

# Notice of meeting and agenda

## City of Edinburgh Council

**2.00 pm Friday, 24th January, 2025**

Main Council Chamber - City Chambers

This is a public meeting and members of the public are welcome to attend.

The law allows the Council to consider some issues in private. Any items under “Private Business” will not be published, although the decisions will be recorded in the minute.

### Contacts

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## 1. Order of business

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- 1.1 Including any notices of motion and any other items of business submitted as urgent for consideration at the meeting.

## 2. Declaration of interests

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- 2.1 Members should declare any financial and non-financial interests they have in the items of business for consideration, identifying the relevant agenda item and the nature of their interest.

## 3. Deputations

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- 3.1 If any

## 4. Reports

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- 4.1 A Visitor Levy for Edinburgh – Final Scheme - referral from the Policy and Sustainability Committee 5 - 116

### **Nick Smith**

Service Director, Legal and Assurance

## Information about the City of Edinburgh Council

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The City of Edinburgh Council consists of 63 Councillors and is elected under proportional representation. The City of Edinburgh Council usually meets once a month and the Lord Provost is the Convener when it meets.

The City of Edinburgh Council usually meets in the Council Chamber in the City Chambers on the High Street in Edinburgh. There is a seated public gallery and the Council meeting is open to all members of the public.

## **Further information**

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If you have any questions about the agenda or meeting arrangements, please contact Gavin King, Committee Services, City of Edinburgh Council, Business Centre 2.1, Waverley Court, 4 East Market Street, Edinburgh EH8 8BG, Tel 0131 529 4239, email [gavin.king@edinburgh.gov.uk](mailto:gavin.king@edinburgh.gov.uk).

A copy of the agenda and papers for this meeting will be available for inspection prior to the meeting at the main reception office, City Chambers, High Street, Edinburgh.

The agenda, minutes and public reports for this meeting and all the main Council committees can be viewed online by going to <https://democracy.edinburgh.gov.uk/>.

## **Webcasting of Council meetings**

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If you have any queries regarding this, and, in particular, if you believe that use and/or storage of any particular information would cause, or be likely to cause, substantial damage or distress to any individual, please contact Committee Services ([committee.services@edinburgh.gov.uk](mailto:committee.services@edinburgh.gov.uk)).

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# The City of Edinburgh Council

10.00am, Friday, 24 January 2025

## A Visitor Levy for Edinburgh – Final Scheme - referral from the Policy and Sustainability Committee

Executive/routine  
Wards  
Council Commitments

### 1. For Decision/Action

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- 1.1 The Policy and Sustainability Committee has referred the Visitor Levy for Edinburgh – Final Scheme to the City of Edinburgh Council for approval and ratification of the scheme and the use of Spend to Save funding.

**Paul Lawrence**  
Chief Executive

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# Referral Report

## A Visitor Levy for Edinburgh – Final Scheme – referral from the Policy and Sustainability Committee

### 2. Terms of Referral

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2.1 On 17 January 2025, the Policy and Sustainability Committee considered a report on the final Visitor Levy for Edinburgh scheme, which outlined the outcome of the 12 week consultation exercise on the Council’s draft scheme together with recommended adjustments.

#### 2.2 Motion

- 1) To note the outcome of the consultation on the draft Visitor Levy for Edinburgh scheme.
- 2) To agree to adopt the final Visitor Levy for Edinburgh scheme, as set out in Appendix 1 to the report by the Interim Executive Director of Place.
- 3) To agree to begin the recruitment for the Chair of the Visitor Levy Forum immediately, with the appointment subject to the approval of the Council.
- 4) To agree in principle the use of the Spend to Save fund to support preparatory work for the Edinburgh Visitor Levy scheme as well as its implementation.
- 5) To refer the report to the Council meeting on 24 January 2025 for approval and ratification of the scheme and the use of Spend to Save funding.

- moved by Councillor Meagher, seconded by Councillor Watt

#### Amendment 1

- 1) To note the outcome of the consultation on the draft Visitor Levy for Edinburgh scheme.
- 2) Agrees to adopt the final Visitor Levy for Edinburgh scheme, as set out in Appendices to the report by the Interim Executive Director of Place, with the following changes:

“To agree to set the levy rate at 7%, payable for a maximum of seven consecutive nights.

To agree to spend £20m per annum on mitigation of tourism on housing. To retain £5M to be used as annual capital debt repayment and a further £15M

to be allocated as grant funding with further details and approvals to be discussed at Housing, Homelessness, and Fair Work Committee.

To agree to set participatory budgeting at £125,000 per electorate ward. To not agree to spend £300,000 on citywide, top-down implementation. Instead, to agree to allocate an additional £375,000 to wards with higher levels of SIMD 1-4 to encourage local engagement and delivery in areas that need additional community planning capacity.”

- 3) To agree to begin the recruitment for the Chair of the Visitor Levy Forum immediately, with the appointment subject to the approval of the Council.
- 4) To agree in principle the use of the Spend to Save fund to support preparatory work for the Edinburgh Visitor Levy scheme as well as its implementation.
- 5) To refer the report to the Council meeting on 24 January 2025 for approval and ratification of the scheme and the use of Spend to Save funding.
- 6) Agrees to defer the following items in Appendix 6 to the report items as individual reports to each relevant executive committee for discussion / approval.

2. Mitigation of Tourism on Housing

5. City Operations and Infrastructure

6. Culture, Heritage and Events

7. Destination and Visitor Management.

- moved by Councillor Kumar, seconded by Councillor Campbell

## **Amendment 2**

- 1) To note the outcome of the consultation on the draft Visitor Levy for Edinburgh scheme.
- 2) To agree to adopt the final Visitor Levy for Edinburgh scheme, as set out in Appendix 1 to the report by the Interim Executive Director of Place with the exception of the proposed three-month transition period and notes this will be subject to further officer advice ahead of the decision of Council.
- 3) To agree to begin the recruitment for the Chair of the Visitor Levy Forum immediately, with the appointment subject to the approval of the Council.
- 4) To agree in principle the use of the Spend to Save fund to support preparatory work for the Edinburgh Visitor Levy scheme as well as its implementation.
- 5) To refer the report to the Council meeting on 24 January 2025 for approval and ratification of the of the scheme and the use of Spend to Save funding.
- 6) Notes that, should Council approve the scheme, each investment theme will be presented to the relevant executive committee for approval, and agrees to reaffirm previously agreed principles, namely that spending should:

- a) prioritise additionality in terms of investment in services and improvement projects, and,
- b) wherever possible and in a way that is consistent with the statutory requirements, be used to benefit communities across Edinburgh and not just the core city centre.

- moved by Councillor Lang, seconded by Councillor Dijkstra-Downie

### **Amendment 3**

- 1) To note the outcome of the consultation on the draft Visitor Levy for Edinburgh scheme.
- 2) To agree to adopt the final Visitor Levy for Edinburgh scheme, as set out in Appendix 1 to the report by the Interim Executive Director of Place, with the following changes:
  - a) Replaces the 5% levy with a recommended 8% levy in line with other European cities to raise an additional c.£70m of income in the first 3 years of the scheme.
  - b) Increases the housing allocation to £7.7m to be committed to capital borrowing repayments, meaning £128m of investment which could unlock a further £97m of borrowing, equating a total of £225m of funding to be spent on housing, whilst remaining within Section 95 officer guidance.
  - c) Sets the fixed amount to be allocated to Participatory Budgeting at £400,000 per electoral ward + £600,000 running cost over the first three-year cycle. This would total £7.4m over three years, which equates to c.4% of the total income raised over this period of time at an 8% Visitor Levy rate.
  - d) Makes any additional adjustments to figures in line with the 8% figure as required.
- 3) To agree to begin the recruitment for the Chair of the Visitor Levy Forum immediately, with the appointment subject to the approval of the Council.
- 4) To agree in principle the use of the Spend to Save fund to support preparatory work for the Edinburgh Visitor Levy scheme as well as its implementation.
- 5) Agrees that the development of projects under the Transient Visitor Levy themes for investment should also demonstrate their adherence to existing Council strategies and, where applicable, targets to support climate mitigation, adaptation and nature recovery, and that this will be a further criteria for any proposed spending.
- 6) Agrees that the Visitor Levy Forum should contain an equal number of representatives from community and business organisation and recommends that at least 40% of the representatives must be women.



- 7) Agrees that all members of the Visitor Levy Forum receive an induction including information on the Council Business Plan as well as training on existing Council strategies around tackling the climate and nature emergencies, and reducing inequality.
- 8) Notes that an initial decision on how housing funds will be spent will come to Housing, Homelessness and Fair Work committee in May 2025 and requests that this report should set out what options are legally possible across different housing tenures including social housing.
- 9) To refer the report to the Council meeting on 24 January 2025 for approval and ratification of the scheme and the use of Spend to Save funding.

- moved by Councillor Staniforth, seconded by Councillor Mumford

#### **Amendment 4**

- 1) To note the outcome of the consultation on the draft Visitor Levy for Edinburgh scheme.
- 2) To agree to amend the proposed scheme as set out in Appendix 1 to the report by the Interim Executive Director of Place, with the following changes:
  - At 3. The levy rate, should say “The levy rate will be 4%, payable for a maximum of five consecutive nights and will apply at the same level, year-round, across the entire City of Edinburgh Council boundary area.”
  - At 7. Use of net proceeds, the line “Housing and tourism mitigation (£5m p.a.)” should be deleted. And
  - At 7. Participatory budgeting (£2m over 3 years). The following wording is added “with appropriate audit checks in place to ensure that these funds are spent on facilitating the achievement of the scheme’s objectives”
- 3) To agree to begin the recruitment for the Chair of the Visitor Levy Forum immediately, with the appointment subject to the approval of the Council.
- 4) To agree in principle the use of the Spend to Save fund to support preparatory work for the Edinburgh Visitor Levy scheme as well as its implementation.
- 5) To refer the report to the Council meeting on 24 January 2025 for approval and ratification of the scheme and the use of Spend to Save funding.

- moved by Councillor Whyte seconded by Councillor Mowat

In accordance with Standing Order 22(13), Amendments 1 and 3 were adjusted and accepted as addendums to the Motion, Amendment 2 was accepted as an addendum to the Motion, and Amendment 4 was adjusted and accepted as an addendum to the Motion.

In accordance with Standing Order 22(13), Amendment 2 was accepted as an addendum to Amendment 1, and Amendment 3 was adjusted and accepted as an addendum to Amendment 1.

In accordance with Standing Order 22(13), Amendments 1 and 4 were adjusted and accepted as addendums to Amendment 3, and Amendment 2 was accepted as an addendum to Amendment 3.

### **Voting**

The voting was as follows:

#### **First Vote**

For the Motion (as adjusted)	-	7 votes
For Amendment 1 (as adjusted)	-	5 votes
For Amendment 3 (as adjusted)	-	3 votes
For Amendment 4 (as adjusted)	-	2 votes

(For the Motion (as adjusted): Councillors Beal, Cameron, Davidson, Dijkstra-Downie, Lang, Meagher and Watt.

For Amendment 1 (as adjusted): Councillors Aston, Campbell, Dobbin, Kumar and Nols-McVey.

For Amendment 3 (as adjusted): Councillors Mumford, O'Neill and Staniforth.

For Amendment 4 (as adjusted): Councillors Mowat and Whyte.)

There being no overall majority, Amendment 4 fell and a second vote was taken between the Motion and Amendments 1 and 3 (all as adjusted).

#### **Second Vote**

For the Motion (as adjusted)	-	9 votes
For Amendment 1 (as adjusted)	-	5 votes
For Amendment 3 (as adjusted)	-	3 votes

(For the Motion (as adjusted): Councillors Beal, Cameron, Davidson, Dijkstra-Downie, Lang, Meagher, Mowat, Watt and Whyte.

For Amendment 1 (as adjusted): Councillors Aston, Campbell, Dobbin, Kumar and Nols-McVey.

For Amendment 3 (as adjusted): Councillors Mumford, O'Neill and Staniforth.)

### **Decision**

To approve the following adjusted Motion by Councillor Meagher:

- 1) To note the outcome of the consultation on the draft Visitor Levy for Edinburgh scheme.
- 2) To agree to adopt the final Visitor Levy for Edinburgh scheme, as set out in Appendix 1 to the report by the Interim Executive Director of Place, with the exception of the proposed three-month transition period and note this would

be subject to further officer advice ahead of the decision of Council, and with the following change:

At 7. Participatory budgeting (£2m over 3 years). The following wording be added “with appropriate audit checks in place to ensure that these funds are spent on facilitating the achievement of the scheme’s objectives.”

- 3) To agree to begin the recruitment for the Chair of the Visitor Levy Forum immediately, with the appointment subject to the approval of the Council.
- 4) To agree in principle the use of the Spend to Save fund to support preparatory work for the Edinburgh Visitor Levy scheme as well as its implementation.
- 5) To refer the report to the Council meeting on 24 January 2025 for approval and ratification of the scheme and the use of Spend to Save funding.
- 6) To agree to defer the following items in Appendix 6 to the report by the Interim Executive Director of Place as individual reports to each relevant executive committee for discussion / approval.
  2. Mitigation of Tourism on Housing
  5. City Operations and Infrastructure
  6. Culture, Heritage and Events
  7. Destination and Visitor Management.
- 7) To note that, should Council approve the scheme, each investment theme would be presented to the relevant executive committee for approval, and to agree to reaffirm previously agreed principles, namely that spending should:
  - a) prioritise additionality in terms of investment in services and improvement projects, and,
  - b) wherever possible and in a way that was consistent with the statutory requirements, be used to benefit communities across Edinburgh and not just the core city centre.
- 8) To agree that the development of projects under the Transient Visitor Levy themes for investment should also demonstrate their adherence to existing Council strategies where applicable.
- 9) To agree that the Visitor Levy Forum should contain an equal number of representatives from community and business organisation and recommend that at least 40% of the representatives must be women.
- 10) To note that an initial decision on how housing funds would be spent would come to Housing, Homelessness and Fair Work Committee in May 2025 and to request that this report should set out what options were legally possible across different housing tenures including social housing.

### **3. Background Reading/ External References**

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- 3.1 Policy and Sustainability Committee - 17 January 2025 - [Webcast](#)
- 3.2 Minute of the Policy and Sustainability Committee - 17 January 2025

### **4. Appendices**

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Appendix 1 – Report by the Interim Executive Director of Place

# Policy and Sustainability Committee

10.00am, Friday, 17 January 2025

## A Visitor Levy for Edinburgh – final scheme

Executive/Routine  
Wards

Executive  
All

### 1. Recommendations

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- 1.1 It is recommended that Committee:
  - 1.1.1 Notes the outcome of the consultation on the draft Visitor Levy for Edinburgh scheme;
  - 1.1.2 Agrees to adopt the final Visitor Levy for Edinburgh scheme, as set out in Appendix 1;
  - 1.1.3 Agrees to begin the recruitment for the Chair of the Visitor Levy Forum immediately, with the appointment subject to the approval of the Council;
  - 1.1.4 Agrees in principle the use of the Spend to Save fund to support preparatory work for the Edinburgh Visitor Levy scheme as well as its implementation; and
  - 1.1.5 If recommendations 1.1.2 – 1.1.4 are agreed, refers this report to the Council meeting on 24 January 2025 for approval and ratification of the scheme and the use of Spend to Save funding.

**Gareth Barwell**

Interim Executive Director of Place

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## A Visitor Levy for Edinburgh – final scheme

### 2. Executive Summary

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- 2.1 Following the commencement of the Visitor Levy (Scotland) Act 2024 on 20 September 2024 and the completion of a 12-week consultation exercise on the draft scheme (agreed by Committee on 22 August 2024), this report outlines the consultation results; recommends adjustments following this; and makes recommendations on the final Visitor Levy for Edinburgh scheme.

### 3. Background

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- 3.1 The City of Edinburgh Council has been advocating to the Scottish Government for the power to implement a visitor levy (VL) since 2018. Since that time, the Council has carried out multiple consultations and significant engagement with the public, elected members, the visitor economy industry, the Convention of Scottish Local Authorities (COSLA), and the Scottish Government.
- 3.2 The Council's Business Plan 2023-2027 contains a commitment to implement a VL in Edinburgh "as quickly as legislation will allow".
- 3.3 The Visitor Levy (Scotland) Act ('the Act') sets out that, in order to implement a VL, the Council must publicly consult on the recommended levy scheme. The consultation must contain the following information:
- 3.3.1 An outline of the proposed scheme;
  - 3.3.2 Confirmation of cases or instances where the VL would not be payable/would be reimbursed; and
  - 3.3.3 The objectives of the scheme, and a proposal for how these will be measured.
- 3.4 The Council must also prepare and publish an impact assessment, in particular setting out the likely impact of the proposal on people living within the scheme area and on such other persons that are likely to be affected by the proposal.
- 3.5 Following consultation, the Council must prepare and publicise a report to summarise the consultation outcome, formally announce its intention (and reasons why) to implement a VL and, if doing so, its final form.

- 3.6 This announcement begins an 18-month implementation period, after which the VL can be implemented in Edinburgh as set out in the final scheme.
- 3.7 On 22 August 2024, Committee [agreed](#) a draft Visitor Levy for Edinburgh scheme.

