per week would pay £63 in levy charges, amounting to a rate of 21%. The impact will therefore be most keenly felt by low-income families

choosing to holiday in Wales and the accommodation providers who cater for their needs.

2. “... the ability to generate additional revenue ... to support tourism”

Two key findings published by the Welsh Government indicate that introducing the levy is counterproductive to this aim:

Their Visitor Levy Survey revealed that 21% of respondents said they would either not visit or would reduce their stay, with an additional 21% indicating that they would cut back on spending.

<https://www.gov.wales/sites/default/files/statistics-and-research/2023-03/visitor-levy-research-views-consumers-and-residents.pdf>

Their Economic Impact Assessment predicts losses to the visitor economy ranging between £17.7m and £26.8m in GVA, along with 485 to 730 FTE jobs. If, however, the costs are borne by accommodation providers the assessment projects a £40m loss.

<https://www.gov.wales/sites/default/files/publications/2024-11/the-potential-economic-and-greenhouse-gas-impacts-of-a-visitor-levy-in-wales.pdf>

The most pressing need for rural and coastal areas is job creation; reducing jobs in the tourism sector will seriously harm these fragile economies. Tourism is vital to the Welsh economy, employing 11.8% of the total workforce, with short-term rentals contributing over £3 billion to Welsh GDP. The reduction in tourism, as predicted by the government’s own assessments, will significantly impact the entire Welsh economy.

Furthermore, PASC UK does not believe that the Bill adequately ensures that levy funds will provide additional support for tourism rather than being diverted to general local government spending. Although the funds are intended for destination management and improvement, we believe they will likely replace existing spending in these areas, freeing up resources to be used for unrelated purposes.

3. “... support ... sustainable tourism”

In economic terms, for the self-catering sector, PASC UK (Wales) has already observed an unsustainable race to the bottom in terms of pricing. This is largely due to the combined effects of the 182-day threshold, which forces operators to discount heavily or even run at a loss during the low season to avoid punitive premium council taxes, and the general decline in visitor numbers caused by the economic downturn and poor recent weather.

The proposed levy will exacerbate these economic sustainability challenges by forcing operators to absorb the additional costs to remain competitive. At the same time, the anticipated further decline in visitor numbers will make the financial situation for holiday let providers even more precarious.

Charging the levy on overnight stays is also likely to shift the balance of visitors away from staying overnight toward taking day trips. This will have two important consequences. First, reduced local income, as overnight visitors spend significantly more than those on day trips. Second, increased environmental impact, as encouraging day trips will lead to greater ecological damage due to increased road travel.

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 majority of self-catering activity involves small micro-businesses. A recent PASC UK (Wales) survey found that 45% of operators are aged 60 years or older. The administrative burden that the levy will impose on these small businesses is significant, and the age demographic indicates a need for additional support during both the registration process and the collection of the levy.

At present, it is unclear to what extent levy collection can be delegated to agencies. Given the common practice of providers passing revenue collection to agencies, it is likely that there will be a desire for levy collection to follow a similar model. However, we foresee considerable barriers and risks if this is allowed in a piecemeal fashion, with some providers delegating levy collection while others handle it independently. This could result in inconsistent itemising of levy costs. A further complication is that it is common for agencies to delegate bookings to a secondary platform such as Airbnb, VRBO or Booking.com. Responsibility for any devolved levy collection is then even more challenging.

We strongly recommend that the legislation provides greater clarity on the role of agents in levy collection. This is particularly crucial because booking platforms will

need to undertake significant work to ensure compliance with the legislation well in advance of implementation. This process will entail substantial costs and ongoing administrative efforts that have not been factored into any of the economic impact assessments.

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).

A high proportion of Welsh holiday let businesses are operated by individuals aged 60 or over, accounting for 45% of operators according to PASC UK surveys. The majority of these operators are women. Therefore, it is essential to consider the administrative burden the levy imposes in the context of both gender and age demographics.

The Bill proposes a levy based on charges per person per night. In the self-catering accommodation sector, bookings are typically made by a single individual on behalf of a group, with group sizes ranging from one person to the property's maximum occupancy. However, it is not standard practice to collect detailed information about all additional guests. Additionally, many holiday let owners live remote from their properties and are therefore unable to verify guest numbers in person. This will result in the following challenges:

1. Under-reporting of guest numbers

For example, if a booking is made for two guests in a property that sleeps six, operators would find it difficult to verify how many people actually stayed.

2. Exemptions and possible verification requirements

The Bill allows for exemptions, such as for guests with disabilities who can claim a refund. It is not clear how such claims will be verified, but if the holiday let operators are required to provide evidence for this, they would face a significant administrative burden. This would also necessitate confirming the identity of each and every guest, a task that operators neither currently perform nor can reasonably be expected to undertake.

3. Administrative burden on the WRA

The WRA would face substantial challenges in refunding levies for disability-related exemptions. Almost 10% of the UK population qualifies for disability benefits, which could result in an overwhelming number of legitimate claims. We do not believe that the Welsh Government has included the real costs of these refunds in their impact assessment.

PASC UK strongly believes that the responsibility for declaring guest numbers, disability status, and—if exemptions are introduced for children—the age of guests must rest with the individual who made the booking. Accommodation providers cannot reasonably be held accountable for policing or verifying this information.

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).

PASC UK believes that the Welsh Government’s assessment underestimates the financial impact on the self-catering industry. While the published assessments consider the entire tourism economy, even if these average estimates are accurate, they fail to account for the full spectrum of effects. These impacts will disproportionately affect the short-term rental sector, in particular:

1. There will be a disproportionate impact on budget accommodation

A £1.50 (including VAT) levy on a £150-per-night hotel room will have far less effect on occupancy than it will on a budget holiday let, which might be available for £15 per person per night.

2. No consideration has been given to seasonality

While the increased costs from the levy might have minimal impact on a seaside property in August, they could have significant consequences for occupancy during mid-winter, especially in rural areas of Wales.

3. No consideration has been given to how the levy will interact with the 182-night occupancy rule

While the predicted overall 1.6% reduction in visitor numbers might seem minimal to those who assume it would simply reduce profits proportionally, for an operator who currently just reaches the 182-night threshold but falls short once the levy is in place, this could result in paying thousands of pounds in premium council tax.

4. No consideration has been given to regional impacts

The assessments indicate that jobs and revenue will shift from the tourism industry to local government. However, tourism is particularly concentrated in rural and coastal regions, whereas local government is centred in larger towns and cities. As a result, this shift is likely to reduce jobs in the most deprived areas of Wales.

5. No consideration has been given to cumulative financial effects

Numerous regulatory, tax and economic changes have impacted the Welsh holiday industry in recent years. The levy is being introduced alongside the 182-night occupancy rule, implementation of Article 4 Directions, the scrapping of the FHL tax regime, stricter fire regulations, increased employer NI contributions, a raised minimum wage, reduced business rates relief, increased air passenger duty, and significantly higher finance and utility costs. Collectively, these changes have greatly reduced the viability of short-term rental businesses, with the levy being yet another burden they will face.

6. The impact assessment assumes that all 22 local authorities will implement the levy.

Since this is unlikely to be the case, the overall economic benefit is likely to be significantly reduced.

7. UK hospitality already is highly taxed

When considering the international context of tourism taxes, it is important to note that the UK already has significantly higher VAT rates for hospitality compared to its European competitors, along with higher business rate costs for operators. According to The World Economic Forum's Travel and Tourism Development Index 2024, the UK ranks only 113th out of 119 countries for price competitiveness.

<https://www.weforum.org/publications/travel-tourism-development-index-2024/>

Any further price increases resulting from the levy will make Wales even less competitive as a holiday destination. The potentially damaging effect on international tourism is also highlighted in a recent House of Commons report on Wales as a Global Tourist Destination, which concludes "We are concerned that the proposed visitor levy may have a negative impact on the number of international tourists coming to Wales."

<https://committees.parliament.uk/publications/40824/documents/198909/default/>

8. The assessments predict a likely overall loss

Despite the deficiencies noted above, the assessments still predict a likely overall economic loss. It is unclear how this aligns with the national interest of Wales.

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 Bill includes provisions to allow for a premium levy charge but does not set a cap on this or define in detail the processes by which it can be applied. This represents a significant deficiency that must be addressed in the final legislation.

The Bill also includes provisions for guests receiving disability payments to claim a refund from the WRA. However, there is no clarification regarding what evidence, if any, might be required from accommodation providers to facilitate this process. As this would impose a significant administrative burden on holiday let operators and necessitate guest identity verification well beyond current practices, the legislation must clearly define how this will be implemented and who will bear responsibility for such declarations.

PASC UK strongly recommends that the responsibility for any exemption declarations must lie solely with the guests, not with the accommodation provider.

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).

PASC UK has significant concerns regarding the fairness of this form of taxation.

1. The levy is highly regressive

As it is a fixed charge, it constitutes a much high proportion of the total payment for lower cost accommodation. As a result, poorer people will pay a greater proportion of their costs than the wealthy.

2. The levy is applied to children, including infants and babies.

This is notably different from tourist taxes in most of Europe, where children are often exempt. PASC UK strongly believes that children should be exempt from paying the levy.

3. This is not a “Visitor” levy, it is an accommodation provider tax

Despite being called a “Visitor Levy,” it only applies to those staying in overnight accommodation, while the vast majority of day visitors will not contribute.

We also believe that certain aspects of the proposed legislation will be challenging to implement:

1. Insufficient implementation timescale

The timescale for initial implementation is too short. Booking platforms will not have enough time to implement the necessary changes, which will pose a significant administrative challenge. Work on the levy should not commence until the register has been fully completed.

2. Inadequate time for returns

The 30-day per quarter time period for owners to submit returns is too restrictive and should be extended to allow sufficient time for compliance.

3. Disability exemptions

While the provision allowing guests with disabilities to reclaim the levy is intended to be generous, it is poorly thought out. The large number of legitimate claims that could arise and the administrative burden required to verify them will create significant challenges.

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?

(We would be grateful if you could keep your answer to around 500 words).

One of the greatest uncertainties in the legislation is the exact number of providers that will fall under the registration scheme. Estimates from the Welsh Government range from 16,000 to 55,000. This uncertainty makes it impossible to accurately assess the resource requirements for implementing the levy and undermines the reliability of any economic assessment based on these figures.

PASC UK has long advocated for a statutory registration scheme for short-term holiday lets, which would have addressed this uncertainty. However, the proposed registration scheme associated with the levy falls far short of what we believe is in the best interest of the industry, as it is limited to collecting just basic contact and billing information. We view this as a missed opportunity and strongly recommend revisiting the scope of the planned registration process to include provision for evidencing that operators are doing so in a safe and legal manner. We note that previous Welsh Government policy has promised to include this aspect, with Dawn Bowden MS, Deputy Minister for Arts and Tourism, on 9th January 2024 when launching Statutory Registration in Wales saying:

“The registration and licensing scheme is intended to deliver a register of visitor accommodation types and to enable providers to demonstrate compliance with safety and quality requirements”

<https://www.gov.wales/plans-unveiled-statutory-registration-and-licensing-scheme-visitor-accommodation-wales>

For the registration scheme, we also believe it should include recording the category of short term let. This category needs to be clearly defined as not all short-term lets could be primary homes, and many are subject to planning restrictions that prevent such use. This is particularly important in areas covered by Article 4 Directions.

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).

1. Registration issues

The proposed registration scheme falls far short of the statutory registration of accommodation providers that PASC UK has long advocated as being in the best interests of our industry sector. What is planned is merely the collection of data for billing purposes and does not include critical information related to health and safety, which we and others have called for. This represents a missed opportunity that could have been addressed within the proposed registration process.

We also believe it is essential to include an annual confirmation requirement to ensure the provider register remains accurate and up to date. This is vital for informed future decision-making, particularly in relation to potential Article 4 Directions.

Progressing the legislation in the absence of precise knowledge about the number of providers—given the Welsh Government’s own estimates range between 16,000 and 55,000—introduces significant uncertainties. When the estimated number of providers is not currently known within a factor of three, any extrapolation of the financial implications becomes highly unreliable and little more than guesswork.

2. VAT

The Bill and accompanying impact assessments are not yet definitive about whether the levy will be subject to VAT, though the assumption is that it will be. If VAT is applied, as seems likely, the levy will become even more regressive. Budget accommodation providers, who are more likely to operate below the VAT threshold, will need to include the cost of VAT on the levy, whereas larger premium providers can reclaim VAT, avoiding this additional cost.

3. Impact assessments and surveys

The Welsh Government’s own survey reveals that if a levy was introduced, 21% of respondents stated they would either not visit or would shorten their stay, with an additional 21% indicating they would cut back on spending.

<https://www.gov.wales/sites/default/files/statistics-and-research/2023-03/visitor-levy-research-views-consumers-and-residents.pdf>

This survey also highlights that the levy is particularly unpopular among those with lower household incomes, noting that “... for some respondents, negativity was visceral”. This demonstrates the extreme reactions that the levy may provoke and underscores its disproportionately negative impact on low-income families.

The Government's economic impact assessment demonstrates that the levy will lead to a substantial reduction in visitor numbers and jobs within the tourism industry, with little or no net compensating benefit to Wales as a whole.

<https://www.gov.wales/sites/default/files/publications/2024-11/the-potential-economic-and-greenhouse-gas-impacts-of-a-visitor-levy-in-wales.pdf>

In light of these deeply concerning assessments, produced by the Welsh Government itself, we fail to see how proceeding with the levy can be justified on any economic grounds.

4. Piecemeal implementation

PASC UK also believes that the piecemeal implementation of the levy—allowing individual councils to decide whether to charge the levy or not, and whether to apply a premium element— will create significant confusion for tourists. Accommodation providers with properties in multiple locations may face the added complexity of implementing different pricing structures depending on local policies, further increasing administrative costs.

5. Drip pricing considerations

The levy proposals also fail to consider the interaction with the drip pricing legislation that will apply across the whole of the UK.

<https://bills.parliament.uk/bills/3453>

Inclusion of the levy will make it impossible for providers to display an accurate total price until the party composition is known. This could lead to owners being accused of hiding costs if the levy is added as an extra after the party composition is determined or create a confusing consumer experience if the price is reduced from the maximum rate once the number of guests is established.

FIN(6)-04-25 P7

VAB101 Airbnb

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 Airbnb | Evidence from Airbnb

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).

We believe that the general principles are broadly correct for a bill whose primary aim is to introduce a visitor levy, although we would highlight significant concern that the introduction of a levy may negatively impact the vitality and competitiveness of tourism in Wales. Visitor levies can help councils fund the infrastructure that guests enjoy and residents rely on. They can also ensure that the benefits of tourism are more evenly distributed and assist in managing the impacts of over-tourism. However, they also have the potential to make destinations less affordable and attractive and can thus discourage guests from staying overnight (a considerable source of tourist spend), thereby harming local hospitality businesses.

It should also be noted that there have been a number of recent tax changes in Wales with regards to short-term lets, which will have the likely impact of inflating accommodation costs for visitors. This includes: a change in the criteria for short-term let properties to qualify for business rates; the ability for local councils to charge premiums on second homes by up to 300% from April 2023; and the forthcoming

abolition of Furnished Holiday Lets Relief. Similar measures, accompanied with bureaucratic licensing requirements, have seen accommodation prices surge in Edinburgh. There is a real danger that even before the introduction of visitor levy powers, these changes will all adversely affect the margins of hosts and self-catering operators, who in many cases are small and micro-businesses, and will no doubt translate into higher costs for guests.

We would therefore suggest that the policy objectives for the bill should be amended or expanded to better align with ambitions to grow tourism in Wales. In particular, they should reflect the aim to harness the potential for tourism to improve the wider economic wellbeing of Wales, and to develop the tourism sector in a way that delivers benefits for everyday people and places, including environmental sustainability, social and cultural enrichment. This expanded scope of the bill's objectives should take into account other recent policy interventions and the broader health of the visitor economy, helping to ensure the right balance is struck between generating additional revenues via local levies and preserving the benefits that tourism brings to communities in Wales.

On the other elements of the bill, we strongly welcome the proposal to introduce a registration scheme for visitor accommodation providers (VAPs). A simple, light-touch registration scheme would ensure that there is a single set of clear rules and an implementation timeline that would apply to all VAPs in Wales. Tying the reference number from the registration scheme to the VAP will help with the administration of the levy. Data from the registration scheme will also help create a proper evidence base through which councils can assess whether short-term lets are contributing to local issues in a way that justifies the use of an Article 4 direction as part of the planning use class system introduced in 2022. It will provide the Welsh Government and Destination Management Organisations (DMOs) with a greater understanding of tourist flows, and help inform the development of national and local tourism strategies and support planning for major events. A mandatory, national scheme can also act as a mechanism through which hosts and operators can learn about their existing obligations around health and safety and other regulatory requirements, thus reducing the need for other, more complex and bureaucratic interventions such as licensing. It can also give enforcement bodies access to individualised data where necessary, and provide important information about short-term lets and the location of listings to the police and fire safety and rescue. This will be a crucial tool to help manage rare cases of anti-social behaviour or non-compliance with health and safety regulations.

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).

There are a number of potential barriers to the implementation of the bill's provisions. Depending on future policy decisions about how both the levy and registration scheme will work in practice, there may be implementation and administration costs for VAPs and platforms which could be significant, and the impact assessment does not fully take this into account. More information about how the registration scheme in particular will work is essential. At present the bill and accompanying impact assessments do not fully capture the full range of potential costs and barriers, nor does it give full consideration to how different policy decisions on matters delegated to subordinate legislation or ministerial decision may translate into greater bureaucratic obligations and costs for VAPs, platforms, local authorities and enforcement bodies. We have set out elsewhere in this response our views on what further design elements of the registration scheme should be captured in the text of the bill, or where the Welsh Government should provide more information about its policy intention at an early stage.

