

Tourist tax More museums are seeking a fee levied by a business improvement district as a new funding source. By *Clementine Scott*

Doing business

Since Manchester introduced a £1 surcharge on hotel rooms in April 2023, an increasing number of museums are advocating for the tax as a new funding source.

The charge was introduced by the Manchester Accommodation Business Improvement District (Abid) and is being collected from 73 hotels and serviced apartments that fall within the Manchester Abid Zone.

Manchester isn't the only UK city to tax tourists on their stays. Hotels in Liverpool plan to start charging visitors £2 per night from June. The City of Edinburgh Council confirmed details in January of a scheme to charge visitors 5% of their hotel room's nightly rate, money that will go towards "facilities mainly used by or for visitors", including culture, events and festivals.

'Sovereign wealth fund'

Tony Butler, the executive director of Derby Museums Trust, says: "It wouldn't be a windfall by any means, but it could create a kind of sovereign wealth fund for culture in a particular area. It could provide core funding for some smaller organisations, while also helping with infrastructure to boost larger ones."

Butler is a proponent of a business improvement district (BID) collecting the tax, as is the case in Manchester and will be in Liverpool. In Derby, the Cathedral Quarter BID charges eligible businesses a levy of 2.25% of their property value, and from this fund the museums trust receives about £610,000 annually. If a £1-a-night bed tax is also implemented, the money going to the city's museums would rise to £1.5m.

Speaking to the BBC one year

'Investment led by economic value isn't necessarily a bad thing'
Aine Graven



'We need an equity of funding in areas that are not very touristy'
Laura Pye



Above: City of Edinburgh Council is introducing a scheme to charge visitors 5% of their hotel room's nightly rate, which will go towards 'facilities mainly used by or for visitors'

on from the Manchester tourist tax's introduction, spokesman Kumar Mishra said the £2.8m raised so far had been spent mostly on street cleaning and marketing, including campaigns surrounding events such as November's MTV European Music Awards show.

These city-wide projects are not necessarily a hindrance to the heritage sector, but there's still a feeling of distance between the BID and the museums it supposedly benefits.

Aine Graven, the head of development at Manchester's People's History Museum, feels that the potential social impact of organisations such as hers is undervalued compared with their economic value.

Graven says: "Our social-impact mission is well ingrained within the local council, but it isn't really with the BID. There's a lot of research to be done on museums' contribution to wellbeing and our museum's ability to encourage people to find their voice, but it's not something you can really put a number on."

Museums contributing to people's wellbeing fits well with Manchester City Council's 10-year Always, Everywhere culture strategy, which was launched in September and emphasises the "emotional benefits" of culture as a particular priority.

Graven does see advantages in the BID's approach. "Investment led by economic value isn't necessarily a bad thing," she says.

By their very nature, BID funding is limited to a specific geographical area. As in Manchester, the new tourist tax levied by the Liverpool Accommodation BID will apply

only to the city centre, though an improved transport infrastructure could help money "trickle down" to regional organisations.

National Museums Liverpool director Laura Pye says: "We have a positive relationship with the accommodation BID, but we also need to create a system across the UK, and make sure there's an equity of funding in areas that are not very touristy."

Lack of alternatives

Alternative options for collecting a tourist tax in England, however, are limited, as local councils aren't allowed to collect a tourist tax directly. Levying the tax through development trusts may be a possibility, although these tend to have a hyper-local focus, similar to that of the Manchester and Liverpool BIDs.

Edinburgh's proposed tax would be levied by the city council (with 35% of the proceeds going to the arts sector), with similar models being explored in Wales.

More broadly, the answer might be levying a tourist tax as one of several funding solutions.

"It's not a panacea, but part of a range of packages to help the funding crisis," says Butler. "It needs to be considered alongside, for example, the government doing more to encourage philanthropy outside of London."

But could museums charge a levy themselves? "There are music venues and theatres doing that to support grassroots organisations," says Butler. "Maybe there are more creative ways of looking at it."

ROBIN GLEWLEY (LAURA PYE PORTRAIT)