## 4. Main report

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- 4.1 Since the draft scheme was agreed by Committee, the [Visitor Levy \(Scotland\) Act 2024](#) commenced on 20 September 2024. Following this, the Visitor Levy for Edinburgh draft scheme was published on the Council's website and a public consultation was launched on 23 September 2024. This consultation ran for 12 weeks (until 15 December 2024) and included an online questionnaire (which received 4,517 responses), as well as numerous in-person and online engagement sessions and drop-ins. The consultation was promoted online, city-wide on lamppost wraps, and in over 200 hotels across the city.
- 4.2 Visit Scotland's [Guidance](#) was published on 4 October 2024.<sup>1</sup>
- 4.3 The draft scheme has been amended to take account of feedback from the consultation and the recommended final scheme is set out in Appendix 1. An in-depth analysis of the survey results can be found in Appendix 2.
- 4.4 The final scheme retains most of the principles which were agreed by Committee on 22 August 2024. Where updated or amended recommendations are made, these are outlined, with a summary of the rationale below. A further explanation of the reasoning behind each parameter can be found in Appendix 3.
- 4.5 Once a visitor levy scheme is operational, significant changes (defined as removing exemptions, expanding the scheme area or increasing the percentage) will require a full consultation, official announcement and 18-month implementation period. Other changes, including changes to the opposite effect of the above (e.g. adding an exemption or decreasing the percentage / scheme area) requires only a consultation and official announcement.

### **Consultation Feedback on Scheme Parameters**

- 4.6 *Area covered (the whole City of Edinburgh Council boundary)* – consultation results demonstrate broad agreement. No change in final scheme.
- 4.7 *Duration of scheme (indefinitely)* - consultation results demonstrate broad agreement. No change in final scheme. However, there were concerns raised around stays after the commencement of the scheme but booked during (especially the early stages of) the implementation period. Section 17 of the legislation stipulates those bookings made before the Council's official announcement of their intention to introduce a VL, which relate to stays following the introduction of the VL,

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<sup>1</sup> For clarity, the Minister stated, [on 10 September 2024](#): "There is no requirement under the Visitor Levy (Scotland) Act 2024 for guidance made under section 23 of the Act to be published before a local authority consults on potential visitor levy scheme."

must not be chargeable but that bookings made after the official announcement may be chargeable.

4.7.1 To give businesses sufficient time to update their pricing structures and terms and conditions etc, following the Council's formal announcement, the scheme has been updated to include a 'transitional period' and only bookings made on or after 1 May 2025, for stays on 24 July 2026 or thereafter, would be chargeable.

4.8 *Percentage rate (5%)* – most residents (56%) agree with this level whereas most businesses (51%) and visitors (62%) do not support a levy at all or think it should be lower. 42% of businesses have expressed support for this level though, and in engagement sessions several participants have commented that this is a 'reasonable and competitive' level.

4.8.1 When setting the appropriate rate, it is crucial to balance the benefits of revenue-raising against maintaining the city's perceived global position and future visitor appeal. A 5% rate, when comparing against international examples where a VL is already in place, would put Edinburgh on par with most other city destinations with a similar offering (e.g. capital city, a strong cultural presence, UNESCO status etc) while still reflect the unique offering of the city.

4.8.2 The questionnaire results show that 31% of residents think the levy should be higher, but this is strongly opposed by visitors and businesses. It is acknowledged that, in most cases, a 5% levy would result in an overall increased cost to the visitor of 6% on the price they pay for accommodation, as VAT is added to the levy. This, combined with other concerns raised around the economic landscape since the start of the consultation (with inflation remaining high and the cost of living still an issue) combined with the higher operational costs for businesses leading to potential wider price increases indicates that a higher levy could be a deterring factor for visitors.

4.8.3 The final scheme has therefore retained the 5% rate as set out in the draft scheme.

4.9 *Objective of the scheme* – consultation results demonstrate broad agreement, but some comments were received around the inconsistency of wording between the objectives and the spending programme.

4.9.1 The second objective has therefore been updated from 'festivals' to 'events' to illustrate the broad spectrum of events on offer in the city, from festivals to concerts to sporting to broader cultural events.

4.10 *Cap on number of nights (Seven (7) nights)* – consultation results demonstrate broad agreement, but some comments suggested that this should be set lower. VisitScotland's submission suggested that setting the cap at fewer nights would have a minimal impact on revenue generation (although difficult to quantify, the University of Edinburgh have estimated that there would be an approximate



reduction in income of £440,000 from a five (5)-day cap compared to a seven (7)-day cap) but could encourage more visitors to stay for longer. Festivals Edinburgh have made a similar observation around how this would have a positive benefit to performers and workers during the festivals, as they often stay for longer periods of three to five weeks.

4.10.1 These comments have led to the scheme being updated to reflect a cap of five (5) nights rather than seven (7). There is no longer an exemption for campsites (see 4.11.2 below). The proposed reduction of the cap will be more beneficial to festivals than the original cap of seven (7) nights, while still recognising that festival performers and workers use the city's public services the same as other visitors and therefore should not be exempt.

4.11 *Type of accommodation included (all except campsites)* – while there was broad agreement on this, there were also many who disagreed/strongly disagreed with the notion of exempting campsites, especially in engagement sessions and written submissions, where the rationale for this was frequently questioned and comments often stated that visitors are visitors regardless of whether they stay in a camp site or in a hotel.

4.11.1 The original rationale for this exemption stemmed from pre-legislation times, when a fixed poundage was envisaged rather than a percentage, and the low-cost nature of camp sites meant there would be an unfair imbalance in terms of the levy as a proportion of the overall cost. It was also a way to support festival performers and workers, who often tended to stay in camp sites for the duration of the summer festivals to keep costs low. As the levy is now a percentage of the accommodation cost, the low-cost nature of camp sites will mean a proportionately lower VL being incurred, and many festival performers and workers now opt for other accommodation options instead.

4.11.2 The scheme has therefore been updated to include all types of overnight accommodation with no exemption for campsites.

4.11.3 Concerns were raised by individuals, as well as in the consultation open text comments and via emails, about organisations such as Ronald McDonald House and Ciaran's House who provide accommodation for family members of young people undergoing long-term hospital treatment. Equally, there was concern raised around charitable accommodation providers who are specifically providing accommodation for other charities and only charge a small fee in order to cover operational costs.

4.11.4 For clarification, where accommodation services are provided free of charge to the visitors, there is no 'chargeable transaction' and, as such, these stays do not incur a visitor levy. In the case of charitable organisations, the scheme has been updated to include a discretionary exemption for charitable accommodation providers where they meet both of the following criteria:

- Property must be occupied by a charity or a trustee of a charity; and

- Overnight stays at the property must be wholly or mainly for charitable purpose.

This is aligned with the cases where charities may receive mandatory relief from Non-Domestic Rates and can be cross-checked with that register.

4.12 *Process for individual exemptions and/or exclusions (reimburse payments already made rather than exempt upfront)* – consultation results demonstrate broad agreement in that the Council is best placed to manage this ,but concerns were raised around individuals being ‘out of pocket’ and around potential complexities with the refund process making it difficult for people to apply.

4.12.1 The scheme therefore retains the process as proposed in the draft scheme, with some minor clarification of the evidence required for a reimbursement. In order to mitigate concerns around individuals being ‘out of pocket’, the Council’s transaction team have confirmed that reimbursements will be processed within five business days of a claim being submitted. In addition, during the implementation period, officers will work with stakeholders and accommodation providers to ensure that information around the reimbursement process is easily accessible, and sign posted to, and that the process itself is accessible and easy to complete.

4.13 *Decision on use of funds of the scheme (Visitor Levy Forum to make recommendations to the relevant executive Council Committees and final decision on overall spending programme taken by the Council as part of the financial decision-making framework)* – consultation results demonstrate broad agreement.

4.13.1 The first meeting of the Visitor Levy Forum needs to happen within six months of the Council’s formal announcement to introduce a VL (so, assuming the scheme is formally agreed and announced on 24 January 2025, the first meeting needs to be held by 24 July 2025). There is general agreement from stakeholders that an independent Chair should be recruited first and that they, once in place, work with the Council on the formation of the final Forum membership.

4.13.2 If the VL scheme is approved, recruitment of the Chair will commence immediately, with a recommendation for the preferred candidate presented to the Council for approval in spring 2025. Officers will then work with the Chair to ensure the membership of the Forum is made up of a balanced set of voices, with at least one representative from each of the following: Edinburgh Association of Community Councils; Edinburgh’s Young People forums; city Diversity groups; accommodation providers (Edinburgh Hotels Association); workers engaged in tourism (a recognised trade union); tourist organisations (Edinburgh Tourism Action Group); and the city’s cultural and heritage sector (Edinburgh World Heritage sites, Edinburgh’s Festivals).

4.13.3 The draft scheme had outlined a number of stakeholder groups to be included in the Forum. There is a broad agreement on these as the right target groups, however it was raised that the final membership should be selected under the guidance of the independent Chair. Concerns were also raised over certain business interests being under-represented at the Forum. For example, small businesses and cultural / visitor attractions do not have individual representation, nor do transport providers. It is expected that the Edinburgh Tourism Action Group (ETAG) representative should convey and represent the views of its members, which includes all of the above, but other interested parties should be allowed to make representations to the Forum as and when appropriate.

4.13.4 Some industry responses, as well as VisitScotland, suggested that the Strategic Implementation Group (SIG), which has been meeting regularly since the formation of the Edinburgh 2030 Tourism Strategy was agreed, could be reorganised to accommodate additional representation from residents, workers and communities. This would avoid two groups operating simultaneously within a similar remit and, as the group has a lot of experience and expertise around the Visitor Economy, “it would provide a strong link with the work to date and allow continuity of thinking and knowledge through the early period of the levy’s introduction” (VisitScotland). VisitScotland also highlighted that “the main benefit of this approach would present an opportunity to dovetail the visitor levy with Edinburgh’s tourism strategy, ensuring the two go hand in hand.” This will be discussed with the Chair, once recruited.

4.14 *Administration costs* – this was not consulted on but came up in several discussions. It is broadly accepted that the Council will require to cover its costs for administering the scheme, but several stakeholders requested that a breakdown of these costs is included within the accounts which will be published annually (as per the Act).

4.14.1 In the draft scheme, it was suggested that accommodation providers retain part of the levy raised to meet some of their costs incurred, as part of the administration costs. The amount retained would depend on the size of the provider with large businesses retaining 1.5% and small businesses / those not part of a chain retaining 2.5%. This proposal has been well received by industry stakeholders, however there was some disagreement around how to define small/large business and so, in order to reduce complexity and make the scheme administration simpler, this has been replaced with a flat 2% of all accommodation providers’ levy raised.

4.14.2 As set out in the draft scheme, this is intended to cover some of the direct costs which will occur as a result of collecting the levy (such as credit card charges and amendments to accounting systems) and evidence gathered from a number of accommodation providers shows that this would cover the

majority of credit card charges which have averaged between 1.53 – 2.82% from the data supplied. Further details of the costs which could be covered by this 2% can be found in section 8b of Appendix 3.

4.14.3 It should also be noted that s. 26(3)(a) of the Act stipulates that the accommodation provider must pay the full levy to the Local Authority, which means that this will need to be reimbursed to them, and from the net proceeds rather than as part of the administration costs for the scheme.

4.15 *Use of net proceeds (2% on participatory budgeting, £5m on housing, then the rest split on 55% city operations and infrastructure, 35% culture, heritage and events and 10% destination and visitor management)* – consultation results demonstrate broad agreement around the themes proposed with varying levels of support for individual themes.

4.15.1 Details of each investment theme was provided in Appendix 6 of the 22 August 2024 report, including indicative projects and activities to fund. This has been updated as Appendix 6 to this report for ease.

4.15.2 The survey shows that most residents (70%) and businesses (51%) are happy with the proportion allocated to **participatory budgeting** (PB) or think more should be spent on this, whereas visitors support other priorities such as culture, heritage and events or destination and visitor management (more than half (62%) of visitors say that ‘less or no money should be spent on PB’, or they don’t know). Engagement responses on this point have been overall positive, but several respondents commented that it is crucial that the requirements of the legislation are still met, i.e. PB spend still needs to ‘sustain, support or develop things that are substantially for or used by visitors’. There have also been queries around why this is 2% and not a fixed amount as that would make the PB process easier and more transparent to manage, but other comments were received around how this should remain a percentage to ensure proportionality.

4.15.3 Most residents are happy with the proportion allocated to **housing** or think more should be spent on this (76%), whereas 61% of visitors and 59% of businesses say that ‘less or no money should be spent on housing’, or they don’t know. Again, several comments have been made around how this will need to meet the requirements of the legislation (i.e. to ‘sustain, support or develop things that are substantially for or used by visitors’). Living Rent Scotland and Unite Hospitality have suggested that a larger proportion of the funds (£9.1m) should be dedicated to this theme and with all or most of it on social housing. Several businesses have commented that while they can see the link to the benefit for visitors when making mid-market homes available to those working in the visitor economy, they are largely not supportive of the use of the funds for social homes and cannot see how this would comply with the legislation.

- 4.15.4 Regarding the thematic spend, most residents are happy with the proportion allocated to **city operations and infrastructure** or think more should be spent on this (81%). On the other hand, businesses and visitors indicate that they support other priorities more (60% of visitors and 55% of businesses saying that less or no money should be spent on city operations and infrastructure, or that they don't know). Engagement results are along the same lines, but with businesses somewhat more supportive in discussion. There is a strong sentiment from both residents and businesses that this should focus on enhancing the place experience and, as such, be additional to services and operations already in place, with Essential Edinburgh calling for base level data, showing the 2025/26 investment in each area.
- 4.15.5 Most residents (58%) think that the proposed proportion is right, or that more should be spent, on **culture, heritage and events**, however, 34% of residents think less, or no, money should be spent on culture, heritage and events. 69% of businesses and 54% of visitors think that this is the right amount or that more should be spent on this. There is a recognition that the city has a strong offering in this sector and that this needs to be supported, however there is also some sentiment that there is a need to reduce reliance on it. One respondent said: "The festivals in Edinburgh bring in huge amounts of income for the city already, often at the expense of locals. We need to invest in ensuring the destination is set up for seasonal spread."
- 4.15.6 Businesses are most supportive of the **destination and visitor management** allocation, with 73% saying this is the right amount or that more should be spent on this and many commenting during engagement about how this should have a greater proportion allocated. Most residents (52%) think that this is the right amount or that more should be spent on this and 49% of visitors think that this is the right amount or that more should be spent on this theme. There is a common (mis)conception that this theme is primarily about city marketing and, while a well-known travel booking site highlights in their response that "destination marketing will be essential to counteract the effect of the levy on demand and to ensure that the levy is sustainable in the longer term", many respondents (especially residents) feel there is less need for marketing support, but there is strong support for supporting sustainable tourism measures and Fair Work within the industry.
- 4.15.7 Reflecting the feedback from the consultation, the scheme has been updated with the following amendments:
- 4.15.7.1 A fixed PB allocation of £100,000 per electoral ward + £300,000 running cost over the first three-year cycle. This would total £2m over three years, which equates to approximately 2% of the total income over this period of time. This will ensure an even allocation across the areas and the investment cycle and ensure resource is available to manage the process;

- 4.15.7.2 No change to the Housing allocation of £5m per annum;
  - 4.15.7.3 2% of revenue to be earmarked for repayment to accommodation providers, as set out in paragraphs 4.14.1 - 4.14.3; and
  - 4.15.7.4 No change to the investment of the balance of the remaining funds, meaning this will be allocated as 55 / 35 / 10 percent between City Operations / Culture, Heritage and Events / Destination and Visitor Management respectively. This reflects the priorities of the full suite of consultees and stakeholders and ensures that each theme receives an allocation large enough to make a significant impact.
- 4.15.8 Detailed work and engagement regarding specific projects and funding allocations will take place during the implementation period, with the aim of presenting a full initial investment programme to relevant executive committees by the end of 2025, as part of the Council's financial decision-making framework.

## 5. Next Steps

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- 5.1 If Committee approve the report recommendations, this report will be referred to a special meeting of the Council scheduled for 24 January 2025. Should Committee make any recommended changes to the scheme, Appendix 1 will be updated prior to the Council meeting.
- 5.2 Subject to scheme approval, the Council must announce its intention to proceed with a VL for Edinburgh to the public and to the Scottish Government, triggering the start of the 18-month implementation period, during which the Council will continue to engage with the public, elected members and the visitor economy industry.
- 5.3 The following activities will also continue:
  - 5.3.1 Development and deployment of the online platform for collecting VL payments from accommodation providers;
  - 5.3.2 Development of detailed VL investment proposals. If the proposal for a Spend to Save investment (Appendix 5) is approved, recruitment of two officers to support this development will commence immediately;
  - 5.3.3 Recruitment of a Chair for the Visitor Levy Forum will be progressed, with the recommendation of the preferred candidate submitted to the Council for approval. Following the appointment of the Chair, the remaining members will be approached under the Chair's guidance. Terms of Reference will also be written ahead of the first meeting of the Forum, which must take place no later than 24 July 2025.
- 5.4 Following review and recommendations of the Forum, each investment theme will be presented to the relevant executive committee for approval, with the full

investment programme to be agreed as part of the wider financial decision-making framework.

- 5.5 In addition, a report to the Housing, Homelessness and Fair Work Committee on 13 May 2025 will explore specific details of how the housing allocation could be spent to support housing in the city. This report will also set out the relationship between this funding, the Strategic Housing Investment Plan, and the annual Housing Revenue Account budget setting process.

## 6. Financial impact

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- 6.1 Estimated income and financial principles and risks remain largely as set out in the [report](#) from 22 August 2024, with the exception of a recommendation that payments into a ring-fenced reserve should not start until the first full year of income (2027/28), and with the exception of the Spend to Save application to enable the implementation of the Scheme. As detailed in the Spend to Save application, this would mean the Council would need to spend £800,000 over the financial years 2025-26 and 2026-27, to be repaid over the years 2027-28 and 2028-29 from the Visitor Levy income.