In addition, we would like to stress the importance that local authorities should be required by law to take into account data from the registration scheme when making relevant decisions, especially those relating to whether to introduce an Article 4 direction to impose a requirement to obtain planning permission for new short-term lets. Since Article 4 directions represent a major interference in people's use of their own property, it is right that they are only introduced where evidence shows that they are essential to manage local impacts. The provision of data to inform these decisions is a key benefit of the registration scheme, and so it is of pivotal importance that this use be established in legislation.

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 tourism recovery is still fragile, and there are issues with the competitiveness of Wales compared to other destinations in the UK. Searches for trips to Wales, and the number of nights actually booked, on Airbnb have been growing at a slower rate than in England. Prices for accommodation have also increased significantly. This has been driven by inflation and the high cost of living, and this is translating into higher costs which may affect a decision to book an overnight stay in Wales. The introduction of a levy may adversely reinforce these trends, especially when combined with other recent regulatory interventions which will create further upward pressure on prices.

With regards to the registration scheme, the bill only gives minimal details about how the system will work, and grants ministers wide powers to decide what additional information should be required from VAPs in order to register. It is therefore difficult to assess what the impacts might be, as much will depend on what is actually required to register. Our experience with supporting registration systems around the world is that user drop-off often directly correlates with the complexity of the scheme and any barriers or friction for registrants (for example, requiring the upload of documents, or high fees to register). An overly-complicated and restrictive scheme that makes it difficult for established operators to complete the process could have significant impacts in terms of their inability to register and a subsequent loss of businesses or economic activity (as has been seen in Scotland with their licensing regime). Based on the limited available information on how the Welsh Government intends the scheme to operate, we do not believe these risks and potential consequences are fully considered in the accompanying impact assessment documents.

We are encouraged that as part of the registration scheme, it appears the Welsh Government's intention is to collect only a small amount of information about each premises. While it is important that the registration scheme does not create excessive administration burdens on VAPs, we also believe that certain additional data would be a pivotal resource for policymakers and enforcement bodies at both local and national levels. We therefore suggest that in addition to the information set out in the legislation, the registration scheme should also capture details about the accommodation being registered, including number of units, number of bedspaces, and accessibility. Further, we wish to stress the importance of collecting information regarding whether the visitor accommodation is within the VAP's primary residence, which will enable local authorities to assess whether registered properties could have an impact on housing stock. We also believe that as part of the registration process, VAPs should be informed of existing health and safety obligations, and attest that they adhere to them. This will help ensure that hosts have the necessary information, are aware of their obligations, and will reduce the need for further interventions around health and safety and quality after the scheme has been established.

Section 4(3) allows for the registration scheme to contain any other information that Ministers consider appropriate and we would welcome clarification early on in the legislative process as to what information will be required, and to define more clearly other aspects of the registration scheme in law. Alongside this consultation, we recommend that the Welsh Government follow the approach adopted by DCMS with regards to the development of a registration scheme for England, and undertake regular and ongoing dialogue with industry, encompassing stakeholders from accommodation providers, trade associations, hospitality businesses and booking platforms, to ensure the industry is able to flag up any unintended consequences with regards to the design of the scheme.

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).

We believe the Welsh Government's assessments may underestimate the financial impact the bill will have on the short-term let sector, and on tourism and hospitality in Wales more broadly. The published regulatory impact assessment acknowledges the uncertainty of its estimates regarding the costs that visitor accommodation providers would incur, while the range of costs provided is so large that it is unhelpful for operators who may wish to rely on it when setting prices and forecasting demand. We reiterate the concerns outlined earlier in this response, in which we explain that it is difficult to understand the cost impacts of the bill without more information about how the registration scheme will work in practice.

There will also be a financial impact on hosts and guests stemming from the cost of registration. The scale of this will be affected by how much it costs to register as a VAP, whether there will be additional fees for each property registered, and the frequency of re-registration. We believe that registration should be free, or kept to a minimum, to avoid adding more costs onto operators. This is particularly the case for short-term lets and those hosting in their own home, since the typical Airbnb host in the UK shares their home for just three days a month, earning on average £5,500 in 2023. With four in ten hosts saying this income helps them afford to stay in their homes, the extra money is in many cases a lifeline and we would encourage the Welsh Government to be mindful of this when setting fees for the registration scheme.

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).

To ensure the launch of the registration scheme progresses as smoothly as possible, we believe that more should be done at this stage to set out the Welsh Government's expectations for how ministers will make subordinate legislation to support the scheme. In particular, the legislation should define the other types of information that the Welsh Government anticipates collecting via the register in the future, how VAPs will be able to update the register with relevant changes to information which is initially submitted, and in what circumstances information from the register will be made public.

We also recommend that, where the bill gives powers to ministers to make future changes to elements of the visitor levy framework or the scope of the registration scheme, that the limits of this be clearly defined within the legislation. For example, under Section 14(3), which gives ministers the power to specify the maximum amount that can be applied as a premium to either the upper or lower rate of the levy, we suggest that the bill specifically state the highest possible amount that can be applied as a premium. This will address concerns that the amount of the levy could continue to rise via a premium on a year-by-year basis, and undermine a key benefit of the proposed levy design, which is its simplicity by virtue of being a flat rate.

Likewise, in Section 9(5), which allows ministers to make regulations to add, remove or change descriptions of circumstances when the levy does not apply, we believe the legislation should include a list of situations which cannot be amended by ministers - this should include clarifying that local authorities can not apply seasonal or geographical variation to the levy (i.e., only apply the levy at certain times of the year, or only apply the levy in certain places within their boundaries).

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).

There are a number of drafting issues in the bill where we believe the Welsh Government needs to clarify aspects of the legislation, or to set out their policy intention. These relate to both the introduction of the registration scheme, and issues relating to the introduction of visitor levy powers. We would encourage the Committee to look at these in detail as part of this consultation and during the scrutiny stages of the bill.

We have set out our views in a more detailed letter to the Committee.

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?

(We would be grateful if you could keep your answer to around 500 words).

The proposed penalty of £300 multiplied by the number of properties for those who have failed to register as a VAP, or the £300 penalty for failing to provide the correct information on the register, is broadly in line with penalties or failure to comply with similar schemes internationally, though it is on the higher end of the scale. The fact that penalties can be multiplied by the number of infractions makes it all the more important that the legislation clearly specifies whether registration is per property and street address, or per unit available for individual let.

We would encourage the Welsh Government to look at a sliding scale of penalties proportionate to any offence, with lower amounts for where any breach is administrative, or the result of honest error (for example, starting with a warning or a cease and desist letter, and escalating depending on a failure to cure the breach within

a set timeframe). This is because a failure to register may be inadvertent, due to a lack of knowledge, be caused by things such as a change in staff or some other oversight, or even the result of an inputting or typing error. Such breaches can usually be quickly and easily resolved once brought to the VAP's attention, and it is disproportionate to expect penalties in such light-touch cases to be challenged through a first-tier tribunal. Rather than immediately apply a financial penalty in the event of a breach, we believe that in the first instance the VAP should be issued with an information notice, requiring them to resolve the issue within a set period (for example, 30 days). Only if such a notice is not acted upon, or the breach not resolved, should the process set out these amendments take effect.

With regards to Section 7C, the Welsh Government should in due course publish a non-exhaustive list of the scenarios that would meet the definition of a "reasonable excuse", as well as a similar list for what would constitute "special circumstances" under Section 7D.

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).

We would draw attention to concerns about the proposal whereby a local authority may be able to increase the rate of a levy through the application of a premium. This measure seems to undermine the Welsh Government's intention that the levy is a scheme that follows nationally set standards and is easy for accommodation providers to understand and comply with. In our experience, the best levy schemes are those which are simple, avoid variation (either seasonal or geographical), and minimise exemptions. Allowing for different levies to be charged at different points, and across different local authority areas will result in regulatory fragmentation, with some hosts and operators having to comply with several different rates for different properties. This will greatly increase administrative costs (which is not reflected in the accompanying impact assessment documentation) for VAPs who run multiple accommodation units across different local authorities. We therefore recommend that the power to apply a premium should be removed from the bill.

With regards to the registration scheme, the Welsh Government has previously sought to understand how it could ensure that any unregistered listings are able to take bookings through online platforms. We believe that a notice and action process, as used in other jurisdictions, is the best way to manage this, and have set out in a separate letter to the Committee an outline of how this could work in practice.

It would be helpful to understand how the current bill will interact with the Welsh Government's intention to bring forward further legislation related to the licensing of short-term lets. We have not seen any evidence which suggests that there is an issue with standards or the safety of visitors who stay in short-term lets in Wales which warrants further measures such as a bureaucratic, costly and onerous licensing scheme. In contrast, visitors booking through our platform consistently rate the quality of accommodation very highly. In the 2024 Visit Wales consumer survey, four out of five guests to Wales rated their trip as excellent. Our data (as of December 2023) tells us that guest reviews in Wales are some of the highest in the country, with an average rating of 4.9 out of 5. We therefore believe that the introduction of a mandatory registration scheme to provide better data on the visitor accommodation sector, and ensure that all VAPs are aware of their obligations, is the right approach. Before deciding whether to introduce a licensing regime requiring operators to adhere to new conditions, obtain a licence and undergo onerous checks to continue their businesses, we believe that the Welsh Government should first allow the registration scheme to be fully established. It should then only consider further regulatory interventions such as licensing following further consultation, and when there is clear and unambiguous evidence which demonstrates that it is needed.

Finally, we suggest that the Welsh Government commits to a business impact review of the legislation eighteen months after the registration scheme has come into operation, and one year after at least one visitor levy has been brought into effect. This should consider progress to date in terms of ensuring that all VAPs are appropriately registered, whether there have been any negative impacts on the tourism sector, and, if necessary, establish a framework for updated subordinate legislation or guidance to address any deficiencies which the assessment may identify.



Owain Roberts
Clerk, Finance Committee
Welsh Parliament
Cardiff Bay
Cardiff CF99 1SN

10th January 2025

Supplementary correspondence: Airbnb written evidence to the Finance Committee's consultation into the Visitor Accommodation (Register and Levy) Etc. (Wales) Bill

Dear Clerk,

I am writing this letter to accompany the evidence that we have submitted to your committee as part of its work on the Visitor Accommodation (Register and Levy) Etc. (Wales) Bill. At Airbnb, we are proud of the role we play in helping people take part in, and benefit from, the visitor economy by welcoming guests into their homes. We appreciate the opportunity to share our expertise on the proposals for a register for all overnight accommodation, and new powers for local authorities in Wales to introduce a visitor levy.

In our submission to your consultation, we committed to providing you with more information in response to question 15 on the quality of the legislation, and in particular, to set out areas where we believe there are a number of drafting issues in the bill and where we would encourage the Welsh Government to clarify its policy intention. These relate to both the design and functioning of the registration scheme, and the mechanism around how local authorities might introduce and implement a visitor levy. We also stated in our answer to question 16 that we would outline in more detail our views on how a 'notice and action' regime should operate as part of the registration scheme framework, so that Welsh councils can flag any unregistered properties to booking intermediaries and request removal through a set process. I have set these out below, and would be happy to expand on any of these points when I appear before the committee to give oral evidence on the 30th January.

We look forward to continuing to work with the Welsh Government, with the Welsh Parliament and your committee, and with other stakeholders to ensure that the legislation is a success and meets the desired objectives.

Yours sincerely,

Carl Thomson

Public Policy Manager, UK
Airbnb

Visitor levy drafting issues

- **Clarifying requirements on VAPs to advertise the levy.** Section 37(1) of the bill contains power for the Welsh Government to advertise the levy. However, it is unclear what steps VAPs may be required to take, how such an obligation could be met, what the statutory process would be for ministers to utilise this power, and how onerous any measures might be. We encourage the Welsh Government to clarify this in legislation as the bill goes through the parliamentary process.
- **Interaction between the levy and the registration scheme.** The legislation allows for a local authority to introduce a levy even prior to the registration scheme being launched. This is despite the fact that information in the register will be crucial to local authorities when deciding whether to introduce a levy. Given the Welsh Government's view that the registration scheme is an important component of the levy, it is a significant omission that there is no requirement to utilise the evidence base provided by the register in any consideration of whether there should be a visitor levy. There should be a statutory duty on local authorities to show that they have considered data from the scheme before introducing a levy, or changing an existing one (i.e., adding a premium).
- **Clarifying that all accommodation types defined by the bill fall within scope.** Section 2(1) applies a broad definition of visitor accommodation, with Section 2(5) giving ministers the power to change this definition. The legislation should explicitly state that all visitor accommodation which meets the definition in the bill is in scope, and that local authorities should not have the power to "carve out" different accommodation types and apply the levy selectively (i.e., by applying the levy only to hotels, or only to short-term lets).

- **Definition of the term “occupier”.** Section 3(2)c adds as part of the definition of a VAP that they are “an occupier of the premises at which the visitor accommodation is provided”. It is not clear what “occupier” means in this context. This is also a concern with regards to the registration scheme element of the legislation, since the owner of the premises will in many cases have someone else managing it. We encourage the Welsh Government to look again at this definition to ensure it appropriately captures the person who should best act as the VAP, and would instead recommend the following definition: “the main responsible person who rents, leases or lets for consideration for short-term stays any living quarters or accommodations as defined under Section 2(1) of the bill”.
- **Liability of payment.** Section 10(2) states that the liability to pay the levy on an overnight stay in visitor accommodation arises when a person enters the accommodation. We recommend that the liability to pay the levy should be tied to the time of payment, as this will account for the different types of business models that VAPs operate under. From an operational perspective, tying the liability to the time of payment is easier for businesses to implement, track any alterations, and allows remittance of taxes in the period it is collected from a guest. It also prevents the need for businesses to hold taxes when a guest pays for the accommodation in advance.
- **Strengthening the mandatory 12 month notice period.** Section 26(3) of the bill allows local authorities to introduce or vary a levy within a period shorter than 12 months since a notice was published, provided both the council and the Welsh Revenue Authority agree to it. While this provision may be helpful in the event that a local authority wishes to cease applying a levy, the current wording leaves open the possibility for a local authority to introduce a levy with less than 12 months’ notice, potentially undermining the processes the Welsh Government has indicated that it wishes councils to follow. We believe that this part of the bill should be amended so that it applies only where councils want to remove a levy, but not to introduce one.
- **The bill should clarify responsibilities for handling and issuing refunds when a booking is cancelled, as well as for when refunds are due owing to the guest being exempt.** Section 15(1) to (16) sets out the process for guests to obtain a refund of the levy when they meet the requirements for an exemption. We agree with the model proposed, which minimises burdens on VAPs. However, we would encourage the Welsh Government to set out in a similar manner how refunds will be handled, and where responsibility lies for processing them, in situations where a booking has been cancelled or altered prior to check-in, and where the levy is tied to time of payment. In this

situation, we believe the obligation should be on the VAP to provide a refund of the visitor levy element at the same time as the rest of the booking amount is repaid in the event of a cancellation, or, if the booking is non-refundable, for reimbursement of the visitor levy amount to be actioned upon notification of cancellation by the guest. If the booking is altered (more days added or reduced) or cancelled, the VAP will adjust and remit the proper amount of tax to reflect the actual booking. If this happens after the tax has been remitted, the VAP will take a credit or debit on the following return after the cancellation of alteration occurred. This would minimise disputes and provide reassurance to guests that they will be refunded the tax element of their booking in the event they need to cancel.

Registration scheme drafting issues

- **Use of the register to inform decisions on Article 4 directions.** Just as we believe that local authorities should consider data from the registration scheme before deciding whether to introduce a levy, we would also reiterate the recommendation in our response that the legislation should contain a statutory duty on local authorities to utilise the information contained in the register when considering whether to introduce an Article 4 direction. This is crucial, since the registration scheme will be the only authoritative source of data around the number and location of such premises and will be materially important in informing any such decision.
- **The bill does not provide a grace period for a VAP to register their property once the registration scheme is up and running.** Under the legislation as currently drafted, the VAP becomes liable to pay a penalty unless they register their property the instant that they are required to. We encourage the Welsh Government to clarify or to amend the legislation so that there is sufficient time between the registration scheme going live, and a final deadline for existing VAPs to register. Based on our experience with the launch of similar schemes elsewhere, we have found that six months is an adequate period, provided the Welsh Government sufficiently raises awareness of the need for VAPs to register before the obligations take effect.
- **Where multiple visitor accommodations exist on the same site, for example multiple units in a single property, it is unclear whether these need to be registered individually or collectively.** Section 3(2) of the bill along with Section 5(1) suggests that only the “premises” must be registered, rather than the individual accommodations themselves. We would encourage

the Welsh Government to clarify its intention for scenarios where one premises may contain multiple, individual accommodation units.

- **The requirement on VAPs to register only takes effect where the visitor accommodation is provided “in the course of a trade or business”.** This term is not defined. We understand it is the Welsh Government’s intention that the scope of the registration scheme should capture anyone offering overnight accommodation on a commercial basis, including individuals occasionally letting a room in their primary home on sites like Airbnb to earn some additional income alongside their main occupation. However, such hosts may not see themselves as engaged in a trade or business. We encourage the Welsh Government to clarify this point, and to include this information in any education campaign to make clear what kind of activity is in scope.
- **There is no provision in the legislation for a mechanism by which a VAP can remove themselves from the register.** If a VAP decides to cease trading, or transitions their activities to another person, it is not clear from the current draft of the legislation at which point they will no longer be subject to the Section 5(1) requirement. Without a mechanism for VAPs to de-register, the registration scheme could end up being inaccurate as non-trading businesses or inactive listings are not removed, thus impacting the quality of the data, the effectiveness of the register as a regulatory regime, while also giving a distorted picture of the size of the visitor economy and number of VAPs.
- **Where visitor accommodation is owned or operated by multiple people, the bill suggests that each individual may need to register separately as a VAP.** For example, if a room is let on Airbnb in a home which is jointly owned by a couple, Section 5(1) of the legislation suggests that each of these persons would need to register individually, and thus register the same property multiple times, rather than enabling premises to be registered with multiple responsible persons. We encourage the Welsh Government to clarify its policy intent in this area, and, if this is not the intention, to create a streamlined mechanism so that only one VAP needs to register for each property.

