

REPRESENTATION TO HM TREASURY

Autumn Budget 2026

Priority asks for the visitor economy

September 2026

About the Tourism Alliance

The Tourism Alliance is the umbrella trade association for the whole of the UK tourism industry. Our members — over 60 trade associations, membership bodies and destination management organisations — represent businesses in every part of the visitor economy, in every part of the country. We represent the sector on the Tourism Industry Council and work with sister alliances in Scotland, Wales and Northern Ireland.

Executive summary

Tourism is a high-employment, place-based export sector under sustained cost pressure. Nearly 100,000 hospitality jobs have gone in two years — 45% of all jobs lost in the economy — with young people and part-time workers hit hardest. Closure rates for food and beverage businesses have run above 5% since 2023, against below 3.5% across the economy. The UK is among the highest-taxed accommodation markets in Europe and ranks 113th of 119 countries for price competitiveness.

This submission sets out a competitiveness package rather than a list of spending asks, in three parts: measures bearing directly on business costs and investment; visitor taxation and competitiveness; and the funding needed to deliver growth.

Our principal asks are: fundamental reform of business rates, including a deeper retail, hospitality and leisure multiplier discount extended across the visitor economy; VAT on tourist accommodation, attractions and events reduced to 10% or lower; employment costs stabilised, with the employer National Insurance threshold restored progressively to £10,000; tax-free shopping re-examined with a view to a new digitised scheme; binding design safeguards on any overnight visitor levy; sustained funding for VisitBritain, VisitEngland and the LVEP network; and publication of the National Visitor Economy Strategy with the resources to deliver it.

Each measure is framed to show the return to the Exchequer: a broader tax base through higher volumes and employment, lower cost pressure feeding through to prices, and investment that would not otherwise be made — growth in every postcode.

Competitiveness framing: these asks should be read as a single package rather than separate lobbying points. Levy design, VAT, business rates and employment costs all bear on the same investment decision for tourism businesses: whether they can price competitively, staff adequately, maintain quality and reinvest in their destination. The submission therefore stresses cumulative impact, international price competitiveness and policy stability.

A. Business Investment and Employment Growth

The local picture: why national action is needed

The pressure is visible in local data as well as national. In the Liverpool City Region, hospitality generates £1.1 billion GVA and supports around 52,000 jobs — almost 70% of visitor economy businesses — within a visitor economy worth £2.2 billion, 5.1% of the city region's GVA, and 73,000 jobs. Food and beverage closure rates there have run consistently above 5% since 2023, against below 3.5% for all businesses, and accommodation and food services moved into net pessimism on twelve-month expectations by March 2026. Nationally, UKHospitality reports that nearly 100,000 hospitality jobs have been lost in two years — 45% of all jobs lost in the economy — with young people and part-time workers most directly affected.

Combined authorities are designing local relief schemes to help hold the sector together: the Liverpool City Region is considering annual grants of around £1,650 for roughly 800 independent hospitality SMEs, at some £1.32 million a year. However, local intervention on that scale cannot offset national cost pressures. The measures below can.

Business rates: fundamental reform

The current Business rates system is fundamentally unfit for purpose for the visitor economy. Rateable values are driven by property size and type rather than turnover or profitability, penalising pubs, attractions, heritage sites and other businesses that need substantial premises. Businesses can be required to pay incorrect bills while disputes are resolved, with delays that push operators towards expensive professional advice.

- **A root-and-branch overhaul of the business rates system:** rather than further reviews of individual sectors. The hotel and pub valuation review is not expected to take effect until 2029, which is too slow to address the pressures the sector faces now.
- **An increased RHL multiplier discount, moving towards 20p:** with its scope extended across the wider visitor economy — zoos, heritage railways, attractions, accommodation and hospitality. Extending the existing multiplier is the faster route; where that is not possible, the same effect should be achieved through a tourism-specific multiplier. The objective is that the whole visitor economy benefits, not that a second category is created alongside the first.
- **Remove hospitality and tourism properties from the £500,000 surcharge:** the surcharge on properties with a rateable value above £500,000 captures hotels, attractions and other visitor-economy businesses that need substantial premises, rather than the global online operators it was designed for.
- **Extend the current 20% discount to hotels and other businesses hardest hit by the 2026 revaluation:** in line with the support already provided to the pub sector, to finish repairing the damage caused by the revaluation.
- **Raise the Small Business Rate Relief ceiling:** 100% relief up to £20,000 rateable value, tapering to £30,000, with multiple hereditaments eligible provided the total rateable value remains below the ceiling.
- **A three-year exemption for newly developed tourism accommodation:** current reliefs offering only one year are inadequate to support businesses becoming established.
- **Reflect actual year-to-year trading conditions:** recognising the seasonality of rural tourism businesses outside honeypot locations, which the current system does not.
- **An overhauled calculation method that supports high streets and places:** the current system deters businesses from opening and bears on hospitality, retail and the wider mix of independent businesses that create a sense of place, welcome and belonging in visitor destinations.