### Administration costs

- 6.2 Implementation costs (until July 2026): **£800,000**

6.2.1 Due to the need to recruit staff earlier to develop the investment programme, implementation costs until July 2026 have been re-estimated to £800,000. Detail can be found in the 'spend to save application' in Appendix 5. The Council will, if the application is approved, pay this cost upfront and repayments will be made from the scheme income in years 2 and 3 (2027-28 and 2028-29)

- 6.3 Annual running costs (after July 2026): **£1,000,000** (2-3% of total forecasted revenue), consisting of:

6.3.1 12 x FTEs for roles ranging from Grade 4 to Grade 8 (details can be found in section 8a of Appendix 3);

6.3.2 Administration costs cover the maximum annual maintenance fee to the Improvement Service (it is very likely this will reduce by at least 60% if and when other Local Authorities announce their VL schemes);

6.3.3 A budget for market research, data access and services of £65,000 to support the continuous evaluation and assessment of the visitor economy and impact of the VL scheme;

6.3.4 Direct governance costs and expenses for running the Visitor Levy Forum; and

6.3.5 A budget for legal and financial support, if needed.

## 7. Equality and Poverty Impact

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- 7.1 It is not envisaged that introducing a VL for Edinburgh will have any direct equality or poverty implications, however it is acknowledged that, by carefully designing and implementing a VL with attention to equality and poverty impacts, Edinburgh can create a more sustainable and inclusive tourism model that benefits both residents and visitors.
- 7.2 The Guidance specifies that investments can be made in initiatives that indirectly support visitors and/or the visitor experience. Edinburgh has declared a housing emergency and it is acknowledged that residents, especially those working in the visitor economy or culture sector, are often unable to find affordable housing options in the city. It is therefore recommended that a dedicated allocation is made towards a 'housing and tourism mitigation' fund, which can be used to complement the Council's existing capital investment programme for house building.
- 7.3 The proposed spend on housing could have a positive impact on equalities and poverty in the city, however the extent of this impact will depend on the details of how the fund will be spent. A report detailing this will be prepared for Housing, Homelessness and Fair Work Committee in May 2025.
- 7.4 As set out in the 'Destination Management' theme, part of the levy can be invested in educational campaigns to raise awareness among businesses about the importance of Fair Work principles, supporting inclusive recruitment practices and providing training opportunities for staff.
- 7.5 The management of the reimbursement of levy payments for those who are eligible may have some impacts on groups who are protected under the Equalities Act. Further details on concerns and mitigations for this process can be found in Appendix 3 and in the latest interim Integrated Impact Assessment (IIA).
- 7.6 The PB funding will have a positive impact on communities which do not generally receive significant economic benefit from tourism with the decision-making process empowering local individuals and community groups, particularly those traditionally excluded or suffering from inequalities.
- 7.7 An interim [IIA](#) was carried out in on the impacts of the implementation of the VL and a [further interim IIA](#) was carried out on the proposed scheme of the VL following consultation. This includes the assessment of a VL scheme's impacts in Edinburgh which was originally included in the [report](#) to Committee on 22 August 2024 (page 17). Another IIA will be carried out in 2025 examining the spending programmes, once they have been developed.

## 8. Climate and Nature Emergency Implications

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- 8.1 International travel is a large contributor to CO2 emissions. While there is no evidence that introducing a VL would reduce the number of visitors to Edinburgh,



the proceeds from the levy could be invested in promoting more sustainable ways of travelling to Edinburgh and, while here, in and around the city.

- 8.2 As set out in the ‘Destination Management’ theme, part of the levy can be invested in educational campaigns to raise awareness among visitors about the importance of preserving the environment, promoting responsible behaviour, and encouraging eco-friendly practices. The proceeds from the levy can also be used to provide financial incentives for businesses that adopt sustainable practices.
- 8.3 As noted above, an interim IIA was carried out in May 2024 which highlighted the impacts of the implementation of the VL. A further IIA was carried out in December 2024 on the proposed scheme following consultation and includes the assessment of a VL scheme’s impacts in Edinburgh (which was originally included in the report to Committee on 22 August 2024 (page 17)). Another IIA will be carried out in 2025 examining the spending programmes, once they have been developed.

## **9. Risk, policy, compliance, governance and community impact**

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### **Key Risks**

- 9.1 A risk register has been maintained at all stages of the consultation and will continue throughout implementation. If the recommendations in this report are agreed, the following key risks have been identified (with mitigating comments):
- 9.1.1 There is a risk that the introduction of a VL has a potential impact on the accommodation provider’s competitiveness and profitability. However, while price is certainly a factor in planning a trip, visitors are usually committed to a particular destination by the time they are ready to book, and it is unlikely that visitors would substitute one city for another for a marginal saving;
- 9.1.2 No local exemptions to the VL scheme are recommended, which raises a risk that some groups (for example, those with lower incomes) may find that overnight accommodation within their budget is no longer available to them. It is considered that because the VL is a percentage rate, the impact will be proportionate to the cost of the accommodation, reflecting the amount of money a visitor is prepared to spend on their accommodation; and
- 9.1.3 Use of net proceeds must comply with the legal requirements as set out in the Act. There is a risk that if this requirement is not fully adhered to, or perceived as not fully adhered to, the Council may be challenged by an aggrieved party (e.g. VL contributor or a body representing a particular hospitality sector). This should be considered with particular care when considering capital borrowing for projects with VL funds, as the Council would remain liable for the full repayment term regardless of whether it is covered by the VL fund or not. It is also essential that the Council can tie (even indirectly) the allocation of VL funding to the visitor economy (e.g. by detailing how provision of mid-market housing will assist those employed in the city’s

hospitality sector (Appendix 6)) and that the objective is proportionate and achievable.

- 9.2 If the recommendations are not agreed, the following key risks have been identified:
- 9.2.1 This would delay the introduction of a VL for Edinburgh. If Committee decide not to proceed with a VL for Edinburgh, the visitor and city improvement opportunity offered by the VL raised would be lost;
  - 9.2.2 If further exemptions were to be introduced, the complexity of the administration and enforcement of the scheme will increase significantly. In addition to the costs for this, the added complexity will increase the possibility of fraudulent activity and avoidance of the levy; and
  - 9.2.3 If further funds were to be allocated to housing, in order to remain within the financial prudence guidelines recommended by the Council's s.95 officer, this would reduce the amount of funds available for capital borrowing, meaning less investment can be made in other capital initiatives under the investment themes. This may also damage to relationship between Council and industry, leading to reduced acceptance of the scheme and, in turn, potentially reduced compliance.

#### **Impact on Council policy**

- 9.3 If the recommendations in this report are approved, and the VL is introduced in Edinburgh, this would have a significant, positive impact on the delivery of existing policies, namely Edinburgh's 2030 Tourism Strategy, aspects of the City Plan 2030 and the Citywide Culture Strategy 2023-30.
- 9.4 There are no health and safety implications associated with the recommendations in this report.
- 9.5 There are no governance, compliance or regulatory implications associated with the recommendations in this report. However regulatory implications are being explored in more detail. It is anticipated that further work on this is carried out during the 18-month implementation period.

#### **Community Impact**

- 9.6 As set out above, a portion of the levy revenue is proposed to be dedicated for PB. Investments in community projects can improve the quality of life for local residents, particularly in areas that are heavily impacted by tourism.
- 9.7 The PB projects and process will support developing increased community cohesion, strengthen local democracy, develop a more engaged community. PB funding devolves decision-making to meet locally defined need, which can lead to improving the quality of life for people living in all types of communities.
- 9.8 The scheme has been informed by significant community engagement with residents of Edinburgh, visitors to Edinburgh and businesses and organisations in Edinburgh which may be affected by the introduction of a VL. An IIA was carried out

in December 2024, taking into consideration how the implementation of a VL would impact communities.

## **10. Background reading/external references**

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10.1 [Visitor Levy \(Scotland\) Act 2024](#)

10.2 Previous VL Committee reports

- [Edinburgh Transient Visitor Levy Consultation 2018](#) - February 2019
- [A Visitor Levy for Edinburgh: Progress Update and Draft Proposal](#) - August 2023
- [A Visitor Levy for Edinburgh: Update on progress and stakeholder engagement](#) – March 2024
- [A Visitor Levy for Edinburgh: Draft Scheme](#) – August 2024

10.3 [VisitScotland Visitor Levy Guidance](#)

10.4 [Council Business Plan 2024-30](#)

10.5 [Edinburgh 2030 Tourism Strategy](#)

## **11. Appendices**

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Appendix 1 – A Visitor Levy for Edinburgh Scheme

Appendix 2 – Survey results

Appendix 3 – Background to recommendations

Appendix 4 – Implementation Timeline

Appendix 5 – Spend to Save application

Appendix 6 – VL Spending Programmes (updated)

Appendix 7 – Measurement and Reporting of Scheme Objectives

## Visitor Levy for Edinburgh Scheme

The City of Edinburgh Council intends to utilise the powers conferred on it by the Visitor Levy (Scotland) Act 2024 ('the Act') to impose a levy in respect of persons staying in certain types of accommodation overnight in its local authority area. Below are the details of the Visitor Levy for Edinburgh Scheme ('the Scheme').

### 1. **Scheme Objectives**

The overarching aim of the Scheme is to sustain Edinburgh's status as one of the world's greatest cultural and heritage cities and to ensure that the impacts of a successful visitor economy are managed effectively and in support of the priorities as set out in the Council's Business Plan (or equivalent).

The objectives of the scheme are therefore to Sustain, Support and Develop:

1. Public services, programmes and infrastructure that provide an enjoyable and safe visitor and resident experience.
2. Edinburgh's culture, heritage and events provision to ensure it remains world-leading and competitively attractive to visitors as well as residents.
3. The city's visitor economy, by fostering innovation in response to environmental and societal challenges, enhancing Edinburgh's global reputation while promoting responsible and sustainable tourism.

### 2. **Scheme area, start date and duration**

The Scheme covers the entirety of the City of Edinburgh Council boundaries and will apply to overnight stays from 24 July 2026, booked and paid for (in part or full) on or after 1 May 2025. It will apply indefinitely, or until the Council decides to end or amend it, and at all times of the year.

### 3. **The levy rate**

The levy rate will be 5%, payable for a maximum of five consecutive nights and will apply at the same level, year-round, across the entire City of Edinburgh Council boundary area.

### 4. **Accommodation liable for the levy**

The levy will apply to all overnight accommodation, including those with an annual turnover below the VAT threshold, based within the City of Edinburgh Council boundary.

This includes:

- Hotels;
- Hostels;
- Guest houses;
- Bed and breakfast accommodation;
- Self-catering accommodation, including short-term lets;
- All paid accommodation on caravan sites and campsites, including temporary tent and campervan pitches;

- Accommodation in a vehicle, or on board a vessel, which is permanently or predominantly situated in one place; and
- Any other place at which a room or area is offered by the occupier for residential purposes otherwise than as a visitor's only or usual place of residence.

Certain accommodation providers may apply to the Council for a discretionary site exemption if they meet both of the following criteria:

- The property is occupied by a charity or trustee of a charity; and
- Overnight stays must be wholly or mainly for charitable purposes.

This discretionary exemption is aligned with the cases where charities may receive mandatory relief from paying Non-Domestic Rates and may be cross-checked with that register.

Accommodation providers who do not charge for overnight accommodation, or who cater fully for individuals who are exempted from paying the levy are not liable for the levy.

## **5. Individuals exempted or excluded from paying the levy**

The Visitor Levy is payable by anyone staying in accommodation which is not their only or usual place of residence (temporary or otherwise). Individuals who do not have an only or usual place of residence are therefore not required to pay the levy. This includes people who are homeless, refugees and asylum seekers and people whose homes are unfit or unsafe for habitation.<sup>1</sup> In addition, individuals defined in s. 14 (1) of the Act are exempt from paying the levy.<sup>2</sup>

Individuals who are exempt or excluded will need to pay the levy to the accommodation provider and request reimbursement from the Council, unless their accommodation has been arranged and paid for directly via the Council. Reimbursement can be applied for online, submitting relevant evidence (as detailed below and on the Council's website) and bank details (to enable payment via BACS). Alternative provision can be made for those who do not have internet access.

Evidence which will be required to be submitted includes:

- The name of person exempted/excluded;
- If exclusion applies, verification of such status from relevant official body (this can include the Council's Homelessness service, Social services, relevant third sector provider, Police Scotland etc);
- If exemption applies, a copy (scan/photo) of the relevant benefit award letter or similar document;
- Booking confirmation/accommodation invoice - the name of the person exempted/excluded should be included on this document; and
- Proof of payment for overnight accommodation.

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<sup>1</sup> For further consideration of individuals not within the scope of the legislation, refer to [Visit Scotland's Guidance on the Visitor Levy](#)

<sup>2</sup> As at the time of agreeing the Scheme, this is only people in receipt of the following benefit payments: Disability Living Allowance, Disability Assistance, Attendance Allowance, Pension Age Disability Benefit and Personal Independence Payment.

The Council will assess the evidence received and pay the reimbursement via bank transfer within 5 working days if the applicant is found to be eligible.

## **6. Collecting and enforcing the levy**

Accommodation providers within the local authority area will be liable for the levy. They will be required to submit quarterly reports, detailing the total accommodation charges and the total levy collected to a national online visitor levy portal. The levy will be payable at the same time as submitting returns.

Accommodation providers are required to keep accurate records of all transactions that are subject to the levy. The Council will conduct inspections, as required, to ensure compliance with the scheme and remittance requirements.

Accommodation providers who fail to comply may be subject to penalties.

Appeals relating to decisions made by the Council on the operation and/or enforcement of the scheme can be registered via email to [customer.care@edinburgh.gov.uk](mailto:customer.care@edinburgh.gov.uk). Alternatively, a complaint can be logged on the Council's website, following the [Council's complaint procedure](#). The Council will aim to review and process such appeals within 28 calendar days.

## **7. Use of net proceeds**

The Act stipulates that the net proceeds of a visitor levy must be spent on facilitating the achievement of the scheme's objectives and on "developing, supporting and sustaining facilities and services which are substantially for or used by persons visiting [overnight] for leisure or business purposes (or both)".

After administration costs, which includes the establishing and maintenance of a contingency fund, a fixed amount will be assigned to:

- Housing and tourism mitigation (£5m p.a.);
- Participatory budgeting (£2m over 3 years); and
- Reimbursement of 2% of remitted funds to Accommodation Providers, to off-set the administrative cost incurred from operating in accordance with the Scheme and collecting visitor data

The remaining funds will then be split into the following investment streams:

- City Operations and Infrastructure (55%);
- Culture, Heritage and Events (35%); and
- Destination and Visitor Management (10%).

The Council will make decisions on the use of funds after consultation with the Visitor Levy Forum (see details below), with these decisions delegated to the relevant executive Committees.

## **8. Reviewing and changing the scheme**

The Council will review the scheme every three years to assess whether it is successfully achieving its objectives and to measure the impact of the scheme on businesses, visitors and

communities. The review will be published along with a report detailing how the income has been spent and the benefits which the VL-funded projects have brought.

If the Council wishes to make changes to the scheme following the review, it will publicly consult on the change and publish a report detailing the decision and its justification. Significant changes to the scheme will require an 18-month implementation period.

Significant changes to the scheme include:

- Increasing the scheme area;
- Increasing the percentage rate; and/or
- Removing any exemptions.

## **9. Visitor Levy Forum**

A Visitor Levy Forum will be established to discuss and advise on the VL scheme, including the review of the scheme and any modifications to the scheme. The Forum will also be consulted on how the VL funds will be spent.

The Forum will be made up of representatives from the community and from businesses in the city's visitor economy. Council officers responsible for the investment streams and officers from the Council's Programme Management Office will be in attendance at Forum meetings and may make recommendations to the Forum but will not be members of the Forum itself.

# A Visitor Levy for Edinburgh

## Appendix 2: Questionnaire results summary (2024)

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# Executive summary

- Councils in Scotland have new powers to introduce a visitor levy in their local area. These powers come from the new Visitor Levy (Scotland) Act 2024.
- The City of Edinburgh Council carried out an online survey as part of a consultation to collect views on the draft proposals in the scheme from residents, visitors, businesses and anyone else with an interest. The survey was open for 12 weeks, from 23 September until 15 December 2024.
- We received 4,517 responses to the online survey and 98% of respondents were either very aware or quite aware of the levy.
- The majority of respondents agreed with the objectives of the levy.
- There was strong support for a 5% levy rate, however over a third of visitors and two in 10 businesses did not support the levy being introduced.

# Executive summary (continued)

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- There was no consensus on whether temporary tent and caravan pitches should be exempt from the levy.
- Residents supported the refund proposals for those who are exempt and plans to work with organisations who represent people impacted by this. However, there was concern that having to pay the levy in the first place might be a barrier to visiting for some, and that the administrative process might put people off from applying for refunds to which they were entitled.
- Residents appeared to show more support for the spending allocated to participatory budgeting; housing; and city operations and infrastructure, with many who thought more should be spent on latter two.
- Visitors were more supportive of spending on culture, heritage and events compared to the other areas of proposed spend, however many answered “I don’t know” when asked how the funds should be used.
- Businesses showed higher levels of support for culture, heritage and events; and destination and visitor management, and felt more should be spent on these areas.