Operation of a notice and action framework

We would encourage the Welsh Government to publish guidance that establishes a mechanism whereby either local authorities or the registration body are able to flag

any listings for unregistered properties to the booking intermediaries on which they appear, and request removal through a notice and takedown process.

We believe that this mechanism should work as follows:

- Booking intermediaries, including both online platforms and offline providers, will enable hosts to enter a registration number in their system in a format consistent with the central registration scheme, which is then displayed in a single, consistent place in any property listing.
- Each booking intermediary will provide the registration scheme operator with a single email contact for notice and action matters, which can be disseminated to local authorities, and will also have in place an internal workflow that would allow them to receive and process removal requests from local authorities and the registration scheme operator.
- Local authorities or the registration scheme operator can use the relevant email contact to report accommodation premises that are unregistered and have passed the 30-day period set out in the proposed Section 7A(4) amendment by providing the listing URL and a clear request for removal due to a breach of the obligation to register.
- Upon receipt of a request from a local authority or the registration scheme operator to remove an accommodation premises that includes the required information (i.e. the listing URL, a clear statement of the breach, and a request for removal), the booking intermediary will remove the listing within a set time frame and confirm this to the requestor.

This notice and action approach is used to support government enforcement efforts in jurisdictions around the world, including in the EU, and would give the registration scheme operator and local authorities reassurance that they are able to flag infringing listings for removal when they are identified, while enabling them to retain control over decisions on whether, when and how to enforce against a host.

VAB93 West Wales Holiday Cottages

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 West Wales Holiday Cottages | Evidence from West Wales Holiday Cottages

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).

The proposed Visitor Accommodation (Register and Levy)Etc. Wales Bill aims to ensure a fairer distribution of costs, provide local authorities with additional revenue for tourism-related services and infrastructure and support sustainable tourism. While the policy's objectives are well-intentioned, we have several concerns about its potential negative impacts on Wales's tourism industry and local businesses.

One of our primary concerns is that the levy could discourage visitors from coming to Wales, as tourists may choose destinations without a similar tax. This reduction in visitor numbers could ultimately result in less revenue for local services, counteracting the goal of creating a more balanced distribution of costs. Moreover, the added financial burden on tourism could lead to a decrease in spending at local businesses harming the local economy that the levy aims to support. Small businesses, which rely heavily on tourism, may struggle to survive under the added financial strain, particularly in the current challenging economic environment.

The effectiveness of the levy in achieving its intended purpose is also in question. While it is designed to generate revenue for local services, many of our accommodation owners, like ourselves, worry that it could reduce the number of visitors, ultimately lowering the funds available for investment. Additionally, there are concerns about the transparency and accountability of how the collected funds will be used. Without clear assurances that the money will be reinvested directly into tourism-related infrastructure and services, there is scepticism about whether the levy will benefit the industry or simply add further burden on both visitors and local businesses.

For small businesses, like us, who depend on visitors, the levy could worsen financial challenges. Increased costs for tourists will lead to fewer bookings and reduced spending in local shops restaurants and attractions, ultimately harming the broader local economy. Rather than providing the intended boost, the levy could have the opposite effect, damaging the very businesses that it seeks to support.

The ambitions for sustainable tourism could also be undermined by the introduction of this levy. The additional costs to tourists could make Wales a less attractive destination, especially for families or larger groups already grappling with rising living costs. Instead of fostering a welcoming environment that promotes responsible tourism, the levy could send the wrong message, suggesting that overnight visitors are primarily seen as a source of revenue, rather than valued guests.

If the levy is not carefully managed it may fail to deliver any meaningful benefits. Clear and transparent mechanisms for the use of the funds are essential to ensure that the levy supports the tourism industry effectively. The focus should be on creating a welcoming environment for both residents and visitors, without placing financial burdens on visitors that could deter them from choosing Wales as a holiday destination.

In summary, while the tourism levy aims to address important goals, its potential to negatively impact visitor numbers, small businesses and the local economy raises significant concerns not carefully implemented it could compromise the very objectives it seeks to achieve, including sustainable tourism and the long term prosperity of Wales' tourism sector.

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 proposed bill aims to bring opportunities for improving local infrastructure and destination management. However, its implementation faces a range of potential barriers, including administrative, financial, legal and practical challenges.

Financial implications will place an extra burden on accommodation providers. Although the levy is passed on to visitors, this could make Wales a less competitive tourism destination, particularly for short-term stays. Administrative costs from local authorities could be high, as they will need to handle levy collection, auditing and reporting. The effectiveness of levy collecting might also vary between local authorities resulting in inconsistent impacts. We work across three counties and this will have significant challenges.

Administrative and regulatory challenges could create significant obstacles. Accommodation providers may face high costs for registration and reporting especially if they need to implement new systems or hire additional staff. Monitoring and enforcement may also be difficult, especially for small businesses. Additionally, smaller accommodation providers may struggle with their quarterly or annual reporting requirements to the Welsh Revenue Authority (WRA) adding another layer of complexity to their operation.

Legal and constitutional barriers could complicate the bill's passage. Accommodation providers may challenge the fairness of the levy particularly only targeting overnight guests in sleeping accommodation and not the day visitor. This also leads on to equity and fairness. The system of exemption for certain groups (eg those staying more than 31 nights) could be difficult to administer, raising questions about fairness and the complexity of the process. Some accommodation providers may feel disproportionately burdened compared to larger providers who may have more resources to absorb administrative costs.

Implementation challenges from the different local authorities - this may lead to inconsistent service levels or accountability in using the proceeds. Additionally, the discretion given to local authorities in how they spend the levy could lead to uneven benefits across regions, creating disparities in tourism infrastructure.

Public perception may be significant as many local businesses and residents may view the levy as an additional financial burden that unfairly targets overnight visitors without

clear benefits to the local community. Opposition could also arise from groups that argue that tourism should not face any additional taxes, especially following the recent challenges the sector faces with new legislation etc.

The impact on the whole sector could be significant. The levy will undoubtedly increase the cost of staying in Wales as we have already alluded to making us less appealing to visitors. We also rely heavily on domestic stays out of season which may prevent Welsh people from holidaying in Wales if they have to pay a levy. Short-term visitors will be particularly affected with the cost of the holiday increasing significantly in certain periods which will reduce Wales' attractiveness as a destination for budget or short-stay trips. Also including children in the levy will have a significant financial burden on families who already have the cost of the holiday to contend with. Children should also be exempt from the levy.

Overcoming the potential barriers will require a clear thought-out strategy and ongoing engagement with stakeholders.

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 Bills' unintended consequences could have far-reaching economic, social and cultural impacts - particularly on tourism, local businesses and the wider Welsh economy.

Economic impact on tourism and local businesses: A reduction in visitor numbers would severely affect businesses in sectors reliant on tourism, such as restaurants, shops and pubs. This impact will be especially pronounced in areas like Ceredigion and Pembrokeshire where tourism is a key economic driver. As already mentioned - Increased administrative costs and complexity for accommodation providers could also force smaller businesses to close, further harming the local economy.

Job losses and economic decline: Fewer tourists could result in job losses particularly in the hospitality sector, cleaning and maintenance – also affecting local tradesmen (reliant on holiday lets as part of their work) In some cases businesses may be forced to come altogether which would lead to higher unemployment rates and economic stagnation. The loss of opportunities will lead to young people having to leave to find work in other areas adding to the economic decline in particular rural areas.

There also may be a negative shift in Wales' reputation as a tourist destination with perceptions of it being unwelcome to visitors especially as there is no intention of introducing this levy over the border in England. This could lead to a decline in our

visitor numbers further impacting the local economy and the vibrant tourism sector. It has the potential to destroy communities. If there are no employment opportunities in the sector for the younger generation, and they are unable to continue their family businesses in tourism, they will be compelled to leave. Many of these individuals are Welsh speakers, and this will contribute to the further decline of the Welsh-speaking population in these communities.

The overall impact on tourism might not just come from higher prices but from negative publicity, with tourists potentially perceiving the levy as an unfair or unnecessary financial burden on them. We have already heard of negative social media posts on forums and visitors not going to be coming to Wales due to cost and out of principle. There is a general feeling out there that visitors to Wales are not welcome. Visitors may choose to holiday in other destinations in the UK or abroad due to the added financial cost of the levy. It will erode Wales' competitive advantage in the tourism market which has taken years to build. It will also add to the perception that we do not want anyone holidaying here.

Other consequences may be that some holiday let owners will be forced to sell their properties due to these financial burdens. This could lead to a reduction in available accommodation, properties being sold to 2nd homeowners further eroding the tourism market. Many of these properties are not fit for families or first-time buyers.

We have evidence of people losing their jobs in cleaning and maintenance due to owners removing holiday lets from the market.

In summary, the bill could cause significant economic harm to Wales, with reduced tourism affecting local businesses, job losses, and a decline in community cohesion. The bill may also harm Wales' appeal as a tourist destination, lead to financial inefficiencies, and create administrative burdens that could drive small businesses out of the market.

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 proposed visitor levy presents significant challenges, particularly for small and micro accommodation businesses. These enterprises, which dominate the tourism sector, often operate on tight margins and lack the resources to potentially absorb the financial and administrative costs associated with implementing and managing the levy.

Small and micro businesses face considerable upfront costs including updating booking systems, staff, website costs etc as well as paying agencies like us commissions etc. Ongoing administrative burdens add further strain. Smaller accommodation providers are disproportionately affected due to their size and unlike larger operators cannot benefit from economies of scale. For many managing the levy, exemptions, additional reporting or varying regulations across different local authorities adds an extra layer of risk.

The administrative complexity associated with the visitor levy also raises concerns. Accommodation providers must ensure accurate application documentation and reporting of the levy to the Welsh Revenue Authority. This bureaucratic burden could discourage participation in the sector and affect the overall quality and diversity of accommodation options in Wales. The cost for exiting accommodation providers to register is also high and a high annual cost – this will also price people out of the market as an additional burden.

Also the high cost of administering the levy for local authorities – is this not detrimental to its purpose given that a significant portion of the revenue may be consumed by expenses?

With regards to the unquantified costs and non benefits - it refers to a possible reduction in visitors to Wales or to a certain local authority adopting the ley as referred to previously – this has a financial risk in deterring visitors and depleting the tourism market. Assuming that reduced demand will be offset by additional revenue overlooks the broader economic consequences. Local businesses like ours will suffer and there is a higher risk of closure. This is a real concern for us. A more comprehensive impact assessment is essential to avoid unintended consequences and ensure that the

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).

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).

There needs to be clarity with this legislation over how this will be implemented in practice particularly the roles of the local authorities. There is an element that can be deemed as unfair. The fact is that some local authorities may implement this and others not. Also, will the collection, administration and enforcement differ from each local authority? – how will this work?

As an example - we as a business have 3 different local authorities to work with and this could put an enormous administrative burden on us as a business if not executed correctly from the offset. This would be more effective if it were centrally administered by the Welsh government.

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?

(We would be grateful if you could keep your answer to around 500 words).

With regards to the additional registration and enforcement provisions intended to be brought forward at stage 2 – clarity is needed regarding the basis for calculating this penalty charge and the authority responsible for enforcement– failure to register results in a significant penalty and subsequent penalties. How will this function in practice? Who will collect this?

Will there be an initial grace period to allow for adjustment as the registration system and levy are introduced?

Also, how will accommodation that has not been registered be identified, and who will oversee the monitoring process?

It is also essential to define what constitutes 'special circumstances' and provide details on how the appeal process will operate to ensure fairness and transparency.

Imposing penalties from the outset is unfair for an unwanted tax being imposed on the tourism industry.

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).

We support the registration of accommodation providers in Wales recognising the potential to establish industry standards, enhance credibility and build trust with both visitors and the local community. This initiative can help balance the needs of tourism and residents, offering reassurance that properties meet specific standards. However, introducing this alongside a tourism levy risks harming Wales' tourism industry.

The timing of these measures is crucial. Amidst existing economic challenges, this could exacerbate the negative impacts and jeopardise the long-term sustainability of both the tourism sector and local economies.

Accommodation providers are already under significant stress due to the 182-night rule, and the cumulative pressures are taking a toll on physical and mental health. As an industry, we feel overwhelmed and unsupported.

Many businesses, already under pressure from rising costs and declining visitor numbers, may be forced to close, leading to job losses, economic decline, and further rural depopulation.

For us as a business, we have seen an abnormally high churn of reputable and longstanding accommodation providers leave the industry in 2024. The normal churn of properties for us per annum is 3% with an equal amount coming on board to net out. However this past year we have seen a churn of 10% with a lack of other accommodation coming in to replace. We have lost long-standing business owners who simply cannot bear the burden of the costs of running their holiday business any longer. In surveying owners who have left us and old properties - 40% have been sold as second homes according to a survey we sent.

The industry is in turmoil and the introduction of a tourism levy is just another nail in the coffin of an already struggling sector which should be the jewel of Wales' crown.

Document is Restricted

Agenda Item 8

FIN(6)-04-25 P10

VAB74 Bed & Breakfast Association (UK)

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 **Bed & Breakfast Association (UK)** | Evidence from Bed & Breakfast Association (UK)

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).

We are in principle opposed to another tax on tourism, whilst the existing taxes (VAT, business rates, alcohol duties, flight departures, and petrol duties etc) remain so high that the UK is rated 113th out of 119 countries for tourism price competitiveness.

We are however in favour of a simple low cost registration scheme aimed at allowing the existing safety laws to be more fairly and effectively enforced.

The Bill's implementation

The Regulatory Impact Assessment is set out in Part 2 of the Explanatory Memorandum (<https://senedd.wales/media/g5ipvwvh/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 danger to the Welsh economy from introducing another tax and thus damaging sales and thus jobs and livelihoods, because travel & tourism is a highly price sensitive market and Wales operates at already high cost levels in a highly competitive European and world marketplace.

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).

Loss of businesses, jobs and livelihoods across tourism in Wales and allied sectors such as retail, attractions, services etc.

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).

Inadequate and over optimistic.

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>).

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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?

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Other considerations

6. Do you have any views on matters related to the quality of the legislation?

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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).

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).

Small accommodation providers in Wales are still financially fragile following Covid, and their viability has been damaged by high cost inflation since early 2022. The Welsh Government would be taking a very high risk in imposing an additional tax on the crucial tourism sector against this background.

Cyflwynwyd yr ymateb i ymgynghoriad y [Pwyllgor Cyllid](#) ar [Bil Llety Ymwelwyr \(Cofrestr ac Ardoll\) Etc. \(Cymru\)](#)

This response was submitted to the [Finance Committee](#) consultation on the [Visitor Accommodation \(Register and Levy\) Etc. \(Wales\) Bill](#).

VAB149: Ymateb gan: Llais Bragwyr A Tharfarnndai | Response from: Welsh Beer and Pub Association (WBPA)





Visitor Accommodation (Register and Levy) Etc. (Wales) Bill - Written evidence for the Finance Committee

The Welsh Beer & Pub Association

The Welsh Beer and Pub Association (WBPA) is the voice of brewers and pubs, representing our members local interests and supporting the ability for our sector to trade and operate in Wales. As part of the wider British Beer and Pub Association, our members brew 90% of the beer produced in Britain and look after 20,000 of our country's much-loved pubs. They range from family brewers and regional pub companies to international breweries and includes Wales's largest pub estates. It's a diverse group, but they all have one thing in common; a passion for beautifully crafted beer and warm and welcoming pubs for locals and visitors alike.

The beer & pub sector in Wales

The Welsh beer and pub sector has an integral place within the local economy, generating over £1.5 billion in Gross Value Added and hundreds of millions of pounds in tax revenue. Yet despite this economic importance, a number of challenges are now placing the viability of the sector at risk. The sector was badly affected by the COVID-19 pandemic and recent economic pressures are hitting the sector harder in Wales than across the rest of the UK; net closures of pubs have been higher in Wales than the rest of Great Britain, with 6.5% closing between 2018 and 2023 vs 4.6% in England and 3.9% in Scotland.

From grain to glass, the Welsh beer and pub sector supports over 25,000 jobs directly and up to 43,000 jobs through the entire supply chain. These jobs are in every constituency up and down the country, supporting local economies, and agricultural communities too. Pubs and breweries are cherished in every single community across Wales, acting as an economic anchor on the local high street and as venues for tourists, attracting additional footfall, and providing that further social and cultural benefit so often overlooked in business and industry. The beer and pub sector in Wales stands at a crossroads due to some critical challenges, juxtaposed by a plethora of opportunities for growth.

Escalating costs have hit the industry hard and have had a detrimental, and in many cases existential, impact on pubs throughout Wales. Increased raw material, energy, and labour costs have hit the sector hard. These increased costs have squeezed profit margins with **pubs receiving on average a meagre 12p on each pint they sell** after taxes and other expenses.

High rates of taxation have long burdened the industry with sticking plaster policies acting as mitigations for over a decade. UK beer duty outpaces its European neighbours drastically, sitting 12x higher in some cases and 3x higher on average. This stark contrast is a policy decision. In Germany, where a similar proportion of the population's employment depends on the tourism sector, beer duty sits at 4.4p per pint, and in Wales it sits at 54.4p per pint.