Benefit to the Treasury: a system that tracks trading reality collects more reliably, reduces costly disputes and appeals, and removes a standing deterrent to opening premises on high streets in every postcode.

Investment incentives for events and season extension

Early-years tax credits to incentivise new outdoor, cultural and business event productions, especially in regional destinations where demand needs stimulating and where the season can be extended.

Benefit to the Treasury: new production activity, off-peak demand and employment in the places that need it most, directly supporting growth in every postcode.

Cost of employment and workforce

The CMS submission (May 2026) cited the April 2025 employer National Insurance Contributions and National Living Wage increases as evidence of cost pressure, while our August 2026 response to the zero-hours consultation sets out the wider workforce risk: hospitality and tourism rely heavily on part-time, seasonal, flexible and entry-level roles, many in micro and seasonal businesses without dedicated HR, payroll or compliance teams. Tourism is also one of the most significant routes into work for young people, at a time when the number of young people not in employment, education or training is a pressing concern for Government.

- **Progressively increase the employer National Insurance threshold to £10,000 by the end of this Parliament:** which would particularly support the youth, part-time and flexible employment the

sector provides, and reduce the disproportionate burden that NIC increases place on lower-paid roles.

- **Youth employment and opportunity:** recognise tourism and hospitality as a primary route into work for young people and align Budget measures with the DWP roundtable work on youth employment grants and opportunities in which we participate. With close to a million young people not earning or learning, hospitality and tourism are among the few sectors able to create entry-level opportunity in every community. Government should back this through the Hospitality Skills Passport and a Growth and Skills Levy that works for the sector.
- **A cautious approach to future National Minimum Wage increases, preserving appropriate youth rates:** so that entry-level and youth employment remains viable in seasonal and micro businesses.
- **Lower, or at minimum stabilise, the cost of employment:** no further net increases to employer National Insurance Contributions or the National Living Wage without genuine sector consultation and a published impact assessment, given the sector's reliance on part-time, seasonal and entry-level roles already absorbing the April 2025 rises.
- **Multi-year certainty on employment costs:** so operators can plan staffing and investment against a known cost base rather than repeated in-year changes; stability matters as much as the rate itself.
- **Proportionate Employment Rights Act implementation:** with proportionate guidance, realistic exceptions for seasonal and temporary need, and no commencement before October 2028 at the earliest, so businesses and software providers have time to redesign payroll, scheduling and HR systems.
- **Maintain genuine seasonal flexibility:** regulations and guidance should distinguish clearly between exploitative one-sided flexibility and legitimate variation in hours caused by occupancy, school holidays, weather, major events, seasonal closure and off-peak trading.
- **Proportionate enforcement for micro and seasonal businesses:** in the early years, the Fair Work Agency should focus on education, guidance and support where businesses have made a genuine attempt to comply, rather than punitive penalties for administrative error.
- **More flexible use of the Apprenticeship Levy** by small tourism and hospitality operators.
- **Ring-fenced skills investment for the visitor economy**, including expanded T-Level placements in hospitality and tourism and dedicated CPD funding for destination management professionals.
- **A dedicated seasonal workers scheme for tourism and hospitality**, and reform of shortage occupation provisions, so the sector can fill the seasonal and entry-level roles the points-based immigration system is poorly suited to.

Benefit to the Treasury: stable, predictable employment costs support hiring at the entry level, reduce the fiscal cost of youth unemployment, and keep businesses investing rather than reducing hours.

B. Visitor Taxation and Competitiveness

Overnight Visitor Levy: design safeguards

Context: the recent devolution statement indicates that strategic authorities in England may gain powers to introduce an OVL from April 2027, with detailed design expected in an autumn white paper alongside this Budget. HM Treasury officials have been closely involved in levy design, and the quality of the supporting economic impact assessments is itself a concern. The Tourism Alliance opposes an inadequately designed levy. Where a levy proceeds, the following safeguards should be conditions of the power.