# Method

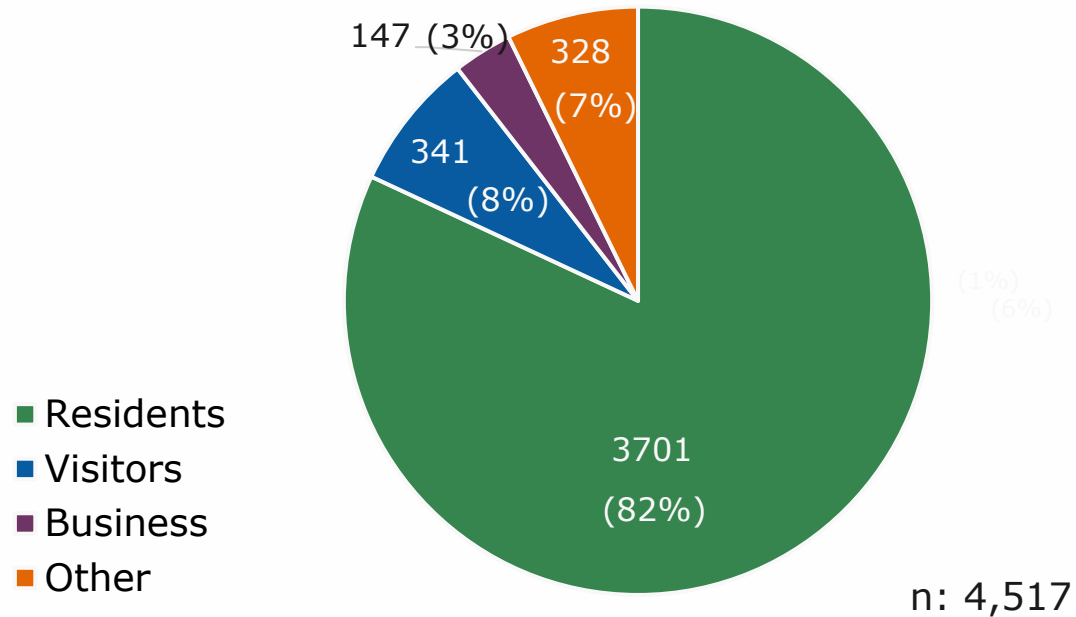
- An online survey was carried out between 23 September - 15 December 2024 as part of the consultation to collect feedback on the Council's proposals for a visitor levy in Edinburgh. The feedback will be used to develop the final visitor levy scheme.
- This summary provides the results to the online survey hosted on the Council's Consultation and Engagement Hub. Paper copies were made available on request. Results from other consultation activities are provided separately.
- This consultation follows the requirements of the Visitor Levy (Scotland) Act.
- Proposals included in the consultation were developed using feedback collected during previous engagement with industry, the public and officers.
- The respondents of the survey are self-selecting and we therefore cannot say that the views expressed here reflect those of the population as a whole.
- 36 responses were removed from people who had responded more than once. Their most recent submitted response was included.
- The Council used various methods to target and promote the consultation and survey to residents, visitors, businesses, representative groups and others with an interest. This included direct emails, phone calls, in person sessions, drop by points, advertising through Forever Edinburgh website, Edinburgh Airport, paid online advertising, amongst a number of other physical and digital communication methods and media.

# Respondent profile

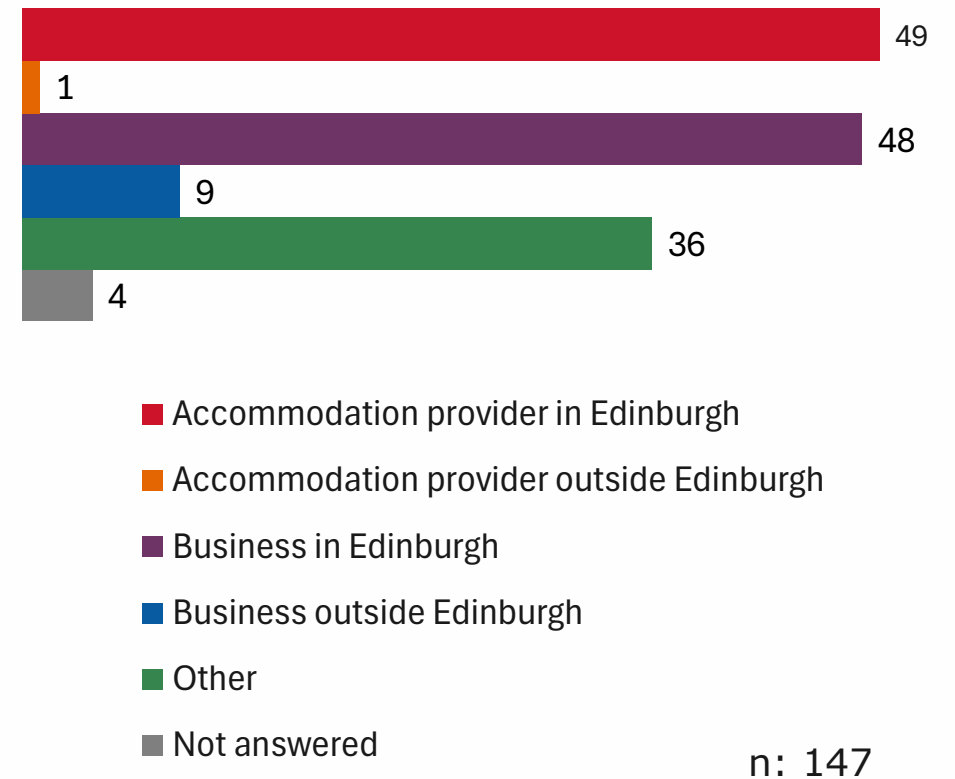
# Response

4,517 people responded to the survey.

82% were Edinburgh residents, 8% were visitors, 3% were businesses and 7% had a mix of 'other' connections\*

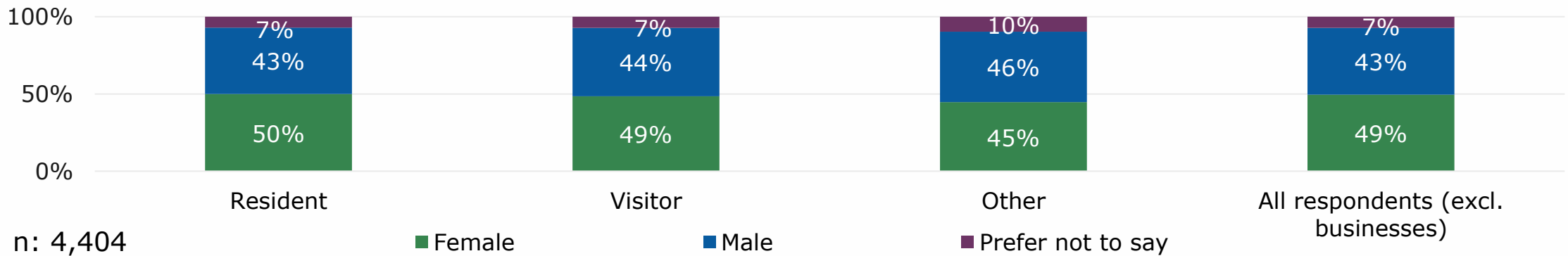
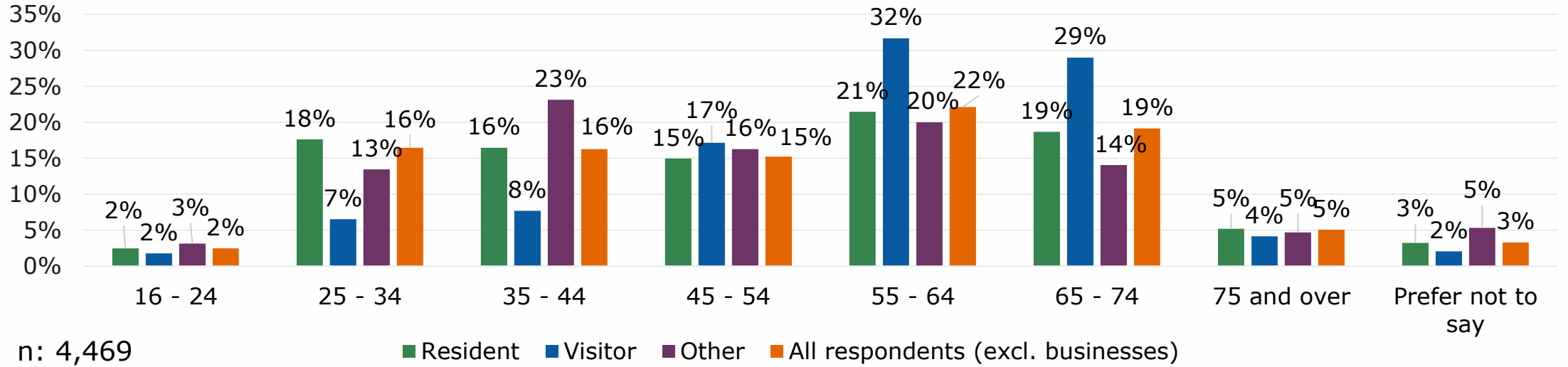


Types of business or representative groups responding:



Respondents have been grouped into the above and following categories - City of Edinburgh resident (resident), visitor to Edinburgh from the UK (visitor), visitor to Edinburgh from overseas (non-UK resident) (visitor), on behalf of a business in Edinburgh (business), part of a representative group for business or tourism (business), \*invest or own property in Edinburgh, but don't live in Edinburgh (other), \*work in Edinburgh, but I don't live there (other), \*never been to Edinburgh (other), \*Other (other).

# Age and sex of respondents

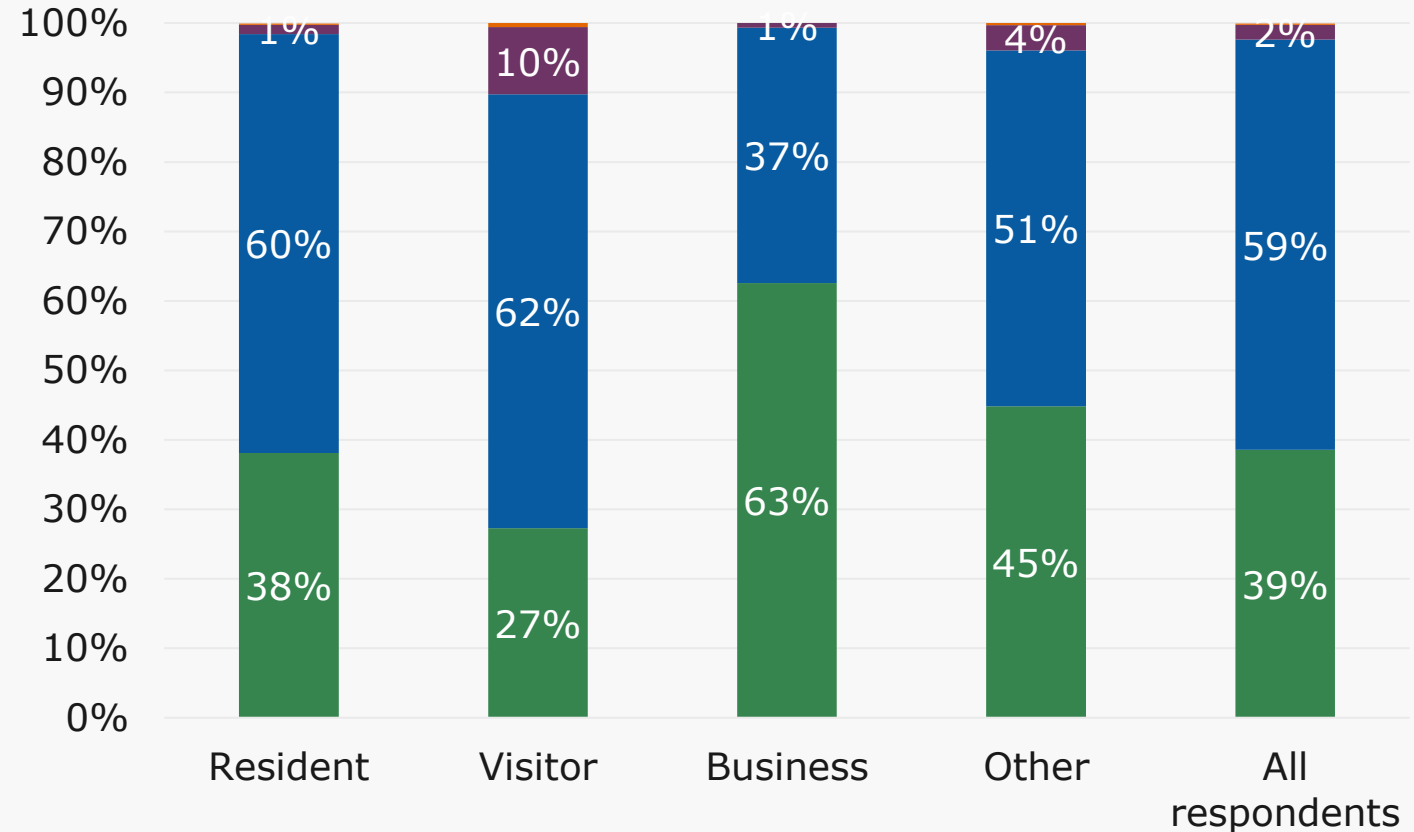


Note: 2% of residents, 1% of visitors, and 2% of "other" respondents considered themselves to be trans, or have a trans history.

# Awareness and objectives of the visitor levy

# Awareness of visitor levy

- 98% of respondents were either very aware or quite aware of what a visitor levy was (including 98% of residents, 90% of visitors, 99% of businesses and 96% of 'other' respondents)



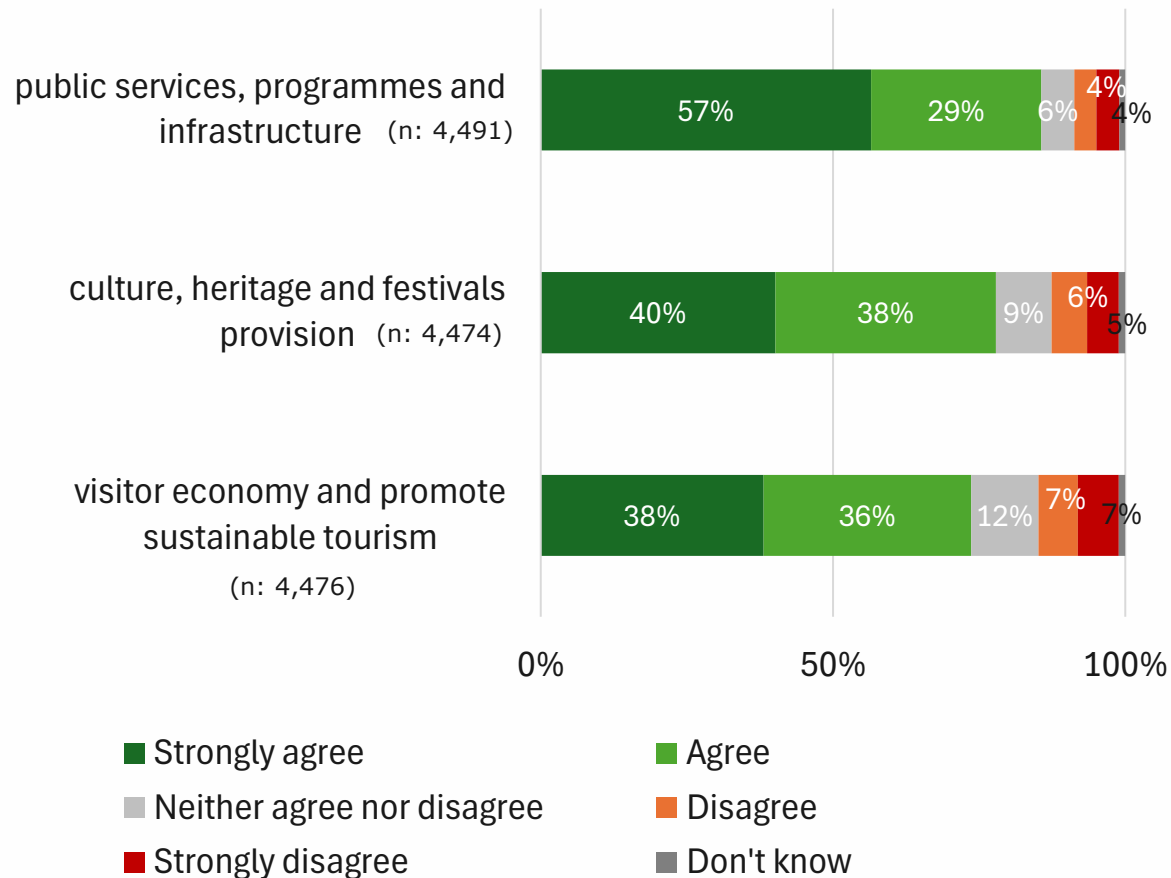
- Don't know
- Not aware - I have never heard of it
- Quite aware - I know a little about it
- Very aware - I know a lot about it

n: 4,514



# Objectives of the visitor levy

All respondents - Level of agreement with scheme objectives -  
To sustain, support and develop....



The **scheme's aim** is to:

- sustain Edinburgh's status as one of the world's greatest culture and heritage cities
- to ensure that the impacts of a successful visitor economy are managed effectively
- be in support of the priorities as set out in the Council's Business Plan.