Last year's cut in business rates relief in Wales, from 75% to 40%, increased financial pressures on pubs. **This meant the average pub in Wales was £6,000 worse off compared to their English counterpart due to lower relief and lack of a small business multiplier.**

The Welsh Government in December 2024 maintained business rates relief at 40% for 2025/2026 but the industry continues to call for long-term, permanent business rates reform to level the playing field with other sectors and to provide financial certainty.

Across Wales, there has been persistent licensed premises loss which has damaged local communities and employment prospects. Encouragingly, this trend was bucked in 2024. Figures from the Welsh Beer and Pub Association (WBPA) found closure rates to be lower last year than in previous years.

According to the WBPA's pub database, there were 2,924 pubs in Wales in 2024, a decline of 63 since 2022 (3,006), and a decline of 189 since the previous report in 2019 (3,132). Pub numbers in Wales have been declining consistently since at least 2017, when there were 3,215 pubs in operation. This trend has been exacerbated by the Covid-19 pandemic and the recent inflationary environment, causing great strain on businesses across the region.

There is cause to remain concerned. In April 2025, employment measures announced in the October 2024 Budget will come into effect. The increased National Living Wage and Employer National Insurance Contributions are expected to cost the UK-wide beer and pub industry more than £500 million.

The high cost-of-doing business, combined with disproportionate taxation continues to place pub culture in Wales at risk. Ongoing new regulations may well impact on the sector's ability to operate. The proposed DRS and EPR recycling costs, which current estimates show will cost 5-7p per glass bottle, are a concern for manufacturers and publicans alike, amplified further due to divergence of DRS schemes across the UK.

Economic contribution by the beer & pub sector

In 2022, the beer and pub sector contributed approximately £1.5 billion in Gross Value Added (GVA) to the Welsh economy. Of this, £540 million came from direct activities within the sector. Despite the challenges posed by the pandemic, the sector's total GVA contribution increased in real terms compared to pre-pandemic levels in 2019.

Indirect Impact: The sector's procurement of products and services from within its supply chain generated an additional £420 million in GVA.

Induced Impact: The spending of wages by those directly and indirectly employed in the sector contributed a further £530 million in GVA.

Employment The sector supported approximately 43,000 jobs across Wales in 2022, with 25,000 jobs directly within the sector. An additional 8,000 jobs were supported indirectly through supply chain activities, and further 10,000 jobs were induced by consumer spending from those employed directly and indirectly in the sector.

Wages The total wages paid by the sector amounted to £710 million in 2022. Including £310 million in direct wages, £190 million from indirect impacts, and £210 million from induced impacts.

Regional Impacts The South Wales Central and South Wales East regions saw the highest economic benefits, with GVA contributions of £350 million and £360 million, respectively. North Wales, Mid and West Wales, and South Wales West also saw significant contributions, with GVA impacts ranging from £230 million to £290 million.

Estimated GVA benefits of the beer and pub sector, Welsh electoral regions, 2022

Region	Direct	Indirect	Induced	Total
North Wales	100	80	90	260
Mid and West Wales	110	90	90	290
South Wales West	80	80	80	230
South Wales Central	120	90	90	350
South Wales East	140	100	100	360
Wales	540	420	530	1,500

Source: ONS, BBPA, Oxford Economics.

Tax Revenues The sector contributed £1.2 billion in tax revenues to the Exchequer in 2022. The largest contribution came from excise duty (£450 million). The pub subsector generated the highest total tax contribution of £730 million, primarily through VAT receipts (£310 million). Breweries contributed £460 million, the rest of the on-trade £30 million, and the off-trade £40 million.

Capital Investment In 2022, the sector saw £80 million in net capital investment. South Wales Central and South Wales East had the highest levels of net capital expenditure, driven by their strong GVA in the pub sector.

Youth and Part-Time Employment The sector offered significant employment opportunities for younger people and those seeking flexible working patterns. Approximately 40% of the direct jobs in the sector were held by individuals under 25 years of age, accounting for 10,200 jobs. Additionally, 56% of workers in the sector were employed part-time, which is particularly beneficial for those still in education, re-entering the labour market, or balancing work with family responsibilities. This underlines how important flexible working is to the sector.

WBPA position on the Visitor Levy

Having set out the major contribution that the beer and pub sector makes to the Welsh economy, we feel that the Levy will likely have a negative impact on that contribution if implemented.

We believe that on balance the Visitor Levy will have two main impacts on the sector:

- As a direct tax on pubs that also offer visitor accommodation it will create a further cost pressure which will be passed onto visitors that book overnight accommodation;
- As an indirect tax and deterrent for tourists to visit those locations that have implemented the Levy. As a disincentive to potential visitors due to higher accommodation costs it will have a knock-on effect that will ultimately reduce footfall for pubs and hospitality more generally.

In essence, this represents another burden on businesses in a sector that is already struggling with cost pressures and will be facing further major cost increases from April. Accepting that the expectation is that the Levy cost is passed onto visitors as part of their bill for an overnight stay, it will simply make that stay more expensive and therefore less appealing to potential visitors when they make their decisions on where to visit.

We believe that the way to boost the visitor economy in Wales is to *encourage* day visitors to become overnight visitors, thereby boosting spend in local accommodation, hospitality, attractions and entertainment businesses. It is precisely this ambition that this policy would hamper through the imposition of a tax, creating a barrier to growth rather than promoting it.

We also have concerns about the use of levy funds collected by local authorities. Whilst ostensibly there is a degree of public support for a levy on the basis it will then be used to support the local tourism economy, the reality is that is unlikely to be the case.

One of the aims of the Bill is to “Require local authorities to use the net proceeds for the purposes of destination management and improvement in its area and report on the use of the proceeds.” The scope of this aim is too broad and we feel it will lead to local authorities using the funds for expenditure that does not directly support local tourism businesses. Instead, we have concerns that levy funds will invariably be used to cover the costs of facilities and infrastructure that are primarily for local residents rather than the tourist economy and the businesses that operate within it.

Welsh Beer & Pub Association

15th January 2025

Cyflwynwyd yr ymateb i ymgynghoriad y [Pwyllgor Cyllid](#) ar [Bil Llety Ymwelwyr \(Cofrestr ac Ardoll\) Etc. \(Cymru\)](#)

This response was submitted to the [Finance Committee](#) consultation on the [Visitor Accommodation \(Register and Levy\) Etc. \(Wales\) Bill](#).

VAB139: Ymateb gan a Ffederasiwan y Busnesau Bach (FSB Cymru| Response from: Federation of Small Business (FSB) Wales



Visitor Accommodation (Register and Levy) bill Scrutiny

Senedd Finance Committee

FSB Wales

January 2025

About FSB

FSB Wales is the authoritative voice of businesses in Wales. It campaigns for a better social, political, and economic environment in which to work and do business. With a strong grassroots structure, a Wales Policy Unit, and dedicated Welsh staff to deal with Welsh institutions, media and politicians, FSB Wales makes its members' voices heard at the heart of the decision-making process.

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

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?

FSB's general tax principles as outlined in our report 'A duty to Reform' is a framework that we will use for any tax reform. A new tax should address the following:

- **Fairness:** each business should pay its fair share of taxes, and the rates paid should be similar to those conducting comparable activities. Equally, businesses should be receiving any reliefs to which they are entitled.
- **Adequacy:** the tax collected by government should be enough to cover government expenses on public services.
- **Simplicity:** each taxpayer should have a clear understanding of the tax system, the taxes they need to pay, when their liabilities are due, and how much is due.
- **Transparency:** taxpayers should have an understanding of how their tax payments are being used.
- **Administrative ease:** the payment of tax liabilities should be a simple process that is not burdensome to either the taxpayer or the tax collector
- **Neutrality:** neutrality of tax changes should be kept in mind to minimise any potential harmful effects. Non-neutral taxation can be appropriate, for example when policy outcomes rely on using taxation as a tool to drive behaviour, (e.g. to reduce carbon emissions). Where taxes are not neutral, this should be due to a conscious policy choice to influence behaviour, rather than an unintended consequence.

This is the framework FSB will use during the course of this evidence and in assessing this new tax.

- On the Visitor Levy in particular, the starting point for FSB is that this is not the time to introduce a new tax on tourism in Wales. The sector has experienced a prolonged period of difficult economic conditions. With low consumer spending and disproportionately high costs still affecting some tourism businesses' viability, they still need support to recover. Statistics show that Wales has struggled more with numbers of visitors in the past year, relative to other parts of the UK:
 - In 2023 Wales was the only UK nation to not recover visitor spending figures from 2019. In 2024, inbound visits to Wales reached 445,000 visits from Jan-Jun 2024, up 10% vs 2023 but still 4% below 2019 levels.

- Wales has lost 17% of its licensed hospitality venues since the start of the pandemic, compared to 14% in England and 13% in Scotland.
- The latest tourism barometer shows that almost a quarter of businesses aren't confident that they can run their business profitably this year.¹

It should also be noted that these businesses with seasonal employment and more part time staff than other sectors, will likely be disproportionately hit by the increased Employers' National Insurance Contributions from April 2025.

With ongoing fiscal tightening for local authorities following years of cutbacks, irrespective of the stated aims of the tax, local authorities will feel pressure to raise from any potential new revenue stream.

In our 2022 'Welcoming Communities' report on tourism, SMEs in Wales similarly stated they would not want the tax. However, if there was a tax they also had a few points on the importance that it:

- a) be done in a transparent way that clearly links tax to developing the sustainable tourism sector
- b) Did not prioritise revenue raising and look to their businesses as 'cash cows'
- c) The funding was not merely placed in authority budgets – into a local government budgetary 'black hole'

As such, while noting the general position, we will also look at proposals with these in mind.

In general, our members also noted that the aim for ensuring that value for tourism is shared fairly is a principle that makes sense. So, both 'fund local services and infrastructure that benefit visitors between resident populations and visitors' and 'provide local authorities with the ability to generate additional revenue that can be invested back into local services and infrastructure to support tourism' are not in themselves 'wrong' aims. However, they did not see a tax visitor levy as the only means to do this. There are also questions around whether the provision in the bill adequately implement this connection to 'support tourism,' which we will address in the next question.

¹ [Tourism Barometer: summer wave 2024 | GOV.WALES](#)

In our ‘Welcoming Communities’ report in 2022², we noted how a (in practice) model for ensuring how this worked would look, with a West Wales green camping membership cost (which functioned in practice like a levy) being linked to information provided to tourists on the sustainable steps and local projects funded by the fee. This requires a clear narrative based on concrete actions linked to the fee provided, and this will be difficult story to tell if the link is unclear.

In terms of implementation in the bill, there are some positive measures that look to address some of the concerns outlined by members, although they do not address them in full.

In general, the measures around centralising funding collection through WRA provide a better audit trail and provide some room for scrutiny. This does provide room for future reform of how the pot used, if it is found to not be used effectively and transparently for development of the tourism sector, as expected in this bill, and which provides much of the rationale for the levy.

This allows the possibility in future to look at how this central pot could support ‘destination management bodies’ either at more localised level or regional level as appropriate too, or look to use the revenue more effectively, or channel it in different ways. The committee should consider whether the legislation should provide power for Ministers to change where the money is channelled or used directly from WRA is a power to amend that should be considered including within the bill too.

The following policy aim makes sense in principle:

“Require local authorities to use the net proceeds for the purposes of destination management and improvement in their areas and report on the use of the proceeds.”

In practice, ‘destination management’ as institutionally shaped in Wales’s local authorities lacks specific organisations, bodies or forums for shaping the approach. Therefore, how that statement ensures the sector taking part in these decisions affecting them is unclear.

As things stand, Local Authorities take up this ‘destination management’ function themselves but will do so in the context of many other external pressures. A risk is that

2

the role of ‘destination management’ is dependent on definition by Local Authorities with very broad scope for interpretation, and risks reinforcing the idea that this policy is done ‘to’ them and not ‘with’ the sector impacted. It is also dependent on their consultation processes, so how this should work and what are the expectations on engagement with the sector should be tightened and clarified.

As well as the question about how the revenue collected supports the tourism sector, , there is also the question of how this funding supports areas most affected by tourism (and from where the tax is raised) within local authorities. For example, the needs of Penllyn peninsula will be quite different from areas in Snowdonia, and both will be different to less ‘hot spot’ but more populated areas around Bangor. In the absence of localised or regional Destination Management Organisations or organisations to provide decisions on local projects, it is incumbent on Local Authorities to show their working, to align with tourism strategy and show additionality in funding to the areas most affected.

However, it is likely that building that trust will be difficult if many in the sector view this levy as principally a resource raising measure for the LAs (rather than tourism development), and with LAs in extremely tight fiscal conditions there is a strong incentive to do so. Providing the link between revenue raising and tourism sector development is not therefore built into the governance structures and the legislation – although with the sums involved there is of course a question on the adequacy of funding and proportionality of institutional bodies involved, and whether the amount raised is adequate to develop these structures. It is to be noted that examples provided in the Explanatory Memorandum (e.g. Iceland, Balearic Islands) are bodies tasked with specific projects to support tourism and visitors.

In the absence of such bodies there may be scope to ensure that there are steps that may provide clear steps to ensure the voice businesses affected is heard in the following:

“Introduction and Administration of Levy: Steps a local authority must take before introducing, changing or abolishing a levy in their area. Prior consultation requirements for a local authority.”

These steps need to look at filling this gap and ensure consultation includes room to shape projects, and so include:

- List of type of consultees to include businesses in affected areas

- Sectoral forum(s) established to provide oversight and ideally decide on projects in their area from the funds based on participatory budgeting.

Steps for local authorities to take should also include:

- localised impact assessments prior to introduction (to include the adequacy and additionality provided of any levy), and
- detailed reviews (possibly by WRA) in place to assess impact and scrutinize use of funds after any levy has been in place .

Without addressing the deficit of a recognised ‘tourism body’ or ‘DMO’ to decide on projects funded through the revenue stream administered by the WRA cuts this feedback loop. Many will suspect any use of the tax will displace funding rather than provide additionality through being administered through local authorities. The steps recommended here and in FSB ‘Welcoming Communities’ report can look to ameliorate that deficit.

3. Are any unintended consequences likely to arise from the Bill?

It is well documented that overnight visitors spend substantially more locally than day visitors. Moreover, the Explanatory Memorandum provides detail on areas affected by tourism with the larger part being mountain trails and scenery – however the direct link between taxing overnight stays in particular and the activity tackled seems indirect. As such there remains the question of whether the right activity is being taxed in this bill – this indirect link may exacerbate a sense of unfairness among visitors.

The threshold for tourist stays exempt is also very high at 31 days. One would expect that the longer a tourist’s stay the more benefits and spend accrues and so the higher the ‘value’ locally. As such, one would expect that after a few nights there are diminishing returns here and one would want to encourage longer stays, not disincentivise them, especially for larger families. With WRA collecting centrally, being able to claim back the levy in total if in a stay of 10 continual nights or more in Wales would seem a rational step, and the WRA could look to administer this with receipts accordingly. This may provide an incentive for more value to be put into the community spend. This step should be explored.

While the rationale of the tax is on overnight visitors (which suggests that it is also to provide visitor understanding of impact), the administration, the liability and significantly the cost is placed on the businesses. A Regulatory Impact Assessment

needs to understand the cost and time implications for SMEs in particular, and this need to be done so based on local market conditions ahead of implementation. The question of those affected and the link between the activity taxed, the liability, and the resulting impact should be clearly understood before the tax is introduced locally.

The Explanatory Memorandum notes that ‘businesses can choose to pass on the cost to visitors’ – the link to visitors themselves may therefore be opaque, and SMEs may feel the need to absorb the tax themselves, and so this does not address concerns that this is a tax on tourist businesses, rather than visitors. There is a trade-off here between this and lessening paperwork for SMEs possibly, but if one were to look at tax as a means for tourists understanding impact of tourism and why the tax is a way to capture value for local projects (as in FSB’s example of good practice in our tourist report of Green Camping fee in Pembrokeshire), the tax does not appear to be transparent. It should be clear to visitors where money goes, and that the tax is on them not on operators, and that it is an increase through government policy and not a cost imposed by the businesses themselves.

Future impact could be that there will be pressure to raise the levy, which is a power available to Ministers in the bill (as would be expected). As the EM states:

“It is important that there be provision to change the rate of the visitor levy to ensure it is proportionate regarding the wider macroeconomic context, continues to deliver policy aims and ensure sufficient revenues are generated. Therefore, there should be provision for ministers to change the rate of the levy, to be determined by Welsh Ministers using the evidence available.”

Again, for those within the sector this could raise fears of ‘thin end of the wedge,’ where the power is in place but the trade-off between administering it means that there is pressure to raise the tax, rather than scrap it. With the power there it is likely that governments will not wish to dispense with it – so a sunset ‘use it or lose it’ clause for implementation may be something to explore within the bill.

An example of the costs rising is where New Zealand tripled its tourism tax in 2023, after first implementing it in 2019 (albeit this is at a national level tax implemented for international visitors, with New Zealand imposing the tax on tourists at customs rather than through accommodation providers).

4. What are your views on the Welsh Government's assessment of the financial and other impacts of the Bill?

Looking at FSB's principles for good tax system, it is difficult in the data and assessments to ascertain the 'adequacy' of the tax revenues raised at local level:

“Due to the uncertainty around which local authorities will implement the levy (and when) and in order to present an estimate of aggregate costs, we have had to make a simplifying assumption that all 22 local authorities implement at the earliest opportunity. WRA, local authority and visitor accommodation provider costs and the levy revenues are estimated on this basis.”

The complexity in making the assessment is understandable with general data in Wales being inadequate for granular analysis. Nevertheless, £33 million split across 22 Local Authorities suggests that the power is less adequate in bringing in resource in some areas than others if we account for the fact that some areas will have far more accommodation than others (particularly Cardiff, Swansea and Newport), so the revenue raised will likely vary from the median substantially. It is to be noted that there is far less evidence as yet on the adequacy and impact of visitor levies in rural areas as compared to cities where they have been in common use.