- **Assess first:** sector and place-specific economic impact assessments before any levy, using HM Treasury methodology developed with industry, and covering social and third-sector impacts alongside economic ones.
- **One national framework:** a single, consistent design across all adopting areas, not a patchwork of local schemes. Design should draw on the experience of the schemes already operating in Scotland and Wales, taking what has worked and avoiding what has not, so that any English scheme is simple to administer and workable for the majority of businesses from the outset.
- **Design for simplicity:** rules every booking system and micro-business can administer without disproportionate cost.
- **Ring-fence every pound:** levy income spent only on the visitor economy that collects it.
- **Guarantee additionality:** core visitor-economy budgets must not be reduced as a result.

- **Empowered forums:** statutory public-private forums with real decision-making power over spend, building on Scotland's Visitor Levy Forums. Accommodation providers would be required to collect and administer the levy without any say over how the money they raise is spent — taxation without representation. Statutory forums with genuine authority over spending decisions are the minimum safeguard against that.
- **Fix the VAT double tax issue:** change the legal liability for payment of the levy to the visitor, so the accommodation provider is only the collection agent and the levy is not subject to VAT.
- **One national exemptions policy:** exemptions (including children and groups) decided once, nationally, on evidence.
- **Protect the legacy and lessons of existing schemes:** no double charging alongside ABIDs or voluntary visitor-giving schemes, and no loss of the benefits, activities and third-sector support those schemes already deliver. Where a levy replaces or supersedes a local scheme, existing benefits must be carried forward, and businesses should not be placed in the position of asking visitors for both a levy and a voluntary donation.
- **The scale of existing visitor giving:** Cumbria Tourism's 2025 survey of over 2,000 visitors found that 24% had donated during their visit, at an average of £15.28 — which Cumbria Tourism extrapolates to figures in the order of £15 million across the county. Even on far more conservative assumptions, visitor giving is an established income stream for local causes that a poorly designed levy could displace.
- **Recognise the third-sector dependency:** in the Lake District, the National Trust's Fix the Fells programme maintains 335 paths covering 400 miles across the National Park, supported by 140 volunteers, and is funded entirely by charitable donations and grants — including from the Lake District Foundation, which is itself supported by visitor and business giving. Programmes of this kind see a levy as a potential new funding source, but only where ring-fencing is guaranteed.
- **Review and reverse:** rolling three-yearly economic reviews, with the ability to suspend or withdraw a levy that isn't working.

VAT on tourist accommodation, attractions and events

Reduce VAT to 10% as the maximum acceptable rate, with a lower rate sought where possible. This is the single most significant measure available to improve the UK's international price competitiveness.

- **Tourist accommodation:** reduce VAT to 10% or lower, aligning with rates applied in principal competitor destinations — France and Spain at 10%, Germany at 7%, and Portugal applying reduced rates including 6% for some accommodation and tourism services.
- **Attractions:** reduce VAT to 10% or lower on admissions, so that UK attractions compete on comparable terms with European counterparts benefiting from reduced rates.
- **Events:** apply the reduced rate to festivals, outdoor and cultural events, which face the same competitive pressure and carry disproportionate up-front production costs.
- **Comparison:** the UK is already among the highest-taxed accommodation markets in Europe: on our comparison, a couple staying one night in a three-star UK hotel pays around £26 in direct tax, against an EU average excluding Amsterdam of £16.20 — a gap of £10 per couple per night before any OVL is added on top.
- **Wider comparators:** reduced hospitality rates are the norm rather than the exception across Europe: France, Spain and Italy at 10%, Ireland at 9%, Germany at 7%, and Belgium, Sweden and the Czech Republic at 12%.
- **Independent operators are least able to absorb the gap:** research by Bournemouth University recommends an emergency reduction to 13% on in-house hospitality food and drink as a stabilisation measure, working through cash-flow relief, employment retention and reduced closure risk. A 10% rate would deliver those effects more durably. UKHospitality reports that one in five hospitality businesses fear collapse within 12 months.
- **Phased option:** introduce the reduced 10% rate for tourism and attraction businesses where turnover from that part of the business is £1 million or less. This removes the registration cliff-edge that pushes small businesses to stop trading, avoids forcing a 20% price rise that would make them uncompetitive, supports employment, and adds minimal administrative complexity for small businesses or HMRC.

Benefit to the Treasury: a reduced rate broadens the tax base through higher volumes and employment, holds down prices for domestic holidaymakers at a time of cost-of-living pressure, and improves the UK's competitive position against France, Spain, Germany and Portugal.