The **objectives** of the scheme are sustain, support and develop:

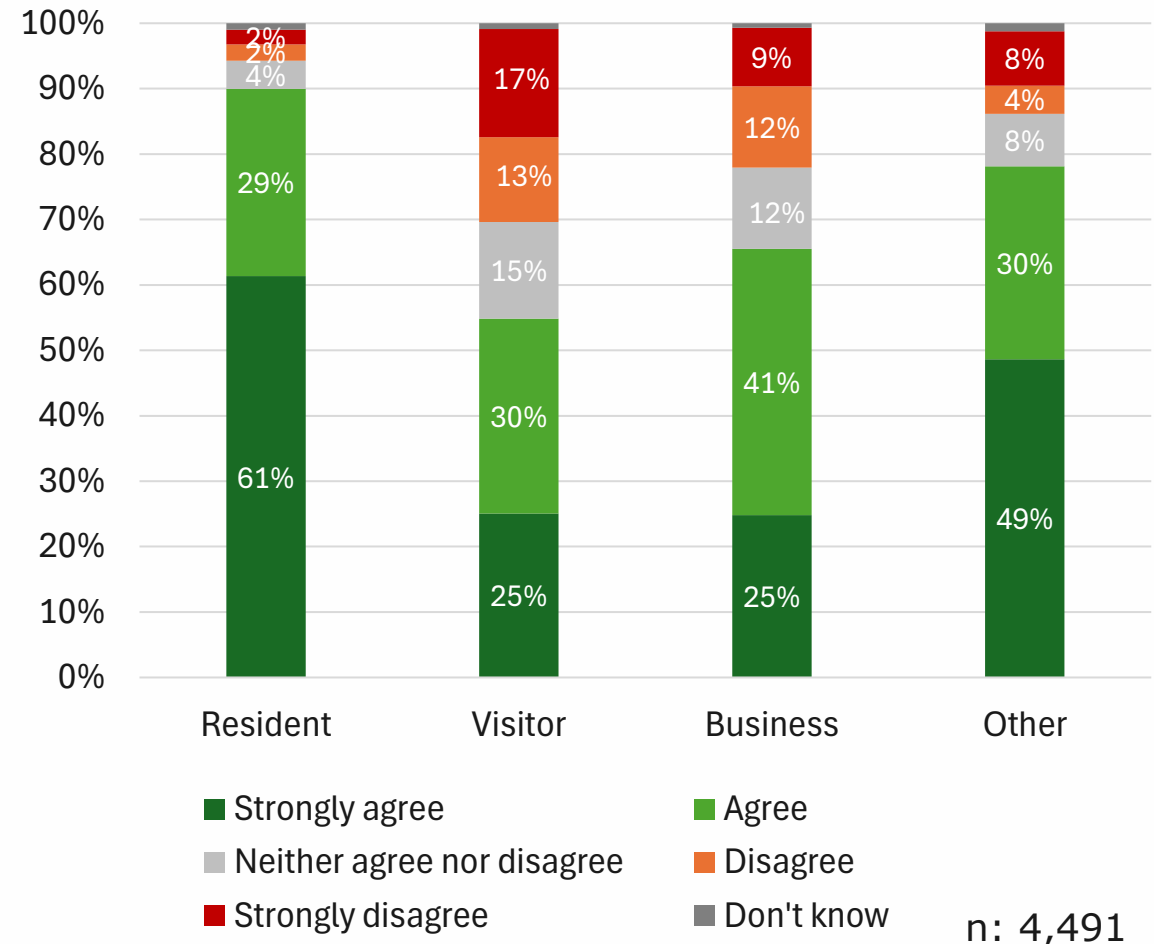
- public services, programmes and infrastructure that provide an enjoyable and safe visitor and resident experience.
- Edinburgh's culture, heritage and festivals provision to ensure it remains world-leading and competitively attractive to visitors as well as residents.
- the city's visitor economy by fostering innovation in response to environmental and societal challenges, enhancing Edinburgh's global reputation while promoting responsible and sustainable tourism

# Objectives - Respondent breakdown

When split up by respondent type, we can see that level of agreement varies considerably and is stronger with residents and "other" respondents.

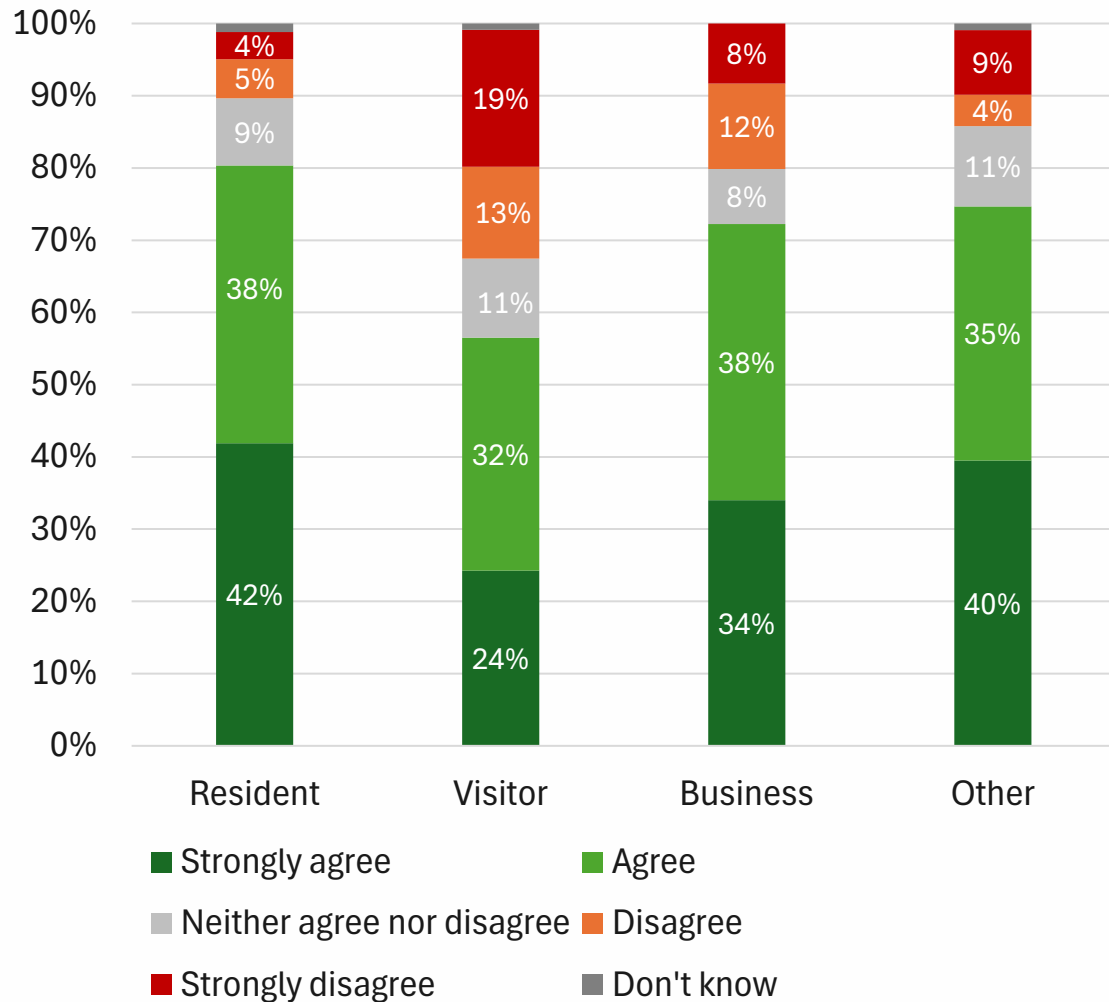
- 90% of residents and 78% of "other" respondents are in agreement with sustaining, supporting and developing **public services, programmes and infrastructure**. However, this is lower for visitors (55% agreement) and businesses (66% agreement)
- 80% of residents and 75% of "other" respondents are in agreement with sustaining, supporting and developing **Edinburgh's culture, heritage and festivals provision**. 57% of visitors and 72% of businesses are in agreement.
- 76% of residents and 73% of "other" respondents are in agreement with sustaining, supporting and developing **the city's visitor economy and to promote sustainable tourism**. 53% of visitors and 67% of businesses are in agreement.

Level of agreement with scheme objective - "To sustain, support and develop **public services, programmes and infrastructure**"



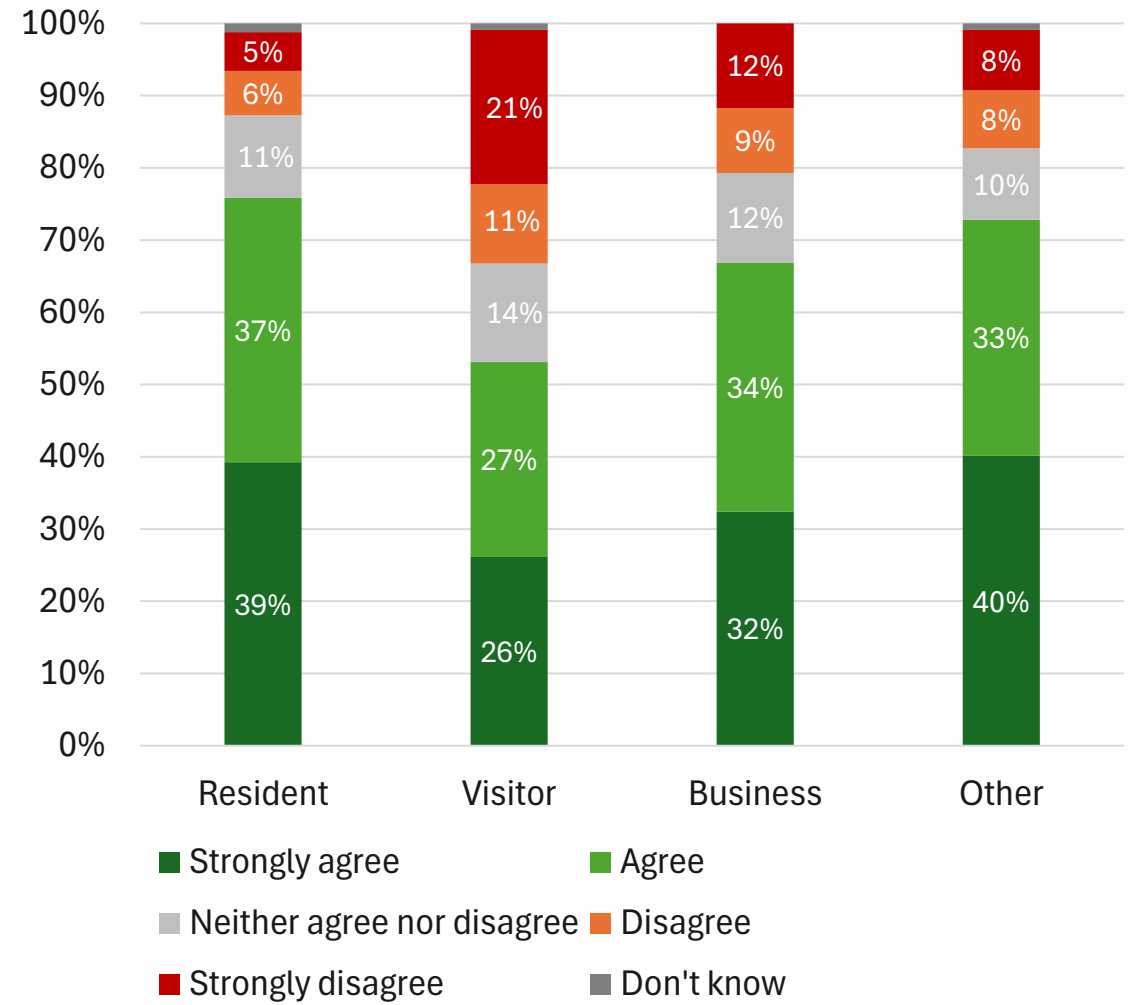
# Level of agreement with scheme objectives (continued)

Level of agreement with scheme objective - "To sustain, support and develop **Edinburgh's culture, heritage and festivals provision**"



n: 4,474

Level of agreement with scheme objective - "To sustain, support and develop **the city's visitor economy and to promote sustainable tourism**"



n: 4,476

# Comments on the scheme objectives

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## Residents and “other” respondents

- Many residents and some “other” respondents provided additional comments supporting the objectives and highlighted the importance of delivering on them. Yet, there was some scepticism over whether they would be delivered.
- Many residents and some “others” commenting also felt that the money should benefit residents, as well as tourists. Some felt it should be used to offset the consequences of tourism on local residents.
- Residents and “others” emphasised the importance of investing in local services and city infrastructure, including the upkeep of roads.
- Many residents felt it important to make the city a clean, welcoming and attractive environment for residents and visitors alike.
- Some thought that by investing in resident needs/services, we would also be investing in the visitor experience.

# Comments on the scheme objectives (continued)

## Business

- There were a mix comments from businesses around the objectives.
- Some were supportive; however, they lacked confidence that the money raised would go towards these objectives. Some wanted full transparency and specific details of amounts raised and where it would be spent.
- Some businesses comments related to supporting infrastructure and public facilities.
- Others were concerned that money raised would be “swallowed” into the general expenditure of the Council. They felt it should be “ringfenced” for added benefit to the visitor economy.
- Some thought that the money raised should be directed to alleviating impacts of tourism on the residents and businesses.
- There was concern that the levy will have a knock-on effect on businesses within the city due to visitors having less discretionary funds to spend in the city.

## Visitors

- The majority of comments made by visitors were opposed to the implementation of a visitor levy in general.
- Most visitors who commented thought they were already paying enough to visit Edinburgh whilst also, contributing to the economy.
- Many thought that it would make their visit too expensive on what is already an expensive city, particularly including accommodation costs , and would put them off visiting in future.
- Some felt that Edinburgh successfully hosts the largest arts festival in the world and does not need to charge and invest more in this.
- However, some visitors who commented said that they are supportive of the visitor levy, highlighting it would support service delivery, infrastructure and positive visitor experience.
- Some supporting the levy felt that it was comparable to other worldwide cities.

# Scheme objectives – comments

The main reason I am not overly keen on using any money raised to promote tourism and festivals is that they appear to be very popular with the current levels of support. (Resident)

If You Build It, they will Come. if Edinburgh is nice and its residents' content, tourism will follow. Promoting infrastructure and amenities benefit residents and visitors. (Resident)

Edinburgh hosts the largest arts festival in the world. It should be proud of this. Instead it is constantly looking for ways to make it more expensive and difficult for visitors to attend and performers to lodge. (Visitor)

We visit Edinburgh on a regular basis, but this scheme will make us rethink where we spend our holidays. The licences introduced to letting people have already increased the cost of accommodation and this will probably make it unviable to us to visit. Councils across the UK should be able to make their cities and towns attractive to visitors without extra charge, we spend money in these places anyway contributing to the economy... (Visitor)

There needs to be full transparency of amounts raised and where it is spent (Business)

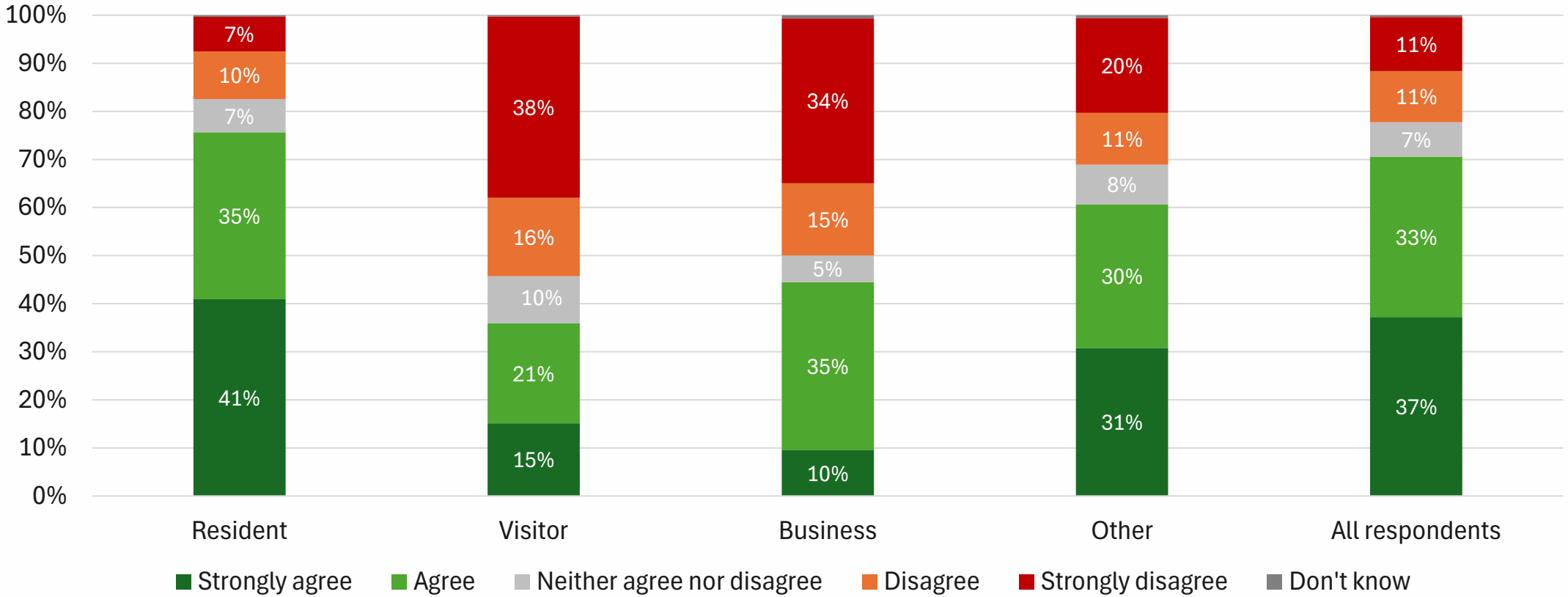
We agree development and progress is a good thing but not at the cost to small businesses that are already being hit for excessive charges. (Business)

# Visitor levy scheme

# To what extent do you agree or disagree that the levy rate in Edinburgh should be 5%?

- Most residents (76%) and "other" respondents (61%) agree with a 5% levy rate. However, 54% of visitors and 49% of businesses disagree with a 5% rate.