There remains a question of whether the levy is worthwhile raising at all in many areas, given the returns. The question of whether a tax is 'adequate' will vary by authority, and what policy impact a specific local authority can have using the revenue will also depend on this information. As such local impact assessments are important before any introduction and what these need to include should be outlined.

While understandable and likely unavoidable due to lack of data, the assessment makes the feasibility of discretionary tax difficult at local authority level. As such, requiring Local Authorities (possibly with WRA support) to make an assessment of local conditions and adequacy in review ahead of public consultation seems sensible, as well as a review of its impact at the local level.

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?

No view

6. Do you have any views on matters related to the quality of the legislation?

No view beyond the above.

7. Do you have any views on the indicative additional registration and enforcement provisions the Welsh Government intends to bring forward at Stage 2?

The need to penalise non-compliance is important to ensure a level playing field. We are not experts on the legal aspects, but this seems proportionate.

It is important also that any registration and enforcement takes account of further needs here, such as ensuring that registration also means that there is an adherence to equal standards, with many visitor accommodation providers feeling undercut by 'private' providers (such as those through Airbnb over the past decade) who they feel have not been monitored effectively in terms of health and safety standards, insurance and so on, as well as measures here. It is important that regulation and enforcement in this bill aligns with wider regulation and enforcement, and any future regulatory expectations of registered VMPs.

The principle needs to be clear that while the registration of providers in this bill is used for specific purpose of tax collection (which comes at a cost to SME accommodation providers), that this should also link to better monitoring of those who undercut good providers by providing accommodation without following the regulation. Enforcement will be important to ensure that level playing field, and good

accommodation providers will be able to see the benefit as well as the cost accordingly.

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?

no

Cyflwynwyd yr ymateb i ymgynghoriad y [Pwyllgor Cyllid](#) ar [Bil Llety Ymwelwyr \(Cofrestr ac Ardoll\) Etc. \(Cymru\)](#)

This response was submitted to the [Finance Committee](#) consultation on the [Visitor Accommodation \(Register and Levy\) Etc. \(Wales\) Bill](#).

**VAB144: Ymateb gan Ymweld â Youth Hostels Association | Response from:
Youth Hostels Association**





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14/01/2025

Consultation Response

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

Summary

- The legislation as proposed is too broad in its potential application
- Inadequate account is given to charitable, educational or social enterprise organisations operating an accommodation facility
- The wider impact on the budget accommodation sector will be disproportionate
- There are negative consequences for YHA, its guests and its staff

We therefore recommend that charitable providers with clear objectives for public benefit are exempt from this legislation

YHA Background

YHA is a unique organisation. We are a leading charity and a 95 year movement. We have a clear mission to enrich the lives of all, but especially young people, and improve physical health, mental wellbeing and life skills through the experiences we create. We are also a social enterprise hostelling organisation operating in the tourism-hospitality sector. We have a wide range of locations and an extremely varied visitor base.

Overall, we currently host around 120,000 overnight stays annually across 14 sites throughout Wales.

We work collaboratively with a wide range of organisations and stakeholders, enjoy mutually beneficial partnerships with National Parks, and are ideally placed to support sustainable low-impact tourism and responsible countryside access.

More recently, the complete closure of our hostels during Covid-19 and the subsequent hospitality operating landscape has proved very challenging. We have accrued significant debt whilst closed, continue to operate at a loss, find visitor numbers still below pre-pandemic levels, and have taken the difficult decision to sell some hostels in Wales. As with the wider hospitality sector, we continue to operate in an extremely challenging economic environment.

For more information on YHA please see link below to YHA Wales strategy document launched in the Senedd in 2022

[YHA in Wales | About YHA | YHA](#)

View on General Principles

YHA is a long-established employer and operator in Wales. We understand the desire for the Welsh Government to consider a visitor levy and are aware that the majority of the population is supportive of the basic principle of a ‘tourism tax’.

YHA also understands public concerns about the negative impacts of ‘over-tourism’. However, as an environmentally responsible provider embedded within existing communities, we bring long-standing usage and employment to a range of non-domestic properties and help ensure visitors are well informed and socially responsible.

In applying a levy to **any** overnight stay in Wales with any accommodation provider at any time, the proposals fail to account any not-for-profit, educational or social enterprise organisations operating a residential facility.

Review of existing reports

We note from the reports and outcomes of the previous consultation and Regulatory Impact Assessment that the following concerns have been identified:

- There is notable public support within Wales for the principle that children and young people should be relieved from the levy.
- There are several known examples of ‘tourism taxes’ applying in other countries with exemptions for young people.

YHA is supportive of these views. We know that the social, physical and mental health benefits of residential experiences are well documented, and increasingly important when considering the growing mental health concerns for young people. YHA's vision is for young people to stay away from home and access the outdoors, nature, culture and heritage. Any additional financial barrier to accessing these experiences will result in less stays. Consideration should therefore be given in any potential legislation to young people being exempt from any overnight visitor levy.

Charitable Sector Customer Impacts

The government's own assessment recognises that the legislation would add to the cost of a family holiday. It also acknowledges that the legislation:

“may have a disproportionate impact on children and young people from lower socioeconomic backgrounds, whose families may already find it more challenging to finance such trips.”

YHA, as an organisation that exists for the benefit of young people from lower socioeconomic backgrounds, is very uncomfortable with this outcome.

The overnight stays we offer (both for young people travelling as part of an educational group, and those within families) are significant value for money for this demographic and are delivered on very tight operating margins. A levy would have a significantly disproportionate impact on them. Whilst it may be considered possible to replace this reduced customer base with a different demographic, this would have a negative impact on our charitable mission and the wider value YHA contributes to society. This would lead to outdoor recreation & learning, and tourism more generally, being less inclusive and accessible.

Hostel Sector Tourism concerns

YHA operates within what Visit Wales defines as the 'Hostel Sector'. The most recent summary visitor data available from Visit Wales is the Wales Accommodation Occupancy Survey 2023 (published June 2024). This report clearly highlights a well-known challenge for the hostel sector - a significant disparity exists in occupancy levels within the Hotel and Serviced Sectors, and that of Hostels. Simply put, hostels have a lower occupancy rate. It's published report in part concludes:

- *There remains a clear divide in % occupancy levels between larger and smaller operators, and between block returners and independents suggesting the larger,*

more ‘corporate’ accommodation providers are outperforming the smaller and/or independently owned properties.

- *Operators rely on either repeat customers (especially in self-catering) or reluctantly signing up to dominant OTAs and sacrificing a lot of margin for volume*
- *High prices and decreased spending power have affected the profitability of organisations. The Wales Tourism Business Barometer shows shrinking margins and a perceived difficult operating environment.*

YHA is agreement with the above conclusions. Based on outline detail provided, YHA estimates that the levy will result in a cost of accommodation increase of around 5% per overnight. We would need to pass on the additional levy to our customers. This will deter budget travellers.

YHA Financial Implications

As a not-for-profit organisation, YHA operates on tight financial margins. We are not commercial, do not generate a profit, and accommodation rates are set competitively to allow guests to stay on an affordable basis.

YHA lost £70m during Covid, surviving by selling hostels and taking out c£20m of extra debt. Within Wales, YHA reluctantly sold its flagship site in Cardiff as well as several other properties. More recently, YHA faces new financial challenges following recent budget announcements. Further detail is found in Appendix A below – a recent submission to a Westminster debate on NI changes.

Initial estimates show that the bill as proposed would incur an additional financial liability of around £90,000 annually – a cost we cannot afford to absorb. It is also unclear whether the legislation would allow for Local Authorities to impose further costs via Licensing or registration fees.

YHA is also a significant employer in Wales, notably in rural areas with a low population base. These areas have a high proportion of Welsh first language speakers, and often have limited employment opportunities. We note that risks already identified in the existing assessments state:

“Should the introduction of a visitor levy result in fewer tourists coming to a local area in Wales that applies a levy, this reduction in tourism could have indirect economic consequences for the local community, affecting job opportunities for young people and/or their parents which could in turn impact on household incomes.”

YHA would strongly agree this is significant concern. Any reduction of overnight visitors will result in YHA offering less employment opportunities.

Views on subordinate legislation

The bill leans heavily to subordinate legislation which would provide uncertainty for financial planning purposes. It also allows for significant regional variations via local authorities. This may require a confusing tiered approach to charges with YHA in Wales. Caps on premiums and potential levy exemptions are also not specified. Clearer definitions and guidelines would therefore be beneficial in any legislation.

Recommendations

We believe there are clear grounds for considering revisions to the bill from two key perspectives:

- Purpose of accommodation

Exemptions should apply where the primary purpose of accommodation provides a clear public benefit. This includes YHA, and other organisations whose charitable status and mission clearly separate them from commercial or business accommodation providers. Existing financial arrangements (eg exemption from business rates) are a clear indicator of the value and need for this.

- Financial challenges

Further consideration should be given to excluding the hostel or budget accommodation markets, or to providing adequate safeguards to ensure any levy does not disproportionately impact visitor opportunities for those on lower incomes.

Appendix A

Submission to Westminster Debate 7th January 'Impact of the Rise in National Insurance on Charities'

Context for YHA, the Youth Hostels Association (England & Wales):

- YHA is charity/social enterprise rooted in hospitality with a big labour force, over 50% of whom are on the living wage. We operate a network of hostels which provide affordable, social accommodation and inclusive adventures in extraordinary buildings in amazing places — welcoming a million people each year.
- YHA lost £70m in Covid, surviving by selling hostels and taking out c£20m of extra debt.
- YHA then faced a perfect storm of massive inflation on energy, food and wages and much higher interest rates. In the last two years, energy costs have tripled and debt interest payments doubled, adding in the last two years an extra £5m onto our cost base, in addition to wage pressures where NLW has risen 40% over the last five years.
- This created a structural deficit of c£5-6m (on a turnover of c£50m). That resulted last year in a cash deficit of £5m.
- The YHA Board agreed a Recovery Plan to get back to a breakeven position by 2026, which included having to review a third of our hostels across our network that are no longer financially viable, and putting over 20 up for sale over the last year. This year we have a budgeted loss of £3m.

Impact of 2024 Budget on YHA

- The changes to National Insurance and the raising of the National Living Wage added another £1.75m to our cost base. We had already modelled £0.9m into our budget planning for next year based on the NLW rise as proposed by the Low Pay Commission. But the rest (£0.85m) was unexpected: higher than predicted NLW (£250K) and the employers NI contribution changes, particularly the lowering of the threshold (£600K).
- These huge cost rises cannot be covered simply by passing them on to beneficiaries in higher prices – young people and those on low incomes who themselves have been hit hard by cost of living crisis. And we were already making a loss. So the only alternatives for us are fewer jobs, lower wages, more part time and short term contracts, and selling more hostel assets.
- Charities like YHA deliver many of the services which support the achievement of the government's objectives, yet unlike the public sector, there was no relief or exemptions provided in the Budget for charities.

Government funding

- The Budget provided no clarity or certainty on whether the Government intends to continue with funded programmes we are currently delivering which end in March. The National Citizen Service has now been scrapped by DCMS, which was worth £1.2m a year to us, and we still await news of whether Defra will continue to fund Generation Green (worth about £1m to us) or a new replacement scheme.
- We are hearing positive attitudes to Generation Green from Defra ministers, but it might be that no new funding schemes are proposed until after new government strategies are developed, and one is being considered for the access to nature agenda, which Generation Green supports. This would mean a likely gap in funding next year before any new schemes are subsequently launched, in which time staff and volunteers will need to be let go and processes disestablished, before reestablishing later. A smoother transition which extended funding for Generation Green next year would protect our ability to deliver residential stays which connect young people with nature.

By virtue of paragraph(s) ix of Standing Order 17.42

Document is Restricted

Evidence from: Bluestone National Park Resort, T/A Bluestone Resorts Ltd (“Bluestone”) – January 2025**Response to the Welsh Parliament Finance Committee**Introduction

This document serves as a comprehensive response to the Welsh Parliament Finance Committee, providing detailed insights and evidence from Bluestone National Park Resort, T/A Bluestone Resorts Ltd (“Bluestone”) in response to the Visitor Accommodation (Register and Levy) Etc. (Wales) Bill. Bluestone is a well-established, award-winning tourism business in Wales, known for its 5-star self-catering accommodations and extensive onsite facilities. This report aims to set the Bill in context of the significant challenges faced by Bluestone in recent years, including the impact of the covid pandemic, the war in Ukraine, and various economic factors. It goes on to outline the potential implications of the proposed levy on Bluestone's operations and its broader impact on the local community and economy. The broader industry context and impact has been well documented by the Wales Tourism Alliance and as long-standing members of this organisation, Bluestone are fully behind the response they have submitted to the call for written evidence.

About Bluestone

Bluestone opened in 2008 and is now a well-established, award-winning tourism business in Wales, with a nationally recognised brand.

We have 424 units of 5* self-catering accommodation centred on one site, which range in size from small studio apartments to large 6-bedroom lodges.

We specialise in family-orientated short breaks and holidays of 3-night weekends or 4-night midweek stays, though 1-night stays are possible in our studio apartments and roughly 7.5% of all bookings are for 7 nights or more (based on 2024 data).

Onsite facilities include a biomass-heated waterpark, luxury spa, various restaurants and shops, and a wide variety of indoor and outdoor activities and play areas, set across 500 acres of Pembrokeshire countryside.

We are open all year and in 2024 welcomed approximately 180,000 staying visitors, averaging a 93% occupancy rate across the year.

We employ over 850 local people year-round and directly support the local supply chain with £5.5m of goods and services purchased from Pembrokeshire, Carmarthenshire, and Ceredigion businesses. We also contribute to the local community through our charitable arm, the Bluestone Foundation which in 2025 alone will distribute 0.75% of our annual profits.

Whilst 54% of last year's bookings were from Wales, 43% were from England, 1.6% were from Ireland, 0.4% were from Scotland and 0.2% were from overseas. Meaning we are popular both within Wales and further afield. The English and Irish Markets in particular are key areas of growth for our current marketing strategy.

Macro Context

We would like to start this section by reiterating the key points made in the written evidence of our industry body, the Wales Tourism Alliance; that the introduction of the proposed levy comes at a time when the tourism industry over the last four years has had to face into some profound macro challenges. Challenges which

would not be reflected in the Welsh Government's baseline data of the year 2019 when tourism was performing at an all-time high. The world has changed significantly since then and for Bluestone specifically, these challenges and changes have included:

- The covid pandemic and associated lockdowns and restrictions throughout 2020 and 2021, significantly impacting Bluestone's bookings. During the first lockdown (March-July 2020) we lost around 8,000 bookings (based on prior year performance). Roughly half of those bookings were banked and had to be cancelled and refunded. With all lockdowns and restrictions considered, overall, we lost 50% of our bookings in 2020. In the first 2 months of 2021, when we were in another lockdown, we had no bookings at all. And had just 182 in March when we could re-open. In 2021 we achieved only two-thirds of the bookings we would have in a normal year, making 2022 our first 'normal' year since the pandemic – until Russia entered Ukraine (February 2022).
- The war in Ukraine has driven up energy costs and created fear and uncertainty across Europe at a time when we were still recovering from the impacts of the pandemic. In the UK, the average annual bill for gas and electricity is now 51% higher than in winter 2020-2021.
- The ongoing cost of living crisis has impacted consumer spending and our supply chain, with inflation rates hitting 11.1% in October 2022.
- Rising interest rates, impacting the cost of borrowing which has driven up our own repayments and has left consumers with less disposable income for non-essentials such as holidays. At the start of the pandemic the Bank of England base rate was 0.1%. By August 2023 it had reached 5.25% and is still at 4.75% (as of November 2023).
- The April 2025 increase in employer's National Insurance contributions which across a full 12 months will add £450,000 to Bluestone's cost base.
- The 40% growth in the National Living Wage (i.e. minimum wage) since 2019, which has increased from £8.72 in April 2020 to be £12.21 as of April 2025. This doesn't just affect the lowest earners as business are then forced to introduce incremental increases on all other pay bands so as to maintain appropriate differentials. We estimate that the 12-month impact of the April 2025 increase will cost Bluestone in the region of £800,000.
- These factors will be compounded further with the incoming Employment Rights Bill which the UK Government's own economic assessment estimates would cost businesses £5 billion per year to implement.

Timing

We are facing the prospect of imposing further charges on our customers at a time when they are more financially stretched than ever, and when our own margins have been systematically eroded by a series of external factors, world events, and the policy decisions of successive governments.

As outlined, businesses and therefore the economy have still not recovered from the pandemic and all the fall out from that, including the taking on of additional debt. If the introduction of a levy is deemed unavoidable by Welsh Government, then it should at least wait until businesses and the economy have fully recovered.

Direct Impact on Bluestone

- Cost of the Levy itself

If the proposed levy at a rate of £1.25 pppn was applied to our 2024 bookings, the amount raised would be approximately £850,000, growing to over £1m with VAT included. This is a significant burden of additional cost

on both the consumer and Bluestone, and it will disproportionately impact lower income households booking lower value breaks given it is applied at a flat rate.

For example, the levy charged on a fully occupied 6-berth lodge in a January Midweek Break will represent 2.8% of the value of the booking (off peak). Versus just 0.5% for the same lodge in an August Midweek Break (peak).

As the levy is also to be applied to children, including infants, it will also disproportionately impact young families which as a family resort, is the majority of Bluestone's market.

- Loss of Competitiveness

However, this implies that Bluestone would be able to maintain that level of occupancy with a tourism levy introduced. A notion that we would challenge given the realities of the economic climate, as supported by the Welsh Government's own Visitor Levy Survey where 21% of respondents said they would either not visit or would reduce their stay. We believe this would be particularly noticeable for those of Bluestone's guests who live either side of the Welsh border.