Evidence: evidence from operators on the effect of reduced rates on cash flow, demand and employment is available on request, alongside published analysis of the sector's cost base.

Tax-free shopping for international visitors

Tax-free shopping should be reinstated for international visitors. Withdrawal of the VAT Retail Export Scheme placed the UK at a disadvantage against European competitor destinations that continue to offer tax-free shopping, diverting high-spending visitors — and the wider spending on accommodation, attractions, hospitality and transport that comes with them — to other markets. The introduction of VAT-free shopping for international visitors has the potential to stimulate growth across every region.

- **Re-examine the impact of VAT-free shopping on the economy and the Exchequer**, with a view to introducing a new, fully digitised and fiscally positive scheme for all international visitors, covering Great Britain as well as Northern Ireland.

Benefit to the Treasury: this is not solely a question of VAT forgone. The relevant measure is the wider visitor spending, employment and tax take associated with visitors who choose the UK over a competitor destination.

Visa costs and Electronic Travel Authorisation (ETA) fees

Following the 2025 ETA fee increase from £10 to £16 and the subsequent move to £20, the ETA adds a visitor-facing cost and an administrative hurdle at a time when the Government has a target to grow inbound visitors to 50 million by 2030 (from 38 million in 2023). The UK ranks 113th out of 119 countries for price competitiveness on the World Economic Forum's Travel and Tourism Development Index.

- **Review the ETA's impact on inbound tourism competitiveness** — including its cumulative effect alongside visa costs, APD and other visitor-facing charges — and hold the fee at its current level pending that review.
- **Recognise the barrier to events:** because every traveller must complete the process individually, the ETA is already deterring European conference and event groups, with organisers choosing destinations inside the EU instead.
- **Reinvest a proportion of ETA revenue** in inbound marketing and destination promotion through VisitBritain, so that a visitor-facing charge delivers a return for UK tourism.

C. Funding Delivery and Growth

VisitBritain, VisitEngland and LVEP funding

Properly fund VisitBritain, VisitEngland and the LVEP network. VisitBritain delivers £20 of additional visitor spend for every £1 of public investment, and its Starring GREAT Britain campaign generated an estimated £217 million in visitor spending in its first six months. Its core grant has not kept pace with inflation, and the Local Visitor Economy Partnership (LVEP) network that delivers regional growth on the ground remains structurally underpowered.

- **A sustained, inflation-matching increase** in VisitBritain and VisitEngland's core grant.
- **Reinstated funding for the Business Events Growth Programme:** which delivered a £35 return for every £1 invested and £60.6 million in direct economic return between April 2018 and March 2024.
- **Increased, sustained funding for the LVEP network**, which remains structurally underpowered relative to the regional growth role it is being asked to deliver.
- **Ring-fence a share of ETA revenue for VisitBritain:** hypothecate a proportion of Electronic Travel Authorisation fee income to fund VisitBritain's inbound marketing and promotional activity.
- **A conditional opportunity:** if an overnight visitor levy is introduced with proper business consultation and the safeguards set out above, an agreed proportion or value of receipts should support LVEPs and the core services that deliver visitor-economy growth in the areas that raise it. This is not a substitute for core funding: only some areas are expected to adopt a levy, and levy revenue cannot resolve uneven LVEP funding across the country.

National Visitor Economy Strategy

Publish the National Visitor Economy Strategy without further delay and, crucially, with the resources required to deliver it. A strategy without delivery resource will sit on a shelf; this does not require new departmental structures.

- **Measurable targets for arrivals, spend, employment and skills**, with named delivery bodies and clear timelines. Domestic tourism should carry a headline target of the same standing as the international one, with a specific focus on rural and coastal destinations, where the decline of the last three years has been most pronounced.
- **Adequate resources to support its delivery.**
- **Dedicated strands on regional dispersal, screen tourism, coastal communities, digital transformation and regenerative tourism** — regional dispersal matters in particular, given VisitBritain research found 57% of international visitors cannot imagine what there is to see and do in the UK outside London.
- **A formal Tourism Impact Assessment requirement:** no department should be able to take decisions that materially affect the sector — visa policy, APD, planning, employment law, business rates — without consulting VisitBritain and DCMS.

Benefit to the Treasury: successive tourism ministers have targeted 50 million international visitors a year. The gap between current performance (38 million in 2023) and that target represents substantial additional visitor spending and tax revenue; the strategy is the mechanism for capturing it.

Annex: sources

The following sources support the principal dates, costs, values and competitiveness data used in this submission.