Page 48

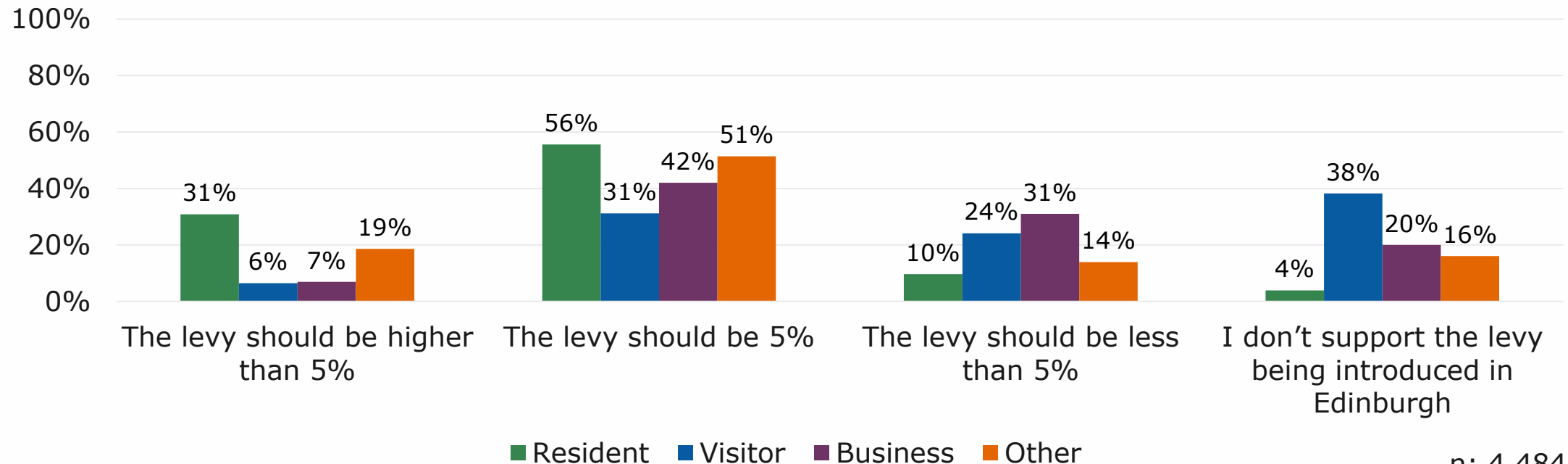


n: 4,489



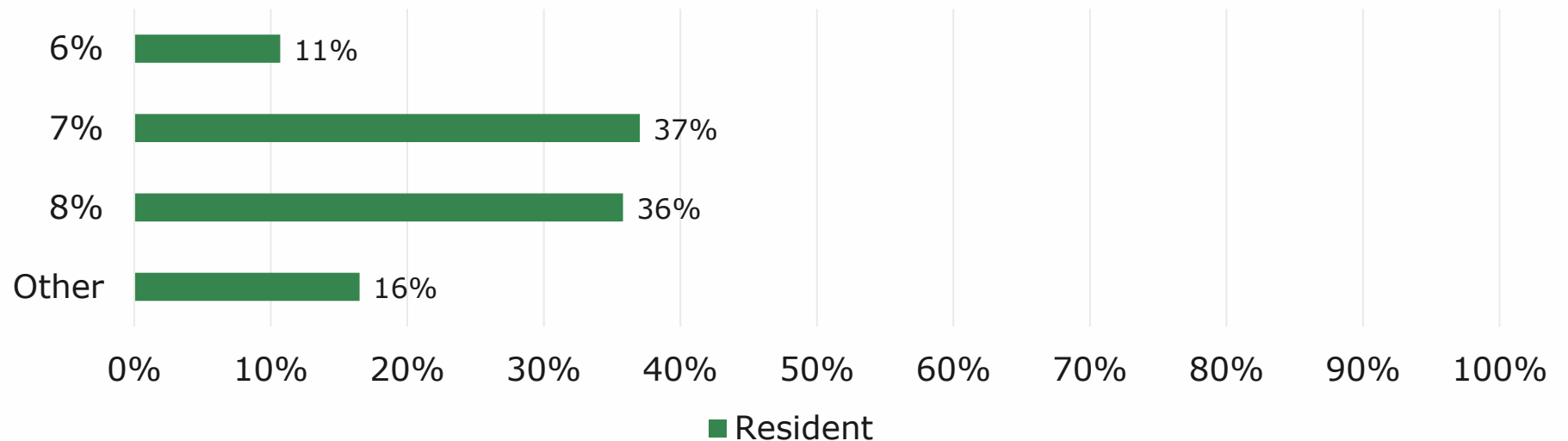
# Do you think the levy rate should be higher than 5%?

- Most residents (56%) think it should be 5%, but around three in 10 (31%) think it should be higher.
- Most "other" respondents (51%) think it should also be 5%, with 19% thinking it should be higher.
- 62% of visitors either don't support a visitor levy (38%) or think it should be less than 5% (24%). However, 31% of visitors think it should be 5%, with 6% saying higher.
- 42% of businesses are in favour of a 5% levy rate with 7% favouring higher. However, 51% either don't support a levy or would like it to be less than 5%.



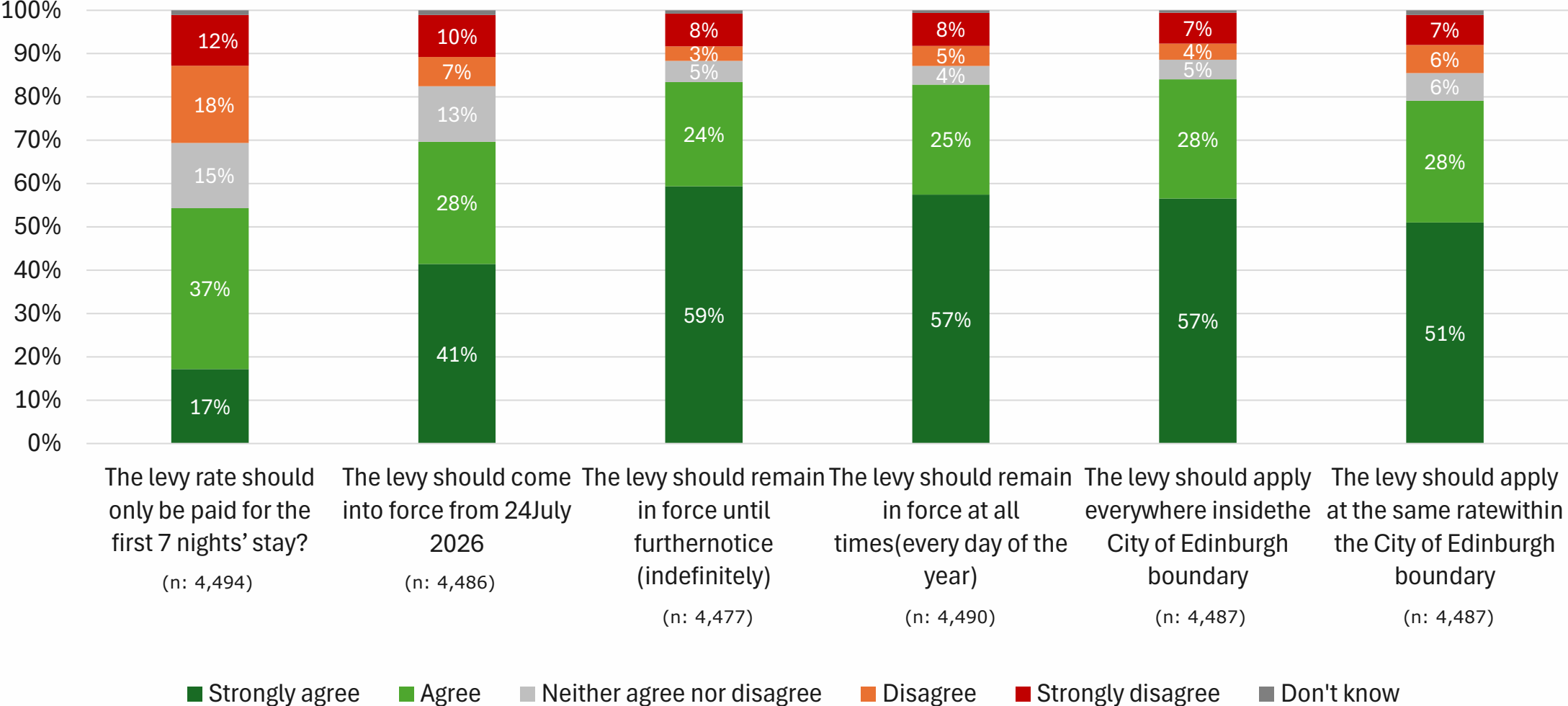
# If you think the levy rate should be higher than 5%, what percentage rate should it be?

- 1,151 people responded to this question, however, 1,067 of them were residents. Only 18 visitors, 10 businesses and 56 "others" responded to this question. The graph below excludes visitors, businesses and "others" to avoid misleading readers.
- 73% of residents who responded to this question felt that the levy should be set at 7% or 8%. That works out to just under 21% of all residents responding to the survey.



n: 1,1067

# Level of agreement with proposals in the draft scheme



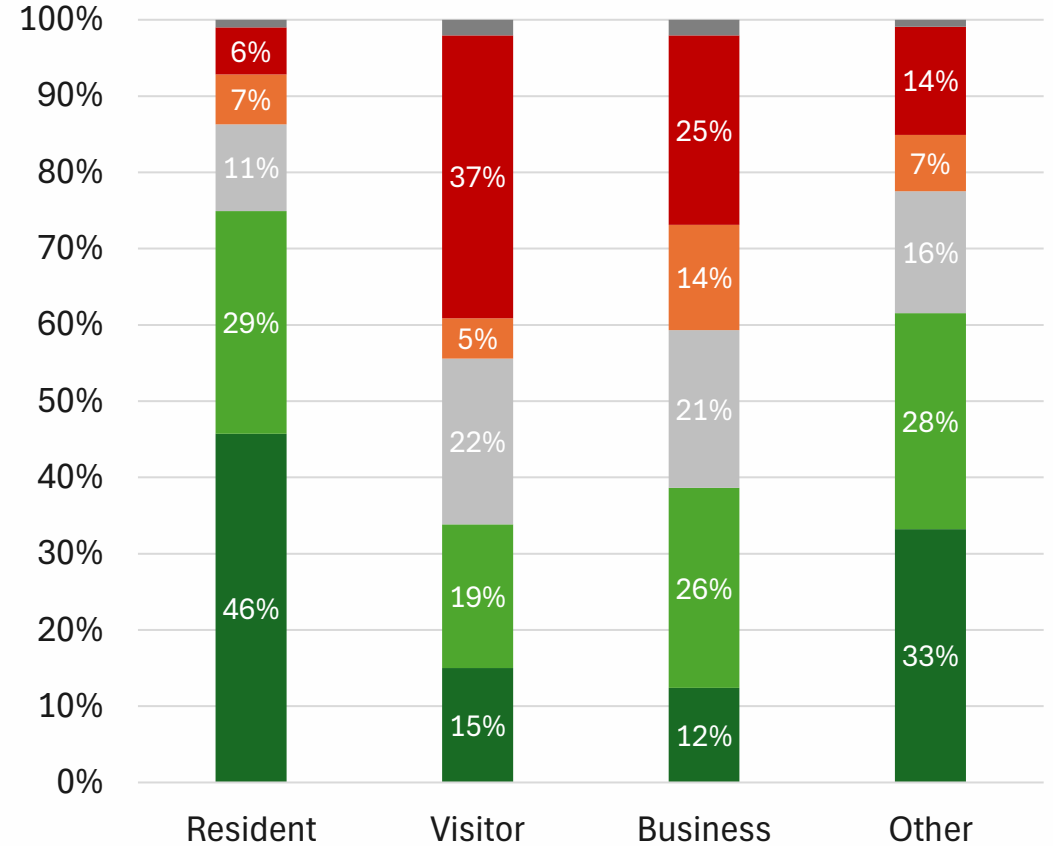
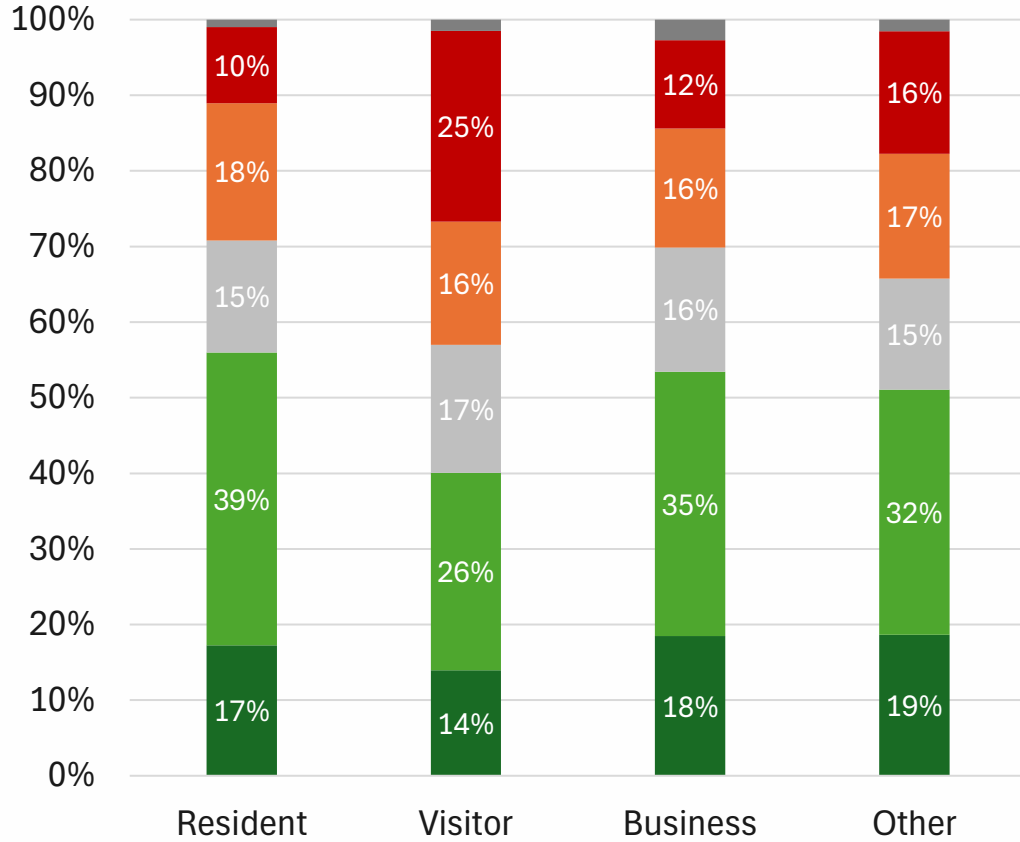
# Level of agreement with proposals in the draft scheme - respondent breakdown

- Over 75% of residents were in agreement with each proposal, apart from the proposal that the levy rate should be paid for the first 7 nights stay, which received only 56% agreement.
- Under 50% of visitors approved each proposal in the scheme.
- The response from business was mixed across each proposal. Under half of businesses responding thought the levy should come into force from 24 July 2026, and that it should remain in force until further notice.
- However, the majority of businesses responding were in agreement that it the levy should be paid for the first 7 nights stay, that it should remain in force at all times of the year, everywhere inside the Edinburgh boundary, and at the same rate.

# Level of agreement with proposals in draft scheme.

To what extent do you agree or disagree that **the levy rate in Edinburgh should only be paid for the first 7 nights' stay?**

To what extent do you agree or disagree that **the levy should come into force from 24 July 2026**



- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know

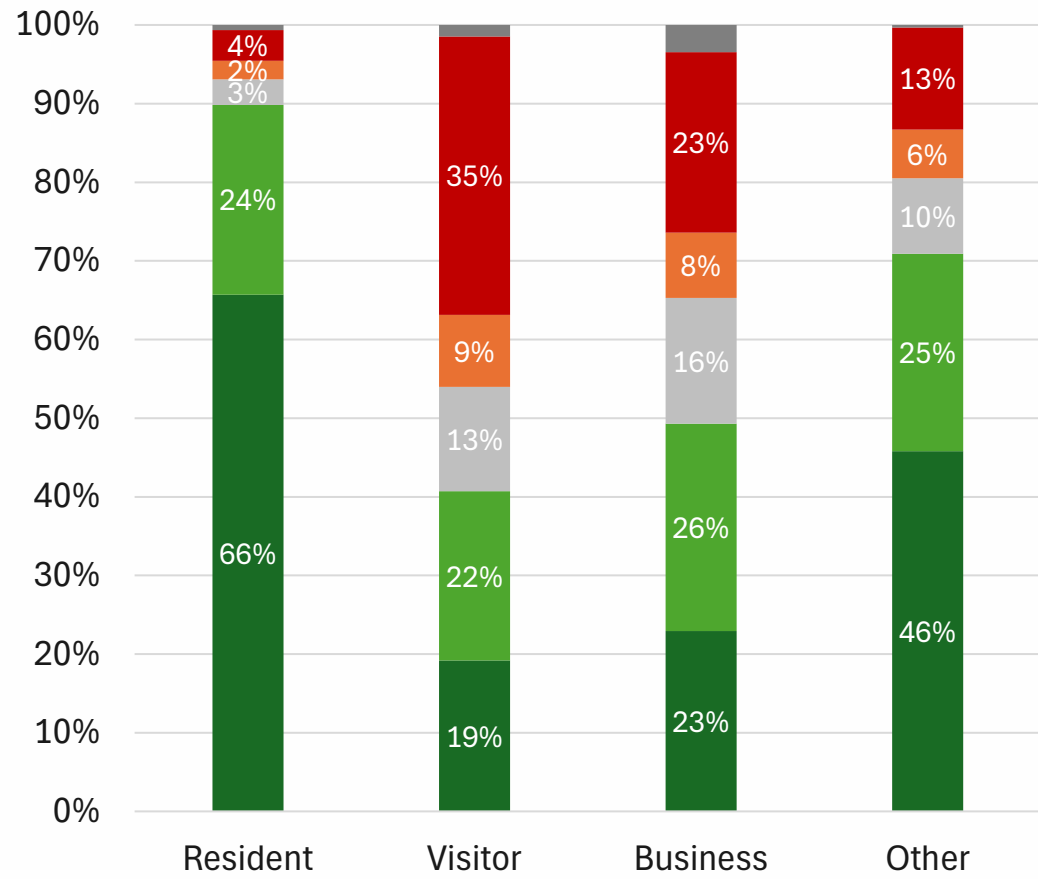
- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know

