# London politicians push for devolved tourism levy to boost global competitiveness



Senior London politicians are intensifying calls for the capital to be granted enhanced fiscal powers, including the ability to impose a tourism levy, which they argue would significantly boost London's economy and, by extension, the wider UK economy. Among the key voices advocating for these changes are Dawn Butler MP, Bassam Mahfouz AM, Hina Bokari AM, and Krupesh Hirani AM, who collectively presented a report titled 'Trusting London to deliver: our place in the Government’s devolution reforms' at a recent event in Parliament.

The report urges ministers to amend the English Devolution and Community Empowerment Bill—currently progressing through Parliament—to enable the Mayor of London, Sir Sadiq Khan, to introduce a tourist tax on overnight stays. This taxation power is seen as a "no-brainer" move to provide the capital with fiscal freedoms comparable to other global cities like New York, Paris, and Berlin. Bassam Mahfouz, chair of the Greater London Authority (GLA) Oversight Committee, highlighted that London is “tied to rules that belong to a very different scale of city,” emphasizing the need for greater autonomy and fiscal flexibility. The report also advocates for reforms to council tax and business rates, and opposes joint decision-making structures between the GLA and the 32 London boroughs, aiming to streamline governance.

Research conducted by the committee found that 41% of Londoners support the Mayor’s Office having the authority to levy a tourism tax, which could generate approximately £250 million annually. These funds are proposed to be ring-fenced for reinvestment in London’s infrastructure and public services. Currently, the national government opposes such a tax in London, but similar initiatives have seen success elsewhere; both Manchester and Liverpool introduced tourism-based Business Improvement Districts in 2023 to collect taxes from hotels and serviced apartments, circumventing legal barriers.

The push for a tourism levy is part of a broader coalition of English city mayors, including Sadiq Khan, who are advocating for devolved powers to enable local authorities to raise income from tourism. They argue that these revenues could enhance tourism and cultural infrastructure while fostering regional economic growth and reducing dependence on central government funding. Other European cities have successfully implemented such levies, providing useful models for London.

Dawn Butler MP, a vocal supporter of the proposed reforms and a former London mayoral candidate, described the tourism tax as "low hanging fruit" for the government, suggesting it represents an easy win that could quickly channel much-needed funds into London’s infrastructure. She also stressed the need to strengthen the Mayor's powers accompanied by proportional scrutiny capabilities for the London Assembly, to ensure democratic accountability in a more powerful mayoral system. Hina Bokhari, Liberal Democrat group leader on the London Assembly, echoed this stance, advocating for the Assembly to have stronger budget scrutiny powers to maintain effective oversight over expanding mayoral authority.

The English Devolution and Community Empowerment Bill, introduced to Parliament in July 2025, is designed to enhance local governance by granting mayors and combined authorities a wider suite of powers, including a General Power of Competence. This allows them to do anything an individual can legally do to foster growth and collaboration. However, the GLA Oversight Committee's report stresses that London’s devolution settlement remains incomplete without added fiscal freedoms, including the tourism levy and reforms to local taxation.

London Councils has responded positively to the bill’s aims, but advocates for formal structures that enable collaboration and joint decision-making between the Mayor and the boroughs to ensure local voices are integrated effectively into regional governance. This contrasts somewhat with the Oversight Committee's recommendation to avoid joint decision-making frameworks, highlighting ongoing debates about the best way to balance power and collaboration within London's complex administrative landscape.

Sir Sadiq Khan himself has emphasised that London’s stature and economic environment are more comparable to global cities such as New York and Singapore, rather than regional UK cities like Manchester or Liverpool. He has expressed openness to exploring a tourist tax, noting that his team is examining international examples including Barcelona, Paris, and Venice to assess the impact and feasibility of such a levy. Khan pointed out that without devolved powers and resources, London risks losing businesses not to other UK cities, but to other global destinations, underscoring the importance of granting London greater control over its own economic tools.