As such, it will be harder to compete with businesses in England that will not be charging a levy. We tend to market to areas within a 4-hour drive time so are likely to lose a proportion of our Welsh and English customers living on the border when there are clear levy-free alternatives. Good examples being Center Parcs in Longleat as a competing resort, and Devon & Cornwall as a competing destination.

The levy is also likely to shift behaviours from staying overnight towards making day trips instead, since the levy is to be charged to overnight stays only. We have comparatively few units of accommodation which facilitate one-night stays (studio apartments), as the vast majority of our breaks are either 3-night weekends or 4-night midweeks taken in cottages or lodges. Nevertheless, in 2024 we had 1,600 studio stays, 85% of which were by guests within a 2-hour drive time. These could all be put at risk by a visitor levy.

- Monitoring and Reporting Concerns

Furthermore, the accuracy of the levy to be paid by Bluestone will rely on the trustworthiness of our guests. Given the fines and penalties which are proposed, this is a serious concern of Bluestone's. In line with industry standards and consumer expectations, we are starting to move towards contactless check in, meaning we are not able to accurately verify every guest that comes through our doors. We rely on them booking accommodation of an appropriate size for their family or group and registering all guests ahead of arrival. At its peak we had pre-registration levels at 75%, but for various reasons we are seeing these levels drop. To accurately comply with the Bill as proposed, we would have to achieve 100% accuracy which will be difficult with our current operations and systems.

- Cost of Implementation

With the above considered, we will need to make costly amendments to our website, booking platform, accountancy software, and mode of operation to accommodate the proposed levy.

- Cost of Education and Training – Staff and Guests

Where changes are made to our software and processes, we would also need to invest in the training of our staff to facilitate these changes.

Similarly, there would need to be a process by which we 'educate' our guests to understand the increased charges. When 46% of our guests are not from Wales, they will not be familiar with these charges. And for our

repeat bookers, which represent 42% of all our bookings, the levy will represent a change and an increase in cost that they are not familiar with.

- Impact on Discretionary or “Secondary” Spend

Whilst the impact on Bluestone’s primary revenues is clear (accommodation), with the upfront cost of a holiday made more expensive by a levy, it is also likely to impact our discretionary spend, or what Bluestone refers to as Secondary Spend. This is onsite spend for things like activities, entertainment, food and drink. For those visitors who are not put off by the levy in coming to Bluestone, they will automatically have less money to spend onsite, which will have greatest impact on our key stakeholders – see below.

- Impact on Stakeholders

Pembrokeshire as a Destination. Despite being a large resort with myriad onsite activities and entertainment, we pride ourselves on drawing people to Pembrokeshire and encouraging them to visit the local area. We know from our Post-Stay Surveys that roughly half of all our guests have never been to Pembrokeshire before and a similar number leave the resort at some point during their break to frequent businesses in our community. Of that number, 17% dine out, 32% visit beaches and scenic areas, 12% visit free local attractions, 18% visit paid local attractions, and 17% shop in local market towns.

If holiday costs were to increase as a result of the levy, it is likely to result in fewer visits to Bluestone and therefore fewer visits to business in our local area.

Supply Chain. By extension this will likely impact businesses within our supply chain; if we were to lose business, so too, will they. As previously stated, we are now spending circa £5.5m a year in our local area of Pembrokeshire, Carmarthenshire and Ceredigion. And £8.5m in Wales as whole.

Employees. Similarly, the jobs of our staff may be put at risk. Our business model relies on high levels of occupancy year-round (in excess of 93%) to support the jobs and families of over 850 people 365 days of the year.

- Price Sensitivity

Bluestone operates in a highly competitive marketplace. It is therefore price sensitive with pricing models following a curve. Raising the price naturally decreases sales. Therefore, by definition, the tourism levy whilst designed to be paid by guests, will ultimately be paid for by business like Bluestone who in all likelihood will need to lower their lead-in price and in effect absorb the cost of the levy. As above, this could mean additional costs in excess of £1m annually – in addition to all other compounded costs as outlined above.

Conclusion

In conclusion, Bluestone has faced significant challenges over the past few years, including the covid pandemic, the war in Ukraine, and various economic pressures. Despite these obstacles, Bluestone has continued to provide exceptional service and contribute positively to the local economy and community.

The proposed Visitor Accommodation (Register and Levy) Etc. (Wales) Bill presents additional challenges that could impact Bluestone's operations and its ability to remain competitive. The potential financial burden of the levy, coupled with the need for costly adjustments to our systems and processes, could have far-reaching effects on our business and the local stakeholders we support.

We urge the Welsh Parliament Finance Committee to consider the broader implications of this levy on businesses like Bluestone and the communities they serve. It is crucial to strike a balance that supports the tourism industry while ensuring sustainable growth and development for the future.

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 British Holiday & Home Parks Association | Evidence from British Holiday & Home Parks Association

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).

The British Holiday & Home Parks Association (BH&HPA) argues that the Bill, as introduced, will not achieve the Welsh Government's policy objectives. There is a high likelihood that the legislation will elicit a strong behavioural response from industry stakeholders and visitors, subsequently reducing local government revenues through a decrease in business confidence and activity. The Association argues that measures which disincentivise private investment and growth of the tourism sector fundamentally opposes Welsh Government's policy objectives, and that significant changes to the Bill are necessary to avoid negative outcomes for the sector and the wider economy.

The Welsh Government's policy objectives focus on the role of visitors in supporting local communities and local infrastructure. Taxation of overnight visitors, who on average spend considerably more than day-visiting tourists, opposes this objective. Research by VisitBritain highlights that every £54,000 spent by tourists in a local economy sustains one full-time equivalent (FTE) job. Overnight visitors spend more

time in communities across Wales, with the average overnight trip being 2.7 nights (<https://www.visitbritain.org/research-insights/great-britain-domestic-overnight-trips-latest-results>). There is industry concern that the legislation pushes potential overnight visitors towards day trips. Increased day-tripping opposes the Welsh Government's ambition for sustainable tourism, due to increased congestion on local roads, disrupting local communities whilst increasing carbon emissions.

The Welsh Government states in the Bill's Explanatory Memorandum that tourism can lead to social costs caused by a shortage of housing supply as homes are purchased for tourism purposes. The holiday park sector does not diminish local housing stock, instead providing visitors with holiday-use-only accommodation, typically located in rural and/or coastal areas on a dedicated site often located away from residential dwellings and town centres. This subsequently supports the Welsh Government's ambition for sustainable tourism.

There is significant industry concern surrounding the proposed spending areas for the proceeds of the levy. BH&HPA understand that the Scottish Government outlined similarly worded legislative avenues for spending, however, some local authorities in Scotland have proposed that wider housing, operational and infrastructure statutory spending obligations relate to tourism. The Welsh Government must ensure that proceeds add to the tourism offering of an area, create net additionality and do not just supplement existing local authority spending obligations. If no tourism additionality is provided by levy revenues, tourism providers within that area will experience higher costs whilst being disadvantaged to areas where no levy is in place.

The Visitor Accommodation (Register and Levy) Etc. (Wales) Bill requires all visitor accommodation providers (VAPs) to be listed on a mandatory registration scheme. There remains significant concern that temporary 'pop-up' campsites and unlicensed providers will continue to operate outside the Bill's jurisdiction, whilst the Bill adds more administrative burden to licensed visitor accommodation providers. Industry stakeholders have noted that many local authority licensing departments are under-resourced. The Welsh Government must ensure that temporary 'pop-up' camp sites, overnight motorhome stopover sites and unlicensed providers are included within the legislation for Welsh Government to meet their objectives for sustainable tourism. Guidance for local authorities to assist with registration of temporary campsites may help achieve this objective.

The Bill's implementation

The Regulatory Impact Assessment is set out in Part 2 of the Explanatory Memorandum (<https://senedd.wales/media/g5ipvwvh/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 Bill's Regulatory Impact Assessment lacks consideration for the disproportionate costs to small and micro businesses. There are concerns that, unlike in Scotland, the Welsh Government has not provided detailed modelling of potential economic displacement and considered different levy rates and exemptions to reduce negative impacts on small businesses. Smaller accommodation providers will likely face greater barriers to implementation in Wales, due to the blanket approach to cost considerations taken by the Welsh Government for all visitor accommodation providers.

As previously mentioned, a provision of the Bill is that there is a duty for businesses to register. There remains significant concern that temporary 'pop-up' campsites and unlicensed accommodation providers will continue to operate outside the Bill's jurisdiction, placing an additional level of regulation on already licensed holiday providers. The Welsh Government will need an effective means of ensuring that temporary operators are within scope of the Bill.

Collection of the levy will present challenges for a modern visitor accommodation sector. The majority of visitor accommodation is advertised and purchased through online booking platforms. The Explanatory Memorandum overlooks the digitalisation of the hospitality market. Further consultation and discussion are required between the Welsh Revenue Authority and large online booking providers.

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 Welsh Revenue Authority have produced very little information on technological support for SMEs to pay levy funds. 76% of BH&HPA members employ 10 people or fewer. Additionally, some businesses owners in the visitor accommodation sector may not be experienced with digital self-declared tax collection and require detailed user-friendly guidance. An unintended consequence of failing to provide comprehensive guidance is that well-meaning visitor accommodation business owners may unintentionally fail to comply.

The Bill could place some holiday park owners in difficult and potentially confrontational situations with customers. If customers were to arrange a group booking, but then due to unforeseen circumstance the number of visitors changed, holiday park operators would be required by the proposals to discern the actual number of visitors, potentially leading to challenging situations.

The introduction of a Welsh tourism levy would significantly disadvantage tourism accommodation providers close to the English border. The lack of a comprehensive geographic impact assessment within the Explanatory Memorandum indicates that the Bill fails to identify regional disparities for businesses close to the Welsh border. Subsequently, any proceeds from the levy must demonstrate a net gain for Wales's tourism offering, particularly in counties close to the English border. The Bill risks substantially disadvantaging holiday park businesses in Powys, Monmouthshire, Denbighshire and Flintshire with dispersion of visitors to holiday parks in England within a close proximity to Wales.

There is a risk that the legislation could push motorhome tourists towards irresponsible overnight parking, as opposed to staying on a regulated touring park. Through discussions with local authorities, the Association understands the challenges for local authorities to manage irresponsible overnight motorhome parking. However, measures within the Bill actively dissuade motorhome tourists from utilising touring parks through taxing individual holidaymakers within the motorhome. An unintended outcome of Bill will likely be an increase in irresponsible overnight motorhome parking in popular tourism destinations in Wales. Irresponsible overnight parking occurs most frequently along seafront parking and in lay-bays. Whilst it could be argued that proceeds from the levy could assist local authorities in tackling irresponsible overnight parking, this would not provide additional net gain for the tourism offering in that locality. To address this issue, the Bill should exempt all accommodation currently considered to be within the lower tier levy rate, to not indirectly incentivise irresponsible camping and overnight parking. The lower tier levy rate does not directly tax accommodation but a pitch where someone would bring their own accommodation. Including accommodation that holidaymakers already own within the levy indirectly encourages holidaymakers to take their accommodation elsewhere, possibly to an unlicensed location. Local authorities could also work with the private sector to incentivise utilising tourism-purposed pitches on licensed touring parks.

An overarching unintended consequence of the Bill is the discouragement of domestic tourism to Wales. Tourism levies in Europe often target international visitors to gain revenue where over-tourism is unsustainable for local infrastructure. Holiday parks predominantly attract domestic tourism and adding additional taxes would make it

even less likely that these tourists will holiday in the Wales. Visit Wales Market Demand Study 2024 only surveyed UK domestic tourists, highlighting the importance of domestic tourism to the Welsh visitor economy. This differs considerably from tourism destinations in Europe which typically are visited by international tourists. For the Bill to avoid the unintended consequence of fewer visitors, proceeds from the levy must provide net additionality to support tourism.

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).

Whilst the Welsh Government have taken into account the cost of internal staff at the Welsh Revenue Authority, it is unclear how enforcement of the levy be costed in relation to enforcement against temporary campsites.

The Committee should be aware that this legislation will not act in isolation and that the collective legislative agenda against established licensed tourism accommodation providers may result in further job losses for Welsh communities.

The levy will disproportionately impact larger families and domestic tourists. This should be recognised further within Welsh Government's socio-economic impact reporting. There is a risk that the levy could disproportionately impact rural Wales's visitor economy more so than urban centres such as Cardiff and Swansea, if domestic tourism were to decline as a result of the legislation.

A touring pitch on a campsite can cost between £10-£30 per night . For a family of five taking their annual week's camping holiday in Wales, the additional cost of the tourism levy represents the equivalent of an additional night's stay:

Family Holiday on Holiday Park in rural Wales

Average pitch fee on a holiday park = £25 per night

Tourism levy for a family of five at £0.75 = £3.75 per night

Seven nights at £3.75 per night = £26.25 (plus VAT £5.25 = £31.50)

Percentage of overall cost increase for accommodation per night = 15%

Businessperson in 4-star hotel in Cardiff

Average cost of 4-star hotel accommodation = £100 (average taken from Booking.com)

Tourism levy for a businessperson at £1.25 per night

Percentage of overall cost increase for accommodation per night = 1.25%

The tourism levy, in its proposed current form represents a regressive tax on families with children and will have a social impact on children's wellbeing with families having to reconsider whether they can afford to take a week's camping holiday in Wales. BH&HPA is strongly opposed to a 'Family Holiday Tax'.

Visitors are already feeling the strain of increasing travel and accommodation costs. Adding yet another levy risks driving tourists away from Wales altogether, either toward more affordable domestic destinations or international alternatives. This will not only affect larger operators but also devastate smaller, family-run businesses that depend on tourism to survive. The ripple effects will be felt across the economy — from local suppliers and contractors to cultural attractions. This may also substantially impact employment opportunities in rural and coastal communities.

Given the increase in the cost of staying on a licensed touring park, it is highly possible that visitors may be more tempted to camp irresponsibly, particularly when they are providing their own accommodation in the form of a motorhome or tent. This will inevitably lead to problems with local authorities having to deal with litter and human waste, often in areas of outstanding natural beauty.

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 Bill does not expand on the “premium” that local authorities can utilise. There is significant concern that local authorities could utilise the premium to charge significantly more than the levies within the legislation As the Bill will significantly

impact the sector, it is critical for visitor accommodation providers to gain a greater understanding of the proposed premiums that local authorities could utilise.

Key information necessary for the sector include:

- what the cost increases are for a possible premium
- whether premiums will be collected similarly to the proposed levy
- the frequency at which local authorities can charge a premium
- the lead time and communications necessary for businesses to be informed of any premiums
- potential case study examples of where Welsh Government envisage a premium being used and how the premiums will work.

BH&HPA firmly argue that the Bill should contain substantially more detail on the proposed premiums, having not included premiums within Welsh Governments socio-economic modelling for the legislation.

Further detail should be contained within the Bill outlining that local authorities should be accountable to Welsh Ministers to demonstrate added value of the levy. As introduced, the legislation requires local authorities to provide a report to the Welsh Government on what the proceeds of the levy have been spent on. BH&HPA argue that further information is needed within the face of the Bill, to hold local authorities to account on ringfencing and that meaningful spending of funds provides additionality. Welsh Ministers' powers only refer to details of reporting within the Bill. The legislation should allow for policymakers to scrutinise and hold local authorities accountable for mismanagement of levy revenues, if local authorities have failed to demonstrate tourism additionality. Ensuring that revenues improve the tourism offering of Wales is key to the mandate of the 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).

While the Explanatory Memorandum includes estimates of levy revenues, it assumes previous statistics, when we are seeing a downturn in visitor numbers. There is no comprehensive analysis on how the levy, and other external forces, might affect visitor numbers, occupancy rates, or average spending per visitor. Subsequently, it reflects

that the Bill is being imposed on the private sector without due consideration for the most important variables for visitor accommodation providers.

The Explanatory Memorandum does not provide sufficient detail on how the levy might impact business competitiveness with neighbouring regions or countries that do not have similar levies. This applies to within Wales, if not all Welsh local authorities decide to adopt a visitor levy, as well as bordering English counties. Guidance alongside the legislation should outline the possible implications of adopting a levy if neighbouring regions are more competitive.

The socio-economic modelling does not examine whether the levy could impact ancillary businesses who are reliant on tourism, such as restaurants, transport operators, and shops. Tourism accommodation providers, including holiday parks, directly and indirectly support the communities in which they are located. The legislation fails to consider the impact on the wider tourism economy.

The Welsh Government's socio-economic modelling did not examine how the legislation would impact different types of visitor accommodation provider. There are considerable differences in the revenue streams of holiday parks, touring parks and other tourism accommodation businesses. The Welsh Government's modelling and research should have considered the different types of visitor accommodation provider and how a levy may impact different sectors. The importance of such research is that different types of visitor accommodation attract different demographics of customers. There is concern that the holiday parks sector may be more negatively impacted than accommodation providers who offer business travel accommodation or attract high-spending international visitors.

BH&HPA argues that consultation with tourism operators by the Welsh Government was not extensive. Subsequently, this has negatively impacted business confidence.

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?

(We would be grateful if you could keep your answer to around 500 words).

As holiday and touring parks have needed a Site Licence to operate since the Caravan Sites and Control of Development Act 1960, all such businesses will already be registered with the local authority. Any additional registration requirement for regulated businesses such as holiday parks and campsites are an undue burden on many SMEs and creates additional bureaucracy for local authorities.