n: 4,494

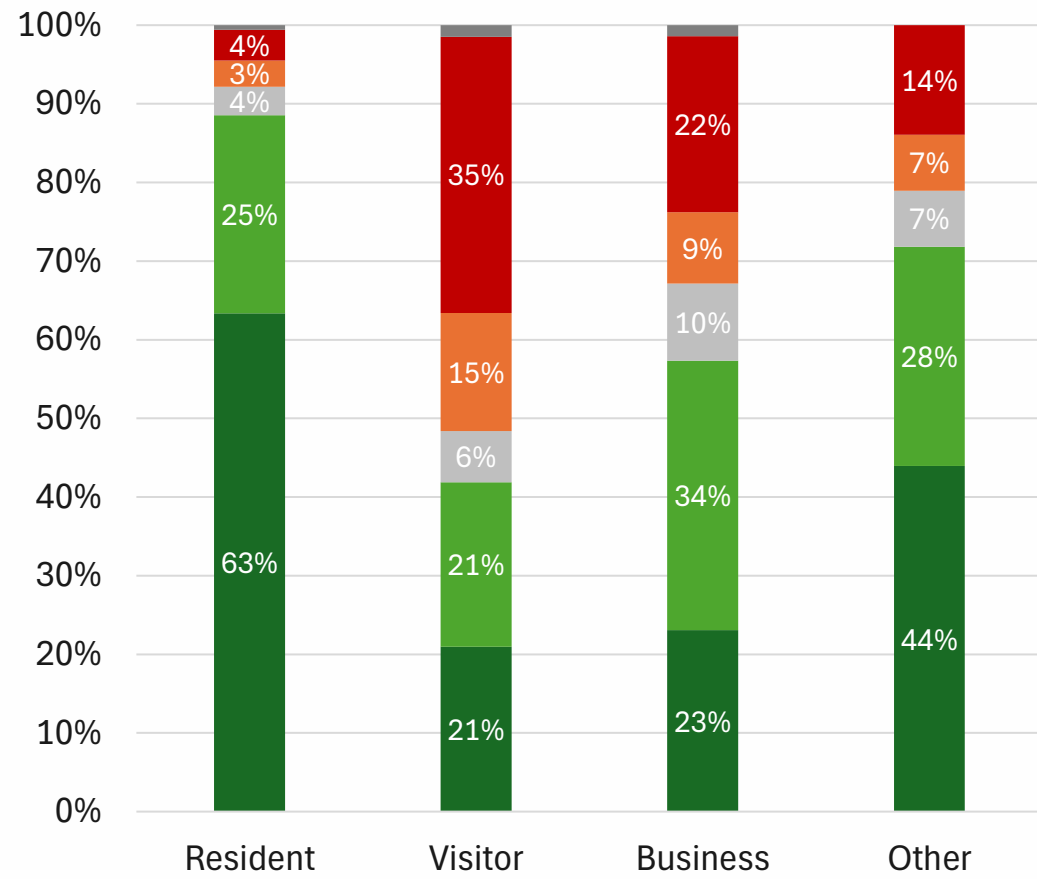
n: 4,486

# Level of agreement with proposals in draft scheme (continued)

To what extent do you agree or disagree that **the levy should remain in force until further notice (indefinitely)**



To what extent do you agree or disagree that **the levy should remain in force at all times (every day of the year)**



■ Strongly agree      ■ Agree  
■ Neither agree nor disagree    ■ Disagree  
■ Strongly disagree      ■ Don't know

■ Strongly agree      ■ Agree  
■ Neither agree nor disagree    ■ Disagree  
■ Strongly disagree      ■ Don't know

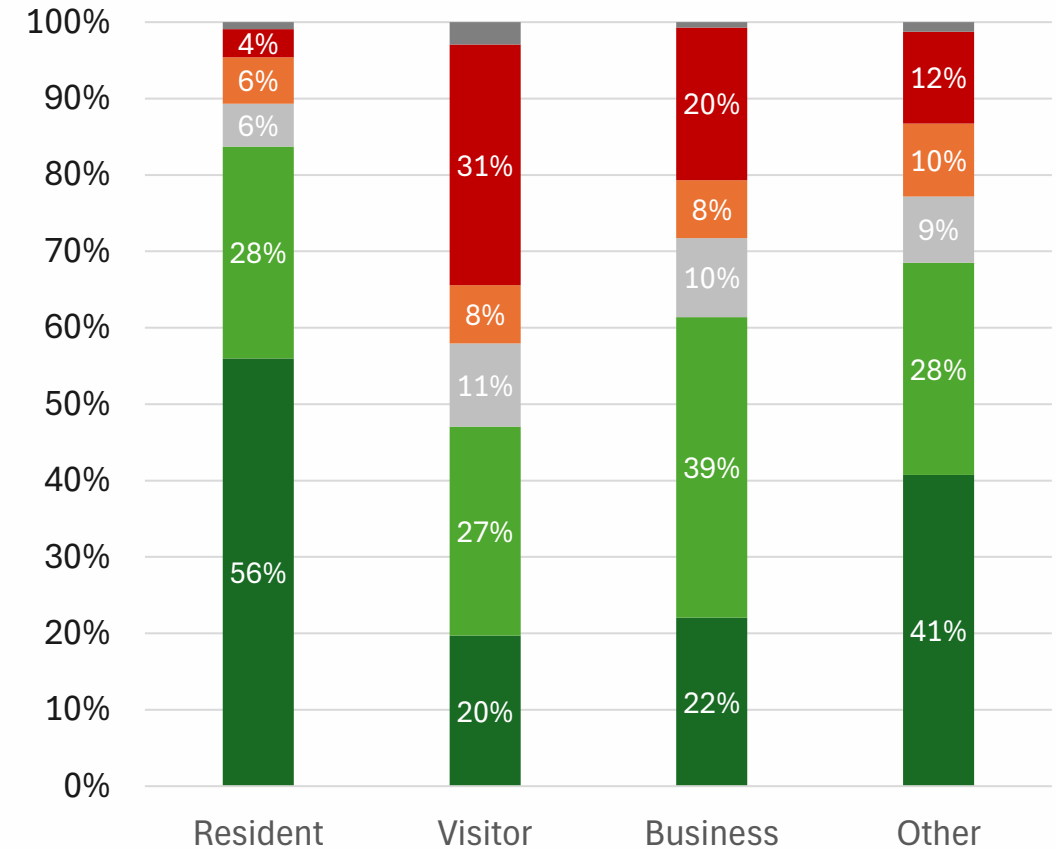
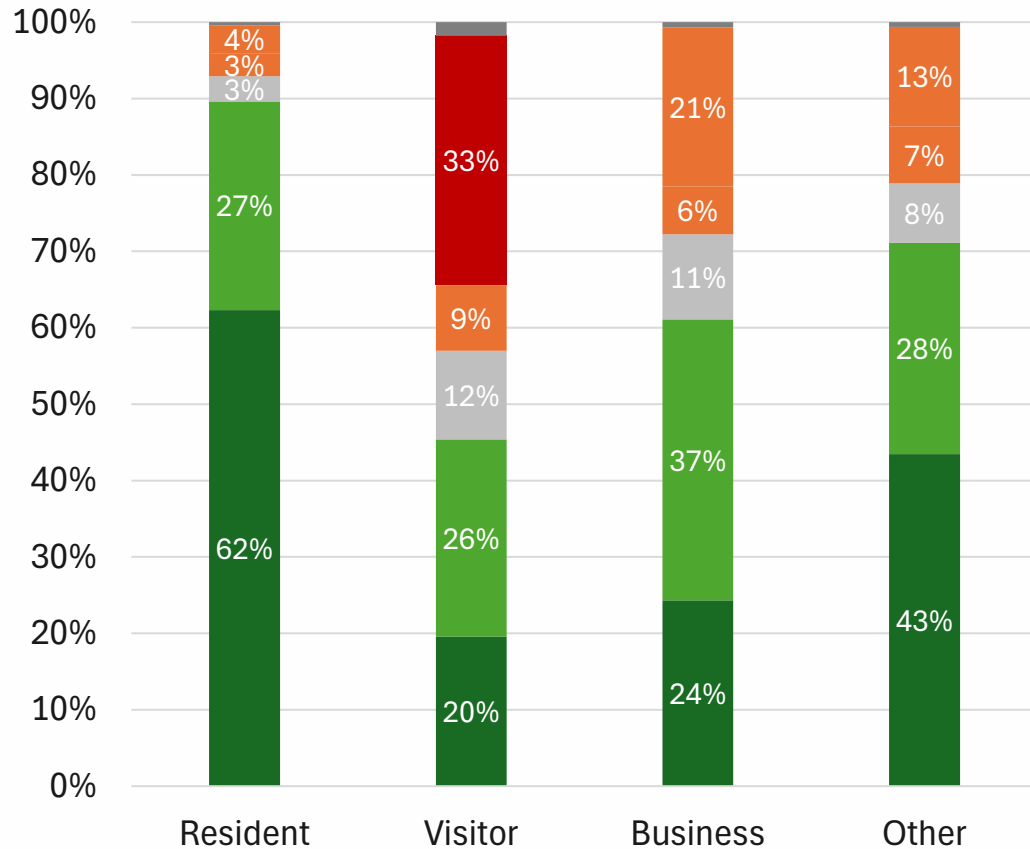
n: 4,477

n: 4,490

# Level of agreement with proposals in draft scheme (continued)

To what extent do you agree or disagree that the levy should apply everywhere inside the City of Edinburgh boundary

To what extent do you agree or disagree that the levy should apply at the same rate within the City of Edinburgh boundary



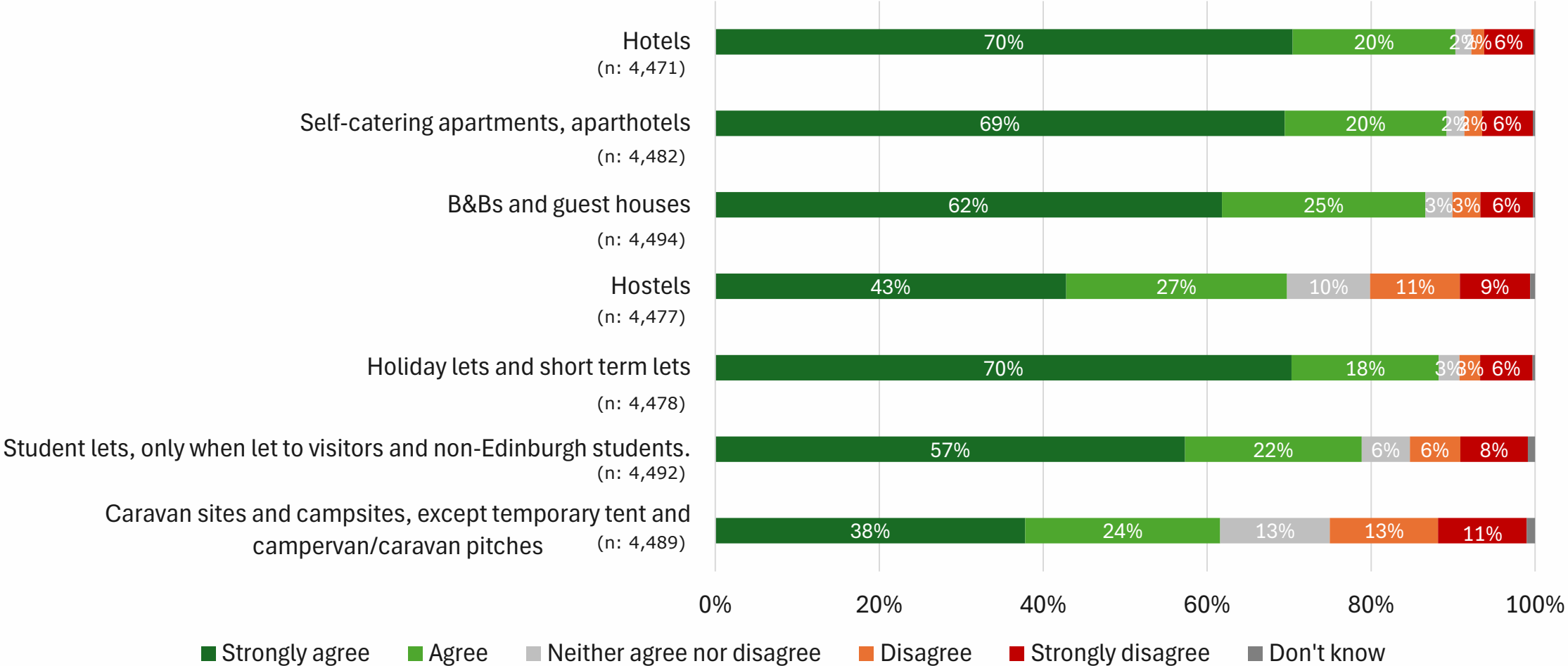
- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know

n: 4,487

n: 4,487

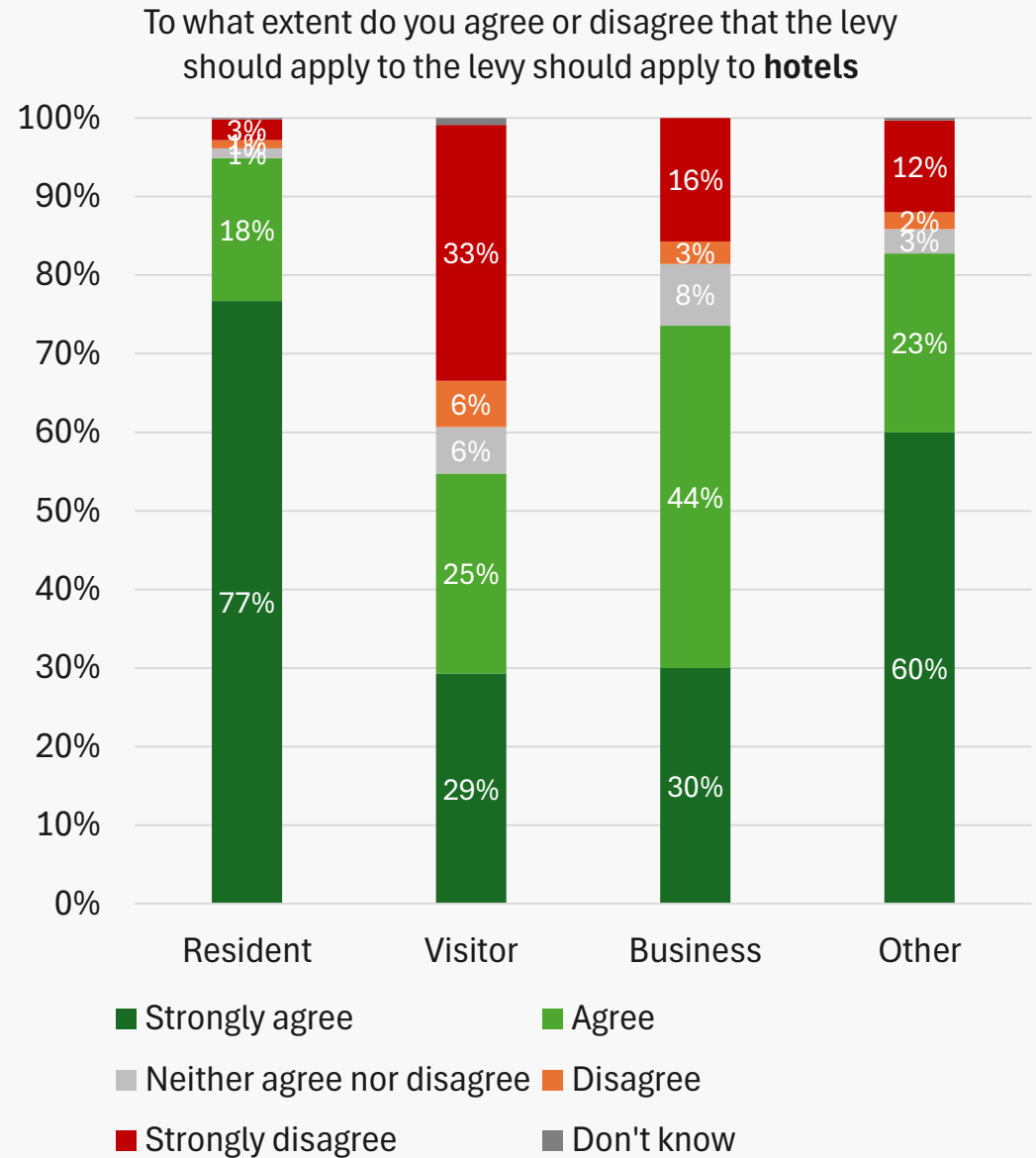
# Level of agreement with the levy applying to the accommodation listed below – all respondents