Data point or claim	Source / note
Autumn Budget 2026 date and HM Treasury representation portal deadline of 23:59 on Wednesday 9 September.	HM Treasury press release and HM Treasury Autumn Budget 2026 stakeholder representation portal .
HM Treasury representation criteria: rationale, costs, benefits, deliverability, value for money, revenue implications, growth, sectoral, distributional and locational impacts, administrative and compliance costs, operational requirements and environmental impact.	HM Treasury Autumn Budget 2026 stakeholder representation portal .
Tourism industry worth £74 billion and 4% of UK GVA; ambition for 50 million international visitors a year by 2030; 38 million international visitors in 2023; 57% of visitors unable to imagine what there is to see in the UK outside London.	DCMS / GOV.UK announcement on the 50 million visits ambition .
VisitBritain activity and Starring GREAT Britain campaign: £217 million additional visitor spend in first six months and £20 additional visitor spend for every £1 invested.	VisitBritain Starring GREAT Britain campaign page and VisitBritain annual performance and reporting page .
Business Events Growth Programme: £60.6 million direct economic return between April 2018 and March 2024; £35 return for every £1 invested.	VisitBritain Business Events Growth Programme results announcement .
VAT comparators: France and Spain 10%, Germany 7%, and Portugal applying reduced rates including 6% for some accommodation and tourism services.	European Commission VAT rates guidance , supported by published EU VAT rate tables such as EuroCompta EU VAT rates 2026 .
UK ETA cost of £20.	GOV.UK ETA guidance .
UK ranking of 113th out of 119 countries for price competitiveness in the World Economic Forum Travel & Tourism Development Index 2024.	World Economic Forum Travel & Tourism Development Index 2024 , with the exact UK price-competitiveness ranking also cited in sector commentary such as UKinbound / Conference News coverage .
Tourism Alliance hotel tax comparison: a couple in a three-star UK hotel pays around £26 in direct tax against an EU average excluding Amsterdam of £16.20.	Tourism Alliance evidence base.
Workforce and employment-cost evidence: tourism and hospitality rely heavily on seasonal, flexible and entry-level work; businesses face significant compliance capacity constraints; the Tourism Alliance recommends realistic exceptions, October 2028 implementation at earliest, proportionate enforcement and seasonal labour reforms.	Tourism Alliance response to the DBT consultation on Ending One-Sided Flexibility: Reforms of Zero Hours and Similar Contracts, August 2026.

Visitor giving in Cumbria: 2025 survey of over 2,000 visitors; 24% donated during their visit at an average of £15.28; extrapolated by Cumbria Tourism to circa £15 million countywide.	Cumbria Tourism (Local Visitor Economy Partnership), 2026. The countywide extrapolation is indicative.
Fix the Fells: 335 paths covering 400 miles across the Lake District National Park, supported by 140 volunteers and funded entirely by charitable donations and grants, including from the Lake District Foundation.	National Trust, September 2026, drawing on its response to the consultation on mayoral use of levy revenue. Programme income figures were provided for context only and are not for publication.
Hospitality employment and business rates evidence: nearly 100,000 hospitality jobs lost in two years, 45% of all jobs lost in the economy; RHL multiplier discount towards 20p; removal of the £500,000 surcharge; 20% discount for hotels hardest hit by the 2026 revaluation; employer NICs threshold to £10,000.	UKHospitality, Autumn Budget 2026 submission, September 2026.
Liverpool City Region: hospitality £1.1bn GVA, around 52,000 jobs and almost 70% of visitor economy businesses; visitor economy £2.2bn GVA (5.1% of LCR GVA) and 73,000 jobs; food and beverage closure rates above 5% since 2023 against below 3.5% for all businesses; proposed relief of around £1,650 a year for roughly 800 independent businesses at about £1.32m a year.	Liverpool City Region, LCR Hospitality Sector Executive Summary and Mayoral Brief on Sector Interventions, 30 April 2026.
European hospitality VAT comparators: France, Spain and Italy 10%; Ireland 9%; Germany 7%; Belgium, Sweden and the Czech Republic 12%. Bournemouth University recommends an emergency reduction to 13% on in-house hospitality food and drink as a stabilisation measure.	Liverpool City Region, Mayoral Brief on Sector Interventions, 30 April 2026, citing Bournemouth University research.
Domestic tourism decline in rural and coastal destinations over the last three years, supporting the case for a headline domestic target alongside the international one.	Tourism Alliance submission to the Culture, Media and Sport Committee tourism inquiry, May 2026.