In summary, the current movement to expand London's fiscal and administrative powers, particularly via a tourism levy, represents a significant moment in the city’s ongoing push for effective devolution. While the national government remains hesitant, momentum among local politicians, experts, and public opinion appears to be growing, framing these reforms as essential for London to remain competitive and prosperous on a global stage.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.mylondon.news/news/zone-1-news/calls-grow-london-given-powers-32490055), [[4]](https://www.gov.uk/government/publications/english-devolution-and-community-empowerment-bill-guidance/english-devolution-and-community-empowerment-bill-guidance)
* Paragraph 2 – [[1]](https://www.mylondon.news/news/zone-1-news/calls-grow-london-given-powers-32490055), [[2]](https://www.standard.co.uk/news/london/tourist-tax-hotels-airbnb-sadiq-khan-mayor-paris-edinburgh-manchester-b1247777.html), [[3]](https://www.theguardian.com/uk-news/2025/jun/03/tourism-tax-england-mayors)
* Paragraph 3 – [[1]](https://www.mylondon.news/news/zone-1-news/calls-grow-london-given-powers-32490055), [[2]](https://www.standard.co.uk/news/london/tourist-tax-hotels-airbnb-sadiq-khan-mayor-paris-edinburgh-manchester-b1247777.html), [[7]](https://www.standard.co.uk/news/london/sadiq-khan-tourist-tax-london-mayor-visitors-charge-tourism-b1193894.html)
* Paragraph 4 – [[1]](https://www.mylondon.news/news/zone-1-news/calls-grow-london-given-powers-32490055), [[3]](https://www.theguardian.com/uk-news/2025/jun/03/tourism-tax-england-mayors)
* Paragraph 5 – [[1]](https://www.mylondon.news/news/zone-1-news/calls-grow-london-given-powers-32490055), [[3]](https://www.theguardian.com/uk-news/2025/jun/03/tourism-tax-england-mayors), [[5]](https://www.londoncouncils.gov.uk/news-and-press-releases/2025/response-english-devolution-and-community-empowerment-bill)
* Paragraph 6 – [[1]](https://www.mylondon.news/news/zone-1-news/calls-grow-london-given-powers-32490055), [[4]](https://www.gov.uk/government/publications/english-devolution-and-community-empowerment-bill-guidance/english-devolution-and-community-empowerment-bill-guidance), [[6]](https://bills.parliament.uk/bills/4002)
* Paragraph 7 – [[1]](https://www.mylondon.news/news/zone-1-news/calls-grow-london-given-powers-32490055), [[5]](https://www.londoncouncils.gov.uk/news-and-press-releases/2025/response-english-devolution-and-community-empowerment-bill), [[7]](https://www.standard.co.uk/news/london/sadiq-khan-tourist-tax-london-mayor-visitors-charge-tourism-b1193894.html)

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## Bibliography

1. <https://www.mylondon.news/news/zone-1-news/calls-grow-london-given-powers-32490055> - Please view link - unable to able to access data
2. <https://www.standard.co.uk/news/london/tourist-tax-hotels-airbnb-sadiq-khan-mayor-paris-edinburgh-manchester-b1247777.html> - A report from the Greater London Authority's oversight committee suggests that implementing a 'tourist tax' in London could generate approximately £250 million annually. This levy would apply to overnight stays in hotels and rented accommodations, similar to taxes in cities like Paris and New York. The funds are proposed to be reinvested into the capital's infrastructure and services. The committee urges the government to amend the English Devolution and Community Empowerment Bill to grant the Greater London Authority the power to introduce this tax. The initiative aims to boost London's economy and global appeal.
3. <https://www.theguardian.com/uk-news/2025/jun/03/tourism-tax-england-mayors> - A coalition of English mayors, including Sadiq Khan of London, is advocating for the introduction of a visitor levy to generate income from tourism. They propose that the forthcoming English Devolution and Community Empowerment Bill should grant local authorities the authority to implement such a levy. The funds raised would be used to enhance tourism and cultural infrastructure, thereby empowering regional growth and reducing dependence on central government funding. The mayors highlight that many European cities already have similar levies in place.
4. <https://www.gov.uk/government/publications/english-devolution-and-community-empowerment-bill-guidance/english-devolution-and-community-empowerment-bill-guidance> - The English Devolution and Community Empowerment Bill aims to empower Mayors of Strategic Authorities by granting them new powers, including the General Power of Competence, a power to convene local partners, and duties to respond and collaborate. These powers are designed to enable mayors to drive growth, collaboration, and improvements within their areas. The bill also extends the general power of competence to combined authorities, allowing them to do anything an individual can legally do, thereby enhancing local governance and decision-making capabilities.
5. <https://www.londoncouncils.gov.uk/news-and-press-releases/2025/response-english-devolution-and-community-empowerment-bill> - London Councils has responded to the English Devolution and Community Empowerment Bill, expressing support for its aims to devolve more powers to local leaders. They highlight the importance of granting London boroughs the necessary powers and funding to succeed. The response emphasizes the need for governance arrangements that ensure boroughs have a seat at the regional table, in line with other parts of the country. London Councils advocates for collaboration between the Mayor and boroughs through formal structures for joint decision-making over relevant powers and funding.
6. <https://bills.parliament.uk/bills/4002> - The English Devolution and Community Empowerment Bill is a UK Government bill introduced on 10 July 2025. It aims to establish a new framework for devolution of powers to local government and combined authorities in England. The bill includes provisions about combined authorities, the Greater London Authority, local councils, police and crime commissioners, and fire and rescue authorities. It also addresses local audit and terms in business tenancies related to rent. The bill is currently in progress through Parliament and is intended to enhance local governance and decision-making.
7. <https://www.standard.co.uk/news/london/sadiq-khan-tourist-tax-london-mayor-visitors-charge-tourism-b1193894.html> - Sadiq Khan, the Mayor of London, has expressed openness to exploring the possibility of a tourist tax in the capital. He stated that his team is examining evidence from other cities that have implemented similar levies, such as Barcelona, Paris, and Venice. The Mayor emphasized the importance of understanding the impact of such a tax and indicated a willingness to consider it if it proves beneficial for London. This statement follows cross-party calls for a small charge on visitors to the capital to support local services and infrastructure.