Registration requirements should be mandatory for accommodation providers who operate outside the existing regulatory framework, such as ‘pop-up campsites’ under permitted development rights. This should also include unlicensed accommodation providers, such as those who provide short-term lettings from residential properties without planning permission or a licence from the local authority. The Welsh Government should acknowledge the disparity in regulation that already exists for licensed holiday parks (<https://www.gwynedd.llyw.cymru/en/Businesses/Documents-Busnes/Permits-and-licences/Caravan/Model-Standards-1989-Holiday.pdf>).

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).

The levy applies to individuals of all ages, including children and infants. The notion that small children should be taxed for their visit is an unsympathetic approach by the Welsh Government. Young children often share rooms with guardians and should not be in scope of taxation.

Across Europe, the majority of countries who have adopted tourism/occupancy levies do not impose the tax on children (https://single-market-economy.ec.europa.eu/publications/study-impact-taxes-competitiveness-european-tourism-eu-tourism-tax-tool_en).

The majority of European visitor levies apply a discount or exempt children, with most countries discounting under 18s and a few countries exempting under 12s. For the Welsh Government to tax children, or not even apply a discount, would fall outside normal European practices for visitor levies. BH&HPA firmly believe that children should be exempt from the legislation.

As already mentioned in point 19, the tourism levy, in its proposed current form represents a regressive tax on individuals, including children, and will have a social

impact on children's wellbeing with families having to reconsider whether they can afford to take a week's camping holiday in Wales. BH&HPA is strongly opposed to a 'Family Holiday Tax'.

BH&HPA are concerned about the practical difficulties in treating a holiday caravan owner, who sublets their private caravan, in the same manner as a regulated business. The Welsh Revenue Authority may struggle to capture all private holiday caravan owners who may occasionally sublet their privately owned caravan, particularly if private owners choose to advertise the accommodation through social media. Measures to counter this may prove to be unduly burdensome on private individuals and local authorities. It could also create poor relations between the park owner and caravan owner if the park owner is expected to monitor this. This may result in a holiday caravan owner choosing to leave, further impacting the business's income and secondary spend within the local community. BH&HPA would strongly advise exempting private owners of holiday caravans from the legislation.

We welcome the opportunity to work with the Finance Committee to scrutinise the legislation. Please contact us if we can provide additional information. We would be pleased to arrange a visit to a holiday park or facilitate a stakeholder forum with BH&HPA members, if this would be useful to ministers and their advisers.

Visitor Accommodation (Register and Levy) Etc. (Wales) Bill

Written Evidence for the Finance Committee

British Holiday & Home Parks Association

Response from the British Holiday & Home Parks Association

The British Holiday & Home Parks Association (“BH&HPA”) is the UK national trade body representing owners and managers of caravan holiday, residential and chalet parks and campsites for tents. This consultation response uses the collective term “park businesses” for our members, whatever form(s) of accommodation they provide. As of January 2025, there are 468 holiday and touring park businesses within BH&HPA membership in Wales providing 59,962 pitches. The holiday parks sector has a long history of offering careers for those seeking to work in the great outdoors and is often the key employer in many coastal and rural communities.

Findings from the UKCCA Economic Benefit Report for Holiday Parks and Campsites in Wales (<https://www.ukcca.org.uk/media/yhhh1nfk/ukcca-wales-report-2024.pdf>) published in February 2024 demonstrated that visitor expenditure generated by holiday parks and campsites in Wales amounts to £1.66bn, which is equivalent to £945.9m GVA and supports 30,726 FTE (full-time equivalent) jobs. Visitors to Welsh holiday parks and campsites stayed 107% longer and spent 14% more than the Welsh tourism averages. Welsh holiday parks and campsites offer a wide range of accommodation options to visitors, which allows it to serve a diverse range of customers’ tastes and budgets. These include touring pitches for caravans, campervans, motorhomes and tents; owner-occupied holiday caravans and lodges; and rented holiday caravans and lodges, apartments, chalets, wigwams, pods and yurts.

Holiday park and campsite operators support their local communities through:

- expenditure – 31% from the total survey sample cumulatively spent £13.4m per year in capital expenditure, operating expenditure, wages and salaries
- local community engagement – including hosting community events, promoting local business and causes, and fundraising for charities
- environmental activities – including support for recycling and biodiversity, water and energy conservation initiatives, renewable energy adoption and participation in the Green Tourism award scheme
- health and wellbeing – including providing cycle paths, promotion of wider community health and fitness sessions and healthy food options provided on-parks

General principles

1. The British Holiday & Home Parks Association (BH&HPA) argues that the Bill, as introduced, will not achieve the Welsh Government’s policy objectives. There is a high likelihood that the legislation will elicit a strong behavioural response from industry stakeholders and visitors, subsequently reducing local government revenues through a decrease in business confidence and activity. The Association argues that any measures which disincentivise private investment and growth of the tourism sector fundamentally opposes Welsh Government’s policy objectives, and that significant changes to the Bill are necessary to avoid negative outcomes for the sector and the wider economy.

2. The Welsh Government's policy objectives focus on the role of visitors in supporting local communities and local infrastructure. Taxation of overnight visitors, who on average spend considerably more than day-visiting tourists, opposes this objective. Research by VisitBritain highlights that every £54,000 spent by tourists in a local economy sustains one full-time equivalent (FTE) job. Overnight visitors spend more time in communities across Wales, with the average overnight trip being 2.7 nights (<https://www.visitbritain.org/research-insights/great-britain-domestic-overnight-trips-latest-results>). There is industry concern that the legislation pushes potential overnight visitors towards day trips. Increased day-tripping opposes the Welsh Government's ambition for sustainable tourism, due to increased congestion on local roads, disrupting local communities whilst increasing carbon emissions.
3. The Welsh Government states in the Bill's Explanatory Memorandum that tourism can lead to social costs caused by a shortage of housing supply as homes are purchased for tourism purposes. The holiday park sector does not diminish local housing stock, instead providing visitors with holiday-use-only accommodation, typically located in rural and/or coastal areas on a dedicated site often located away from residential dwellings and town centres. This subsequently supports the Welsh Government's ambition for sustainable tourism.
4. There is significant industry concern surrounding the proposed spending areas for the proceeds of the levy. BH&HPA understand that the Scottish Government outlined similarly worded legislative avenues for spending, however, some local authorities in Scotland have proposed that wider housing, operational and infrastructure statutory spending obligations relate to tourism. The Welsh Government must ensure that proceeds add to the tourism offering of an area, create net additionality and do not just supplement existing local authority spending obligations. If no tourism additionality is provided by levy revenues, tourism providers within that area will experience higher costs whilst being disadvantaged to areas where no levy is in place.
5. The Visitor Accommodation (Register and Levy) Etc. (Wales) Bill requires all visitor accommodation providers (VAPs) to be listed on a mandatory registration scheme. There remains significant concern that temporary 'pop-up' campsites and unlicensed providers will continue to operate outside the Bill's jurisdiction, whilst the Bill adds more administrative burden to licensed visitor accommodation providers. Industry stakeholders have noted that many local authority licensing departments are under-resourced. The Welsh Government must ensure that temporary 'pop-up' camp sites, overnight motorhome stopover sites and unlicensed providers are included within the legislation for Welsh Government to meet their objectives for sustainable tourism. Guidance for local authorities to assist with registration of temporary campsites may help achieve this objective.

The Bill's implementation

6. The Bill's Regulatory Impact Assessment lacks consideration for the disproportionate costs to small and micro businesses. There are concerns that, unlike in Scotland, the Welsh Government has not provided detailed modelling of potential economic displacement and considered different levy rates and exemptions to reduce negative impacts on small businesses. Smaller accommodation providers will likely face greater barriers to implementation in Wales, due to the blanket approach to cost considerations taken by the Welsh Government for all visitor accommodation providers.
7. As previously mentioned, a provision of the Bill is that there is a duty for businesses to register. There remains significant concern that temporary 'pop-up' campsites and unlicensed accommodation providers will continue to operate outside the Bill's jurisdiction, placing an additional level of regulation on already licensed holiday providers. The Welsh Government will need an effective means of ensuring that temporary operators are within scope of the Bill.
8. Collection of the levy will present challenges for a modern visitor accommodation sector. The majority of visitor accommodation is advertised and purchased through online booking platforms. The Explanatory Memorandum overlooks the digitalisation of the hospitality market. Further consultation and discussion are required between the Welsh Revenue Authority and large online booking providers.
9. The Welsh Revenue Authority have produced very little information on technological support for SMEs to pay levy funds. 76% of BH&HPA members employ 10 people or fewer. Additionally, some businesses owners in the visitor accommodation sector may not be experienced with digital self-declared tax collection and require detailed user-friendly guidance. An unintended consequence of failing to provide comprehensive guidance is that well-meaning visitor accommodation business owners may unintentionally fail to comply.
10. The introduction of a Welsh tourism levy would significantly disadvantage tourism accommodation providers close to the English border. The lack of a comprehensive geographic impact assessment within the Explanatory Memorandum indicates that the Bill fails to identify regional disparities for businesses close to the Welsh border. Subsequently, any proceeds from the levy must demonstrate a net gain for Wales's tourism offering, particularly in counties close to the English border. The Bill risks substantially disadvantaging holiday park businesses in Powys, Monmouthshire, Denbighshire and Flintshire with dispersion of visitors to holiday parks in England within a close proximity to Wales.
11. There is a risk that the legislation could push motorhome tourists towards irresponsible overnight parking, as opposed to staying on a regulated touring

park. Through discussions with local authorities, the Association understands the challenges for local authorities to manage irresponsible overnight motorhome parking. However, measures within the Bill actively dissuade motorhome tourists from utilising touring parks through taxing individual holidaymakers within the motorhome. An unintended outcome of Bill will likely be an increase in irresponsible overnight motorhome parking in popular tourism destinations in Wales. Irresponsible overnight parking occurs most frequently along seafront parking and in lay-bays. Whilst it could be argued that proceeds from the levy could assist local authorities in tackling irresponsible overnight parking, this would not provide additional net gain for the tourism offering in that locality. To address this issue, the Bill should exempt all accommodation currently considered to be within the lower tier levy rate, to not indirectly incentivise irresponsible camping and overnight parking. The lower tier levy rate does not directly tax accommodation but a pitch where someone would bring their own accommodation. Including accommodation that holidaymakers already own within the levy indirectly encourages holidaymakers to take their accommodation elsewhere, possibly to an unlicensed location. Local authorities could also work with the private sector to incentivise utilising tourism-purposed pitches on licensed touring parks.

12. An overarching unintended consequence of the Bill is the discouragement of domestic tourism to Wales. Tourism levies in Europe often target international visitors to gain revenue where over-tourism is unsustainable for local infrastructure. Holiday parks predominantly attract domestic tourism and adding additional taxes would make it even less likely that these tourists will holiday in the Wales. Visit Wales Market Demand Study 2024 only surveyed UK domestic tourists, highlighting the importance of domestic tourism to the Welsh visitor economy. This differs considerably from tourism destinations in Europe which typically are visited by international tourists. For the Bill to avoid the unintended consequence of fewer visitors, proceeds from the levy must provide net additionality to support tourism.
13. Whilst the Welsh Government have taken into account the cost of internal staff at the Welsh Revenue Authority, it is unclear how enforcement of the levy be costed in relation to enforcement against temporary campsites.
14. The Committee should be aware that this legislation will not act in isolation and that the collective legislative agenda against established licensed tourism accommodation providers may result in further job losses for Welsh communities.
15. The levy will disproportionately impact larger families and domestic tourists. This should be recognised further within Welsh Government's socio-economic impact reporting. There is a risk that the levy could disproportionately impact rural Wales's visitor economy more so than urban centres such as Cardiff and Swansea, if domestic tourism were to decline as a result of the legislation.

16. A touring pitch on a campsite can cost between £10-£30 per night¹. For a family of five taking their annual week's camping holiday in Wales, the additional cost of the tourism levy represents the equivalent of an additional night's stay:

Family Holiday on Holiday Park in rural Wales

Average pitch fee on a holiday park = £25 per night

Tourism levy for a family of five at £0.75 = £3.75 per night

Seven nights at £3.75 per night = £26.25 (plus VAT £5.25 = £31.50)

Percentage of overall cost increase for accommodation per night = 15%

Businessperson in 4-star hotel in Cardiff

Average cost of 4-star hotel accommodation = £100 (average taken from Booking.com)

Tourism levy for a businessperson at £1.25 per night

Percentage of overall cost increase for accommodation per night = 1.25%

17. The tourism levy, in its proposed current form represents a regressive tax on families with children and will have a social impact on children's wellbeing with families having to reconsider whether they can afford to take a week's camping holiday in Wales. BH&HPA is strongly opposed to a 'Family Holiday Tax'.
18. Visitors are already feeling the strain of increasing travel and accommodation costs. Adding yet another levy risks driving tourists away from Wales altogether, either toward more affordable domestic destinations or international alternatives. This will not only affect larger operators but also devastate smaller, family-run businesses that depend on tourism to survive. The ripple effects will be felt across the economy — from local suppliers and contractors to cultural attractions. This may also substantially impact employment opportunities in rural and coastal communities.

Subordinate legislation

19. The Bill does not expand on the "premium" that local authorities can utilise. There is significant concern that local authorities could utilise the premium to charge significantly more than the levies within the legislation. As the Bill will significantly impact the sector, it is critical for visitor accommodation providers to gain a greater understanding of the proposed premiums that local authorities could utilise.

Key information necessary for the sector include:

- what the cost increases are for a possible premium

- whether premiums will be collected similarly to the proposed levy
 - the frequency at which local authorities can charge a premium
 - the lead time and communications necessary for businesses to be informed of any premiums
 - potential case study examples of where Welsh Government envisage a premium being used and how the premiums will work.
20. BH&HPA firmly argue that the Bill should contain substantially more detail on the proposed premiums, having not included premiums within Welsh Governments socio-economic modelling for the legislation.
21. Further detail should be contained within the Bill outlining that local authorities should be accountable to Welsh Ministers to demonstrate added value of the levy. As introduced, the legislation requires local authorities to provide a report to the Welsh Government on what the proceeds of the levy have been spent on. BH&HPA argue that further information is needed within the face of the Bill, to hold local authorities to account on ringfencing and that meaningful spending of funds provides additionality. Welsh Ministers' powers only refer to details of reporting within the Bill. The legislation should allow for policymakers to scrutinise and hold local authorities accountable for mismanagement of levy revenues, if local authorities have failed to demonstrate tourism additionality.

Other considerations

22. While the Explanatory Memorandum includes estimates of levy revenues, it assumes previous statistics, when we are seeing a downturn in visitor numbers. There is no comprehensive analysis on how the levy, and other external forces, might affect visitor numbers, occupancy rates, or average spending per visitor. Subsequently, it reflects that the Bill is being imposed on the private sector without due consideration for the most important variables for visitor accommodation providers.
23. The Explanatory Memorandum does not provide sufficient detail on how the levy might impact business competitiveness with neighbouring regions or countries that do not have similar levies. This applies to within Wales, if not all Welsh local authorities decide to adopt a visitor levy, as well as bordering English counties. Guidance alongside the legislation should outline the possible implications of adopting a levy if neighbouring regions are more competitive.
24. The socio-economic modelling does not examine whether the levy could impact ancillary businesses who are reliant on tourism, such as restaurants, transport operators, and shops. Tourism accommodation providers, including holiday parks, directly and indirectly support the communities in which they are located. The legislation fails to consider the impact on the wider tourism economy.

25. The Welsh Government's socio-economic modelling did not examine how the legislation would impact different types of visitor accommodation provider. There are considerable differences in the revenue streams of holiday parks, touring parks and other tourism accommodation businesses. The Welsh Government's modelling and research should have considered the different types of visitor accommodation provider and how a levy may impact different sectors. The importance of such research is that different types of visitor accommodation attract different demographics of customers. There is concern that the holiday parks sector may be more negatively impacted than accommodation providers who offer business travel accommodation or attract high-spending international visitors.
26. BH&HPA argues that consultation with tourism operators by the Welsh Government was not extensive. Subsequently, this has negatively impacted business confidence.
27. As holiday and touring parks have needed a Site Licence to operate since the Caravan Sites and Control of Development Act 1960, all such businesses will already be registered with the local authority. Any additional registration requirement for regulated businesses such as holiday parks and campsites are an undue burden on many SMEs and creates additional bureaucracy for local authorities.
28. The levy applies to individuals of all ages, including children and infants. The notion that small children should be taxed for their visit is an unsympathetic approach by the Welsh Government. Young children often share rooms with guardians and should not be in scope of taxation.
29. Across Europe, the majority of countries who have adopted tourism/occupancy levies do not impose the tax on children (https://single-market-economy.ec.europa.eu/publications/study-impact-taxes-competitiveness-european-tourism-eu-tourism-tax-tool_en).
30. The majority of European visitor levies apply a discount or exempt children, with most countries discounting under 18s and a few countries exempting under 12s. For the Welsh Government to tax children, or not even apply a discount, would fall outside normal European practices for visitor levies. BH&HPA firmly believe that children should be exempt from the legislation.
31. The tourism levy, in its proposed current form represents a regressive tax on individuals, including children, and will have a social impact on children's wellbeing with families having to reconsider whether they can afford to take a week's camping holiday in Wales. BH&HPA is strongly opposed to a 'Family Holiday Tax'.

32. BH&HPA are concerned about the practical difficulties in treating a holiday caravan owner, who sublets their private caravan, in the same manner as a regulated business. The Welsh Revenue Authority may struggle to capture all private holiday caravan owners who may occasionally sublet their privately owned caravan, particularly if private owners choose to advertise the accommodation through social media. Measures to counter this may prove to be unduly burdensome on private individuals and local authorities. It could also create poor relations between the park owner and caravan owner if the park owner is expected to monitor this. This may result in a holiday caravan owner choosing to leave, further impacting the business's income and secondary spend within the local community. BH&HPA would strongly advise exempting private owners of holiday caravans from the legislation.

We welcome the opportunity to work with the Finance Committee to scrutinise the legislation. Please contact us if we can provide additional information. We would be pleased to arrange a visit to a holiday park or facilitate a stakeholder forum with BH&HPA members, if this would be useful to ministers and their advisers.

ⁱ Pitchup.com website: <https://www.pitchup.com/campsites/Wales/>

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VAB128 Caravan and Motorhome Club

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 Caravan and Motorhome Club | Evidence from Caravan and Motorhome Club

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).

The Club maintains that now is not the time for the introduction of a visitor levy when the tourism sector, along with many others, are struggling to operate with rising utility costs and other increasing costs as a result of recent national budgets and policies.

In addition to this, our members are already feeling the strain of the continuing cost of living crisis and are incredibly price sensitive. This has been particularly evident over the past two years with reduced demand, later bookings and the need to incentivise and discount offerings to try and encourage as many overnight stays as possible. There is close scrutiny and comparison with competitive providers within the camping and caravanning sector, but also with the self-catering and overseas markets - with the price of a holiday being a prime determinant of choice.

The Club remains concerned that the introduction of a visitor levy will further impact the behaviour and travel patterns of its membership, which may be to the detriment of

sustainable tourism within Wales. Some of the Club's responses have been raised under previous discussions about the levy, but remain relevant today - and these are set out below, along with potential unintended consequences which may result from the legislation.

The Club strongly advocates that the inclusion of a 'pitch' within the definition of visitor accommodation should be reviewed and ideally exempted; our members are bringing their own accommodation with them to the campsite, and for the same levy to apply as to guests in visitor accommodation is likely to influence and change their usual touring behaviours to the detriment of local communities.

The Bill's implementation

The Regulatory Impact Assessment is set out in Part 2 of the Explanatory Memorandum (<https://senedd.wales/media/g5ipvwvh/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 proposal that the levy will apply to individuals of all ages, including children and infants should be reconsidered and is not supported by a Club which encourages the family holiday market, particularly as an affordable means to ensure that holidays and the great outdoors is accessible to many. To impose a tax on children appears not to have been fully considered as part of the impact assessment which covered Children's Rights. Whilst children were consulted, it was documented that there was a potential for a negative impact on children and young people from lower socio-economic backgrounds and as a Club we would argue that this is not inclusive and the taxation of children should be reviewed and potentially exempted. Evidence from other countries who have implemented a visitor levy does not include payment for children, often those below the age of 18.

Families with children often face higher travel expenses and adding a levy for children disproportionately increases the financial burden on families compared to individual travellers or child-free groups. Exempting children could ensure that the levy remains progressive and does not deter lower-income families from visiting Wales. The optics of taxing children could raise moral concerns particularly as they are dependents and not autonomous economic participants.

Many businesses, including the Club, offer an option to pre-pay for their accommodation in advance of arrival (e.g. the balance is auto-collected the night before their stay commences) - which makes it more difficult to capture accurate visitor numbers. The cost of the accommodation e.g. the pitch from our perspective can be more easily reconciled alongside occupancy rates and nights booked, and would be a better approach on which to calculate a levy than on a per person, per night basis. To this end, the Club would certainly advocate that there is also an exemption applied to businesses which fall below a certain threshold for their annual turnover to ensure that small businesses are not penalised and their occupancy does not suffer as a result of visitors/members choosing alternative locations.

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 tourism sector in Wales as a whole is vulnerable, and whilst it is appreciated that the Government is trying to enable a more equitable arrangement between visitors and residents through the introduction of the levy and provide an additional revenue source for local authorities to re-invest locally into the services and goods which are integral to the visitor experience, the behaviour of visitors and consumer confidence is likely to be impacted as a result of increased charges for visiting Wales and particular regions and locations depending on the levy. There are concerns that our members will make choices about the distances and destinations they choose to travel to, with the potential for the levy on overnight stays providing a disincentive to travel to Wales and instead make decisions to visit destinations without a levy - distorting competition within Wales if some areas apply the levy and others don't. Wales competes with other UK regions and international destinations that do not impose such a levy. This additional cost may discourage our members from choosing Wales, particularly when other options are perceived as more affordable and equally attractive.

The caravan and camping sector is highly seasonal, with some operators relying on a few peak months to sustain their businesses year-round. Even a small reduction in visitor numbers during this period could have consequences for their viability. In particular, our Certificated Locations which are only able to offer a maximum of 5 pitches would find the addition of the levy very impactful.

Caravan and camping holidays are one of the most affordable ways for families and individuals to explore Wales. Introducing a levy would increase costs, potentially pricing out those who rely on budget-friendly accommodation options, thereby reducing accessibility for a wide demographic of visitors.

Many caravan parks and campsites are family-run businesses, deeply embedded in rural and coastal communities. A decline in visitor numbers would have a ripple effect, not only on these businesses but also on local shops, restaurants, and attractions that depend on tourism.

The levy has the potential to unintentionally encourage unauthorised camping by increasing the costs of accommodation at formal campsites and encouraging budget-conscious tourers to seek alternative, unregulated options. This could potentially increase pressure on popular tourist destinations such as national parks, beaches and other rural, scenic locations which already experience demand and lead to increased environmental damage, littering and strain on local communities which is the objective of the levy to avoid.

In addition to this, irresponsible overnight camping in unauthorised areas, or unregulated campsites may be an unintended consequence and the legislation is not clear about how local authority run car parks offering overnight camping pitches would fall within or without the scope of the visitor levy. The Club has particular concerns not only about the safety features of local authority car parks being made available for motorhomes to park overnight, and adequate facilities made available for them, but this is likely to be exacerbated with visitors choosing this as a cheaper alternative. The Club would encourage cooperation with local authorities that could try to address and promote the use of properly constituted caravan parks and campsites.

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).

This is a challenging issue because it creates another cost and an administrative burden on businesses who already have numerous other regulatory and licensing requirements upon them to fulfil, including the collection of VAT. For larger businesses, this would require adjustments to, or the introduction of, booking systems and staff resourcing to administer the collection - yet for small and/or independent businesses, this could potentially be a disproportionate burden which they are unable to accommodate and could be put at risk of operating as a result.

The Club certifies 2,300 Certificated Locations in the UK - and 275 of these are located in Wales. These are small independently run businesses, often ancillary to farming or other land based activity, which allow for up to 5 touring pitches for caravans and motorhomes to stay overnight on their land, with minimal provision of basic facilities. These are an economical option to our members which operate with low or

minimal resources and to expect these to be the collection agent for a taxation is likely to be unpopular with the operators. Similarly, the Club organises rally events, 75 were run in Wales during 2024, which are again a cheaper alternative to staying on a Club site, available to the membership to enjoy the great outdoors with minimal facilities - and these are organised and run by our volunteer network. To expect them to administer and collect the monies for the levy will be an added responsibility that they are likely to be unwilling to support; and which could put in jeopardy the rally pastime in Wales and drive our volunteers to seek alternative venues outside of Wales.

These Certificated Locations (CLs) have a limited ability to generate sufficient turnover with a maximum of only 5 pitches available per night; and any levy is likely to be disproportionate to the low price that can be charged for a basic pitch provision in comparison to higher cost accommodation options. Perhaps businesses which fall below a certain threshold for their annual turnover, and/or number of nights charged for should be exempted. The same would apply to Club rallies which have limited ability to generate revenue.

Whilst the legislation appears to be very transparent in setting what appears to be low rates for the levy, with the lower rate of £0.75 (which applies to campsites) and the higher rate at £1.25, the opportunity for a local authority to then choose to apply a premium as an additional amount is of particular concern, with what appears to be no limitation or guidance as to the appropriate level at which this premium could be set. Whilst it is appreciated that the flexibility may help local councils better address their specific needs, it could also lead to unintended consequences that undermine the levy's objectives. As an element of the legislation which was not apparent during earlier discussions or consultations, the industry should receive clear guidance about how any premium could be introduced and what the cost increases are likely to be, as well as how it will be administered as part of, or separate to the levy. As an example, the difference between the lower and higher rates is disproportionate to the difference between the prices of the visitor accommodation to which it applies.

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).

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).

To ensure that the legislation is effective, it is essential that it uses clear definitions and precise terminology that cannot easily be misinterpreted. As has previously been cited in this response, within the Club itself there are numerous small businesses operating as CLs, and in the sector more widely, many campsite operators are small family run businesses. There is a concern that without clarity of who falls within the remit of the legislation through clear definitions, some could inadvertently fail to understand their need to comply. This is particularly relevant also within the section which determines the enforcement and penalties for failing to meet the requirements of the Act.

To add to this, many inexperienced business owners within the sector may find it difficult to administer the processes involved in self-declared tax collection without clear instructions, and it is recommended that consideration be given to making systems as straightforward and practical to administer as possible.

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?

(We would be grateful if you could keep your answer to around 500 words).

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).

As a representative organisation of the caravan and camping sector, the Club would comment that there is the potential for the levy to disproportionately impact the revenue streams of these businesses in contrast to other types of accommodation provider whose demographics enable a higher spend on their tourist activities, and who are less likely to notice the impact of the levy on the overall cost of their overnight stay.

There is minimal analysis and evidence within the Explanatory Memorandum on how the levy might affect visitor numbers, occupancy rates and the spend per visitor within any sectors of the tourism industry.

The Club fulfils active representation on the Wales Tourism Alliance Executive Committee and Council and welcomes the opportunity to discuss the implications of the Bill further.



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10 January 2025

Wales Visitor Levy 2025 - Caravan and Motorhome Club Response

The [Caravan and Motorhome Club](#) welcomes the opportunity to respond to this consultation. As Europe's premier touring organisation, the Caravan and Motorhome Club currently represent the interests of one million caravan, motorhome, campervan and trailer tent owners. The Club has around 200 large campsites, 17 of which are in Wales and some 2,300 Certificated Locations (small sites with a maximum of five pitches - 275 of which are in Wales). As a membership organisation with approximately 370k members, more than 33k of these are registered as living in Wales.

The Club is a successful organisation, with an annual turnover of £120 million, providing a wide range of services and activities for its members. It is a leading player in the tourism sector, with members contributing over £400m per annum to local and rural economies with their offsite spending during their holidays and breaks. The UK caravan industry is a largely domestic, economic success story, worth over £7 billion per annum, and employing over 130,000 people. Club membership has seen a steady rise in the proportion of motorhome and campervan owners over recent years. Over 40% of members now own a campervan or motorhome, but nearly half of new members do so (CAMC Wave 17 2021 Membership Research Report – CAMC MRP).

In 2024, the UKCCA (UK Camping and Caravanning Alliance¹) refreshed its Pitching the Value economic impact study and report, the findings of which specific to Wales detail that the holiday parks and campsite sector generates visitor expenditure of £1.66bn and supports approximately 30k full-time equivalent jobs. The report is available in full ([2024 Economic Benefit Report: Holiday Parks and Campsites WALES](#)) but supports the argument that visitors to holiday parks and campsites in Wales stay 107% longer and spend more than 14% more than Wales tourism averages. It is for this reason that the Club is very concerned about the impact that the visitor levy will have on this sector of the industry in particular.

¹ UKCCA comprises the Caravan and Motorhome Club (CAMC), the Camping and Caravanning Club (CCC), British Holiday and Homeparks Association (BH&HPA) and the National Caravan Council (NCC).

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?**

The Club maintains that now is not the time for the introduction of a visitor levy when the tourism sector, along with many others, are struggling to operate with rising utility costs and other increasing costs as a result of recent national budgets and policies.

In addition to this, our members are already feeling the strain of the continuing cost of living crisis and are incredibly price sensitive. This has been particularly evident over the past two years with reduced demand, later bookings and the need to incentivise and discount offerings to try and encourage as many overnight stays as possible. There is close scrutiny and comparison with competitive providers within the camping and caravanning sector, but also with the self-catering and overseas markets - with the price of a holiday being a prime determinant of choice.

The Club remains concerned that the introduction of a visitor levy will further impact the behaviour and travel patterns of its membership, which may be to the detriment of sustainable tourism within Wales. Some of the Club's responses have been raised under previous discussions about the levy, but remain relevant today - and these are set out below, along with potential unintended consequences which may result from the legislation.

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Are any unintended consequences likely to arise from the Bill?

- The tourism sector in Wales as a whole is vulnerable, and whilst it is appreciated that the Government is trying to enable a more equitable arrangement between visitors and residents through the introduction of the levy and provide an additional revenue source for local authorities to re-invest locally into the services and goods which are integral to the visitor experience, the behaviour of visitors and consumer confidence is likely to be impacted as a result of increased charges for visiting Wales and particular regions and locations depending on the levy. There are concerns that our members will make choices about the distances and destinations they choose to travel to, with the potential for the levy on overnight stays providing a disincentive to travel to Wales and instead make decisions to visit destinations without a levy - distorting competition within Wales if some areas apply the levy and others don't. Wales competes with other UK regions and international destinations that do not impose such a levy. This additional cost may discourage our members from choosing Wales, particularly when other options are perceived as more affordable and equally attractive.
- The caravan and camping sector is highly seasonal, with some operators relying on a few peak months to sustain their businesses year-round. Even a small reduction in visitor numbers during this period could have consequences for their viability. In particular, our Certificated Locations which are only able to offer a maximum of 5 pitches would find the addition of the levy very impactful.
- Caravan and camping holidays are one of the most affordable ways for families and individuals to explore Wales. Introducing a levy would increase costs, potentially pricing out those who rely on budget-friendly accommodation options, thereby reducing accessibility for a wide demographic of visitors.
- Many caravan parks and campsites are family-run businesses, deeply embedded in rural and coastal communities. A decline in visitor numbers would have a ripple effect, not only on these businesses but also on local shops, restaurants, and attractions that depend on tourism.
- The levy has the potential to unintentionally encourage unauthorised camping by increasing the costs of accommodation at formal campsites and encouraging budget-conscious tourers to seek alternative, unregulated options. This could

potentially increase pressure on popular tourist destinations such as national parks, beaches and other rural, scenic locations which already experience demand and lead to increased environmental damage, littering and strain on local communities which is the objective of the levy to avoid.

- In addition to this, irresponsible overnight camping in unauthorised areas, or unregulated campsites may be an unintended consequence and the legislation is not clear about how local authority run car parks offering overnight camping pitches would fall within or without the scope of the visitor levy. The Club has particular concerns not only about the safety features of local authority car parks being made available for motorhomes to park overnight, and adequate facilities made available for them, but this is likely to be exacerbated with visitors choosing this as a cheaper alternative. The Club would encourage cooperation with local authorities that could try to address and promote the use of properly constituted caravan parks and campsites.

What are your views on the Welsh Government's assessment of the financial and other impacts of the Bill?

This is a challenging issue because it creates another cost and an administrative burden on businesses who already have numerous other regulatory and licensing requirements upon them to fulfil, including the collection of VAT. For larger businesses, this would require adjustments to, or the introduction of, booking systems and staff resourcing to administer the collection - yet for small and/or independent businesses, this could potentially be a disproportionate burden which they are unable to accommodate and could be put at risk of operating as a result.

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Whilst the legislation appears to be very transparent in setting what appears to be low rates for the levy, with the lower rate of £0.75 (which applies to campsites) and the higher rate at £1.25, the opportunity for a local authority to then choose to apply a premium as an additional amount is of particular concern, with what appears to be no limitation or guidance as to the appropriate level at which this premium could be set. Whilst it is appreciated that the flexibility may help local councils better address their specific needs, it could also lead to

unintended consequences that undermine the levy's objectives. As an element of the legislation which was not apparent during earlier discussions or consultations, the industry should receive clear guidance about how any premium could be introduced and what the cost increases are likely to be, as well as how it will be administered as part of, or separate to the levy. As an example, the difference between the lower and higher rates is disproportionate to the difference between the prices of the visitor accommodation to which it applies.

Do you have any views on the indicative additional registration and enforcement provisions the Welsh Government intends to bring forward at Stage 2?

The Club supports a comprehensive process to help ensure that all of those businesses which fall within the scope comply, however would recommend that existing systems should be utilised rather than introducing an additional process. Many businesses already comply with registration/licensing requirements and are registered with local authorities, and these should be sufficient without the need for efforts to be duplicated with an additional registration system. There does however need to be a system for capturing those who currently fall outside of these requirements and are subsequently not captured in any analysis, such as pop-up campsites which are operational under permitted development rights.

Do you have any views on matters related to the quality of the legislation?

- To ensure that the legislation is effective, it is essential that it uses clear definitions and precise terminology that cannot easily be misinterpreted. As has previously been cited in this response, within the Club itself there are numerous small businesses operating as CLs, and in the sector more widely, many campsite operators are small family run businesses. There is a concern that without clarity of who falls within the remit of the legislation through clear definitions, some could inadvertently fail to understand their need to comply. This is particularly relevant also within the section which determines the enforcement and penalties for failing to meet the requirements of the Act.
- To add to this, many inexperienced business owners within the sector may find it difficult to administer the processes involved in self-declared tax collection without clear instructions, and it is recommended that consideration be given to making systems as straightforward and practical to administer as possible.

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?

- As a representative organisation of the caravan and camping sector, the Club would comment that there is the potential for the levy to disproportionately impact the revenue streams of these businesses in contrast to other types of accommodation provider whose demographics enable a higher spend on their tourist activities, and who are less likely to notice the impact of the levy on the overall cost of their overnight stay.
- There is minimal analysis and evidence within the Explanatory Memorandum on how the levy might affect visitor numbers, occupancy rates and the spend per visitor within any sectors of the tourism industry.

As an organisation with active representation on the Wales Tourism Alliance Executive Committee and Council, the Club welcomes the opportunity to discuss the implications of the Bill further.

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