# Level of agreement by accommodation type – respondent breakdown

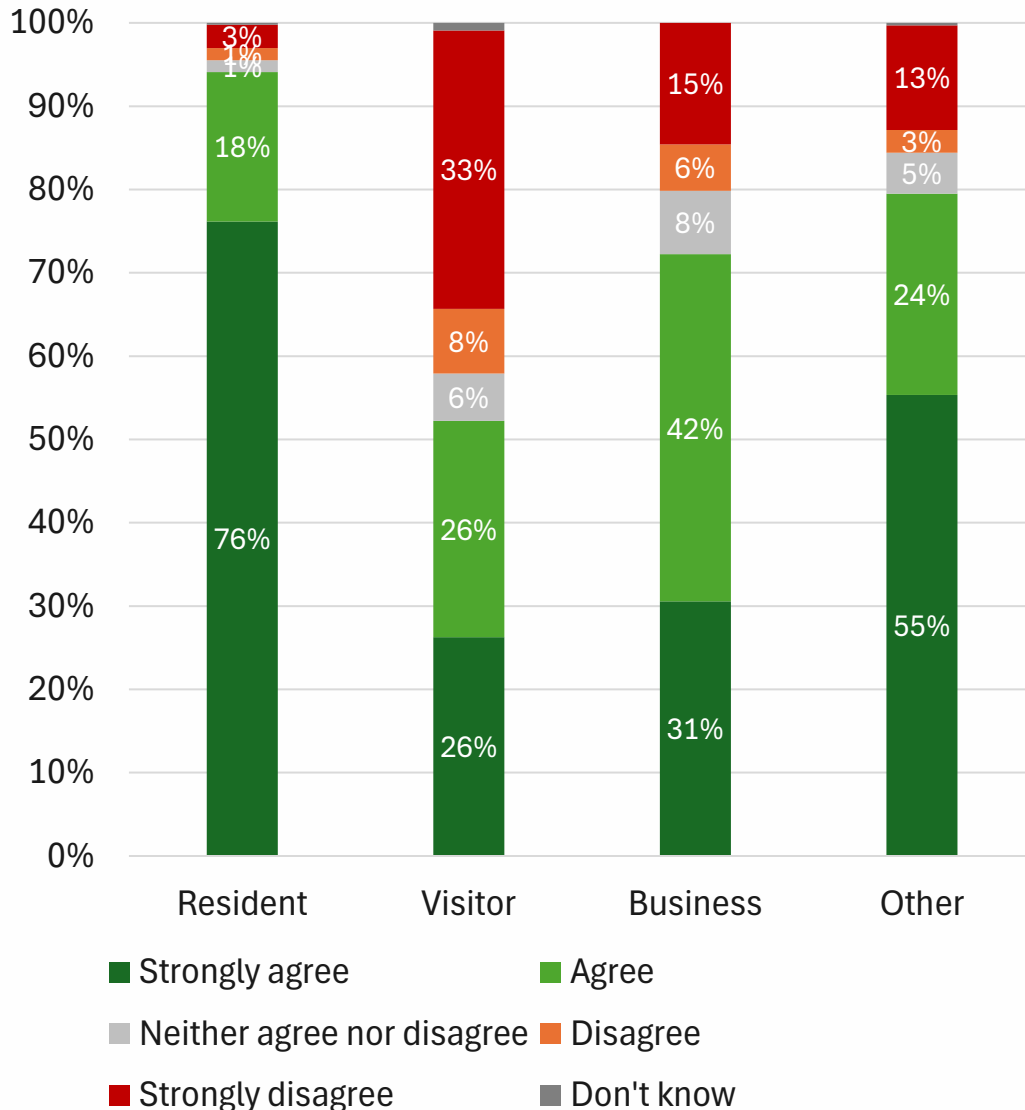
- The majority of residents and “other” respondents agree with the levy applying to all types of accommodation proposed.
- Just over half of visitors agreed to the visitor levy being applied to hotels, self catering apartments, Aparthotels, b&bs, guest houses, holiday lets and short term lets.
- Agreement from visitors fell below 40% for the levy being applied to hostels, student lets (when let to visitors and non-Edinburgh students), caravan sites and campsites (except temporary pitches).
- The majority of businesses agree with the levy being applied to all types of accommodation, apart from permanent caravan sites and campsites where agreement was only 48%



n: 4,471

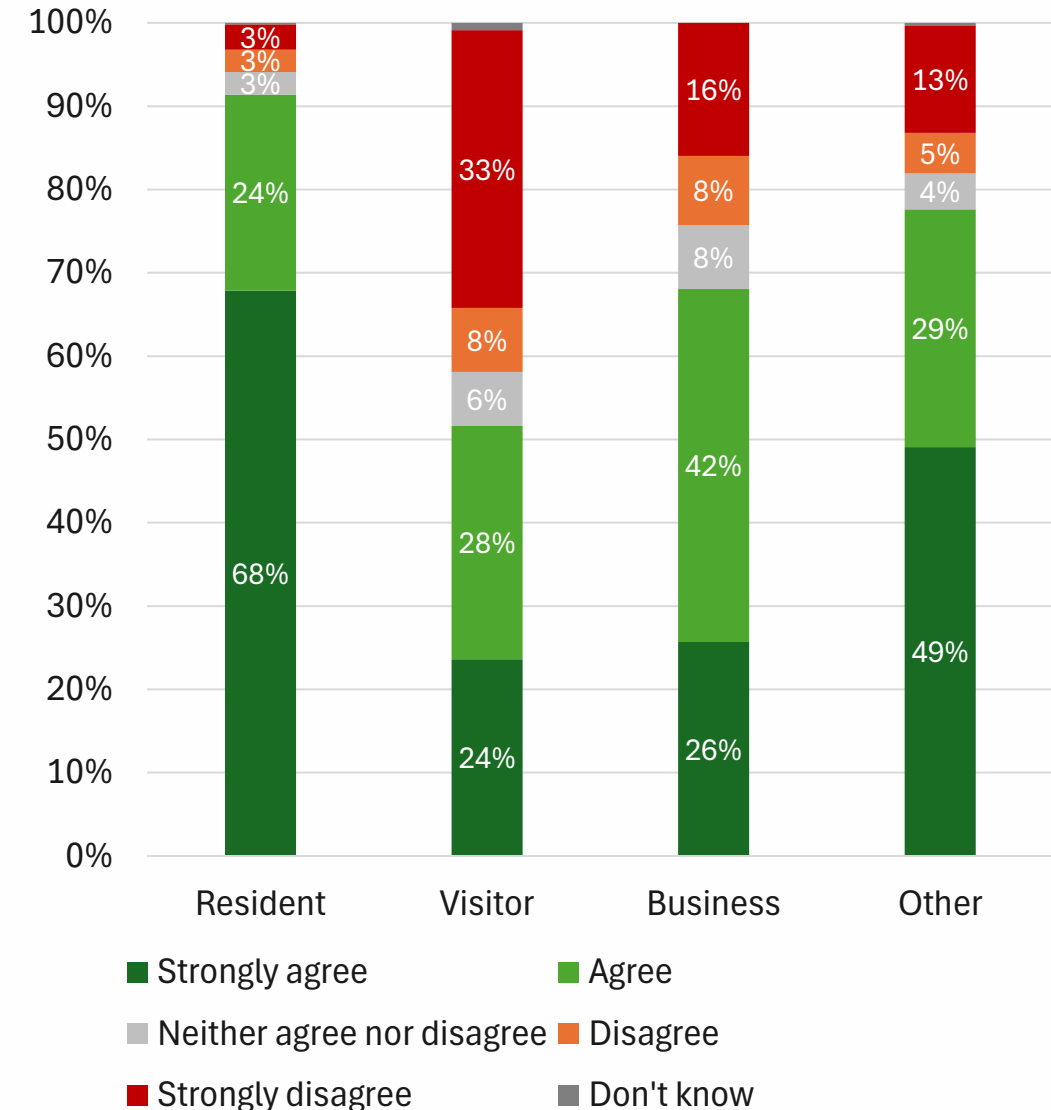
# Level of agreement by accommodation type – respondent breakdown (continued)

To what extent do you agree or disagree that the levy should apply to self-catering apartments, aparthotels



n: 4,482

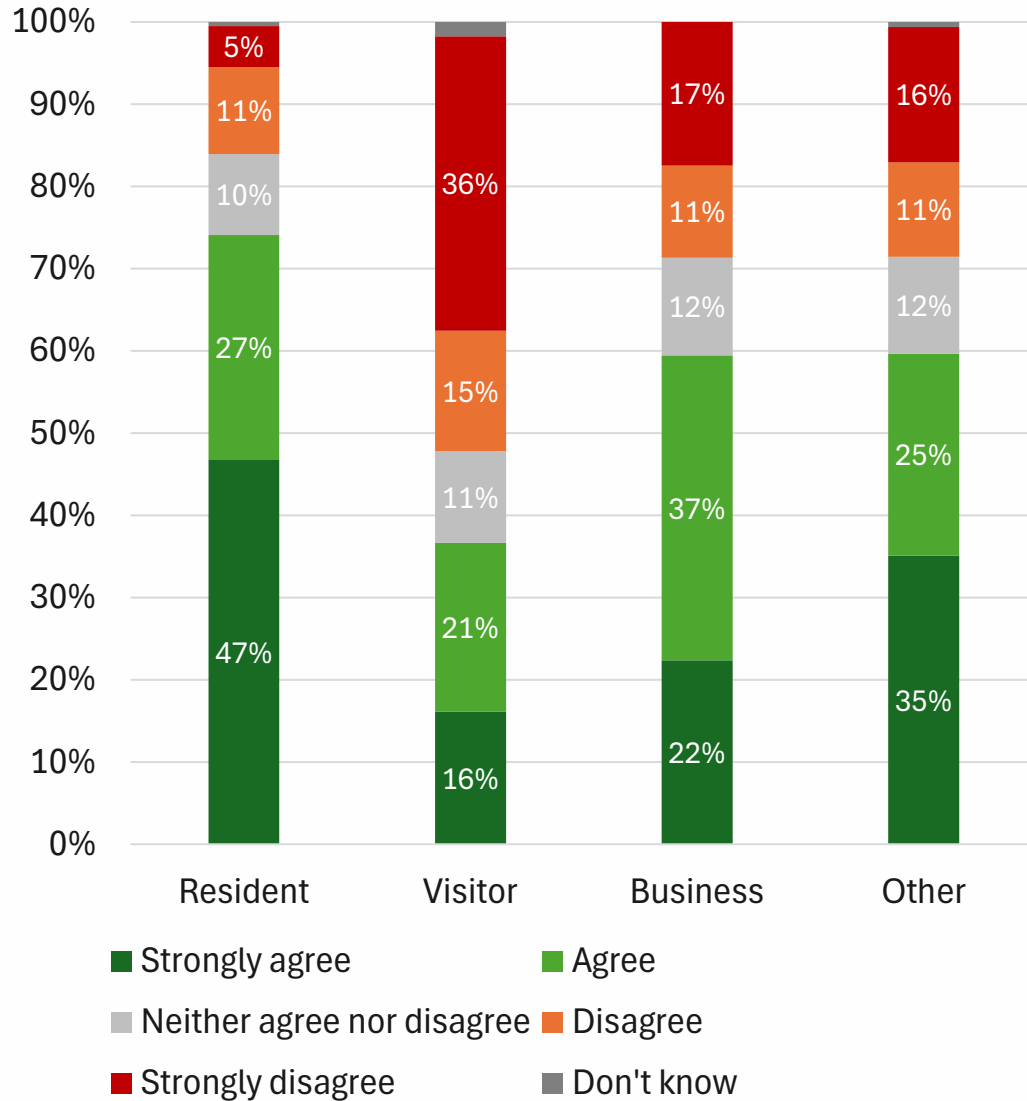
To what extent do you agree or disagree that the levy should apply to B&Bs and guest houses



n: 4,494

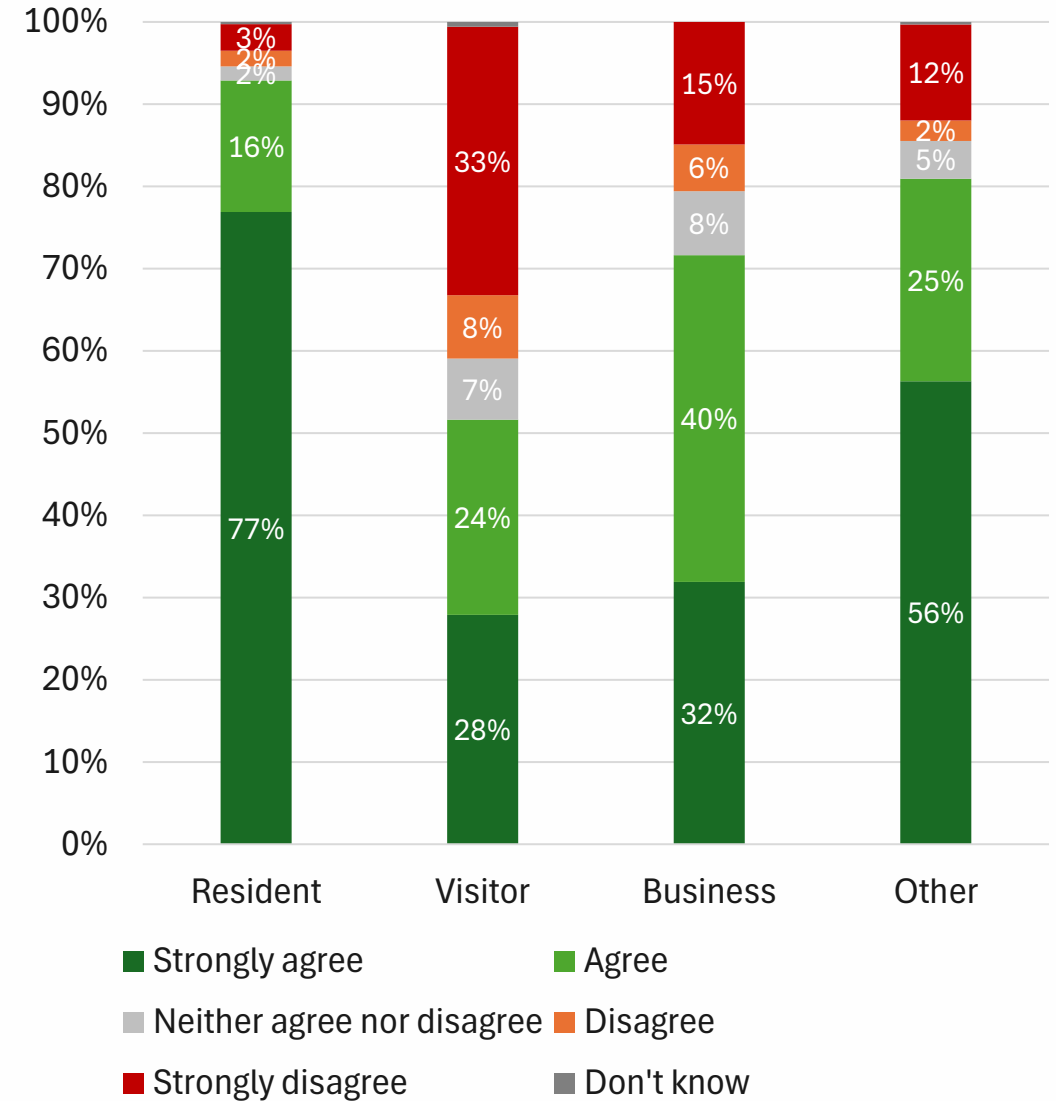
# Level of agreement by accommodation type – respondent breakdown (continued 3)

To what extent do you agree or disagree that the levy should apply to **hostels**



n: 4,477

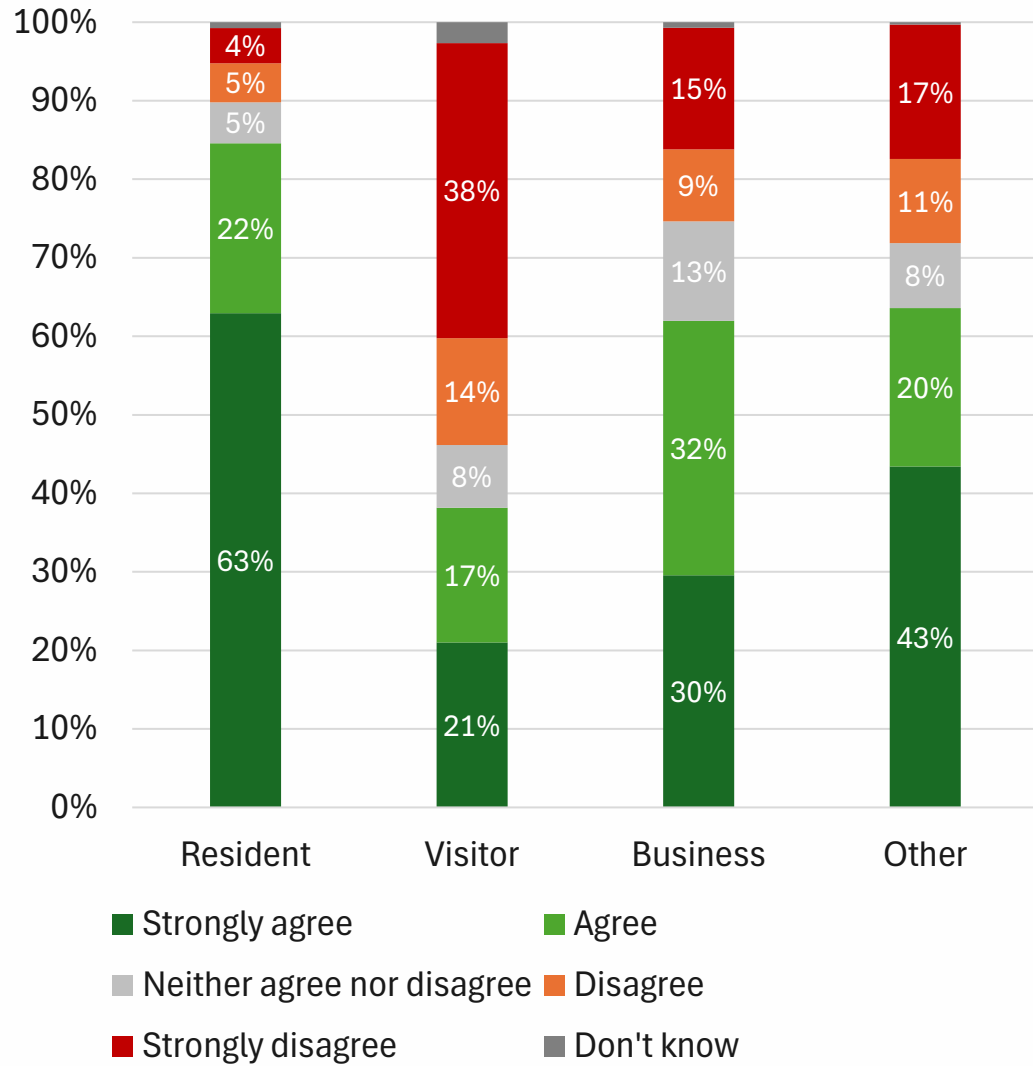
To what extent do you agree or disagree that the levy should apply to **holiday lets and short term lets**



n: 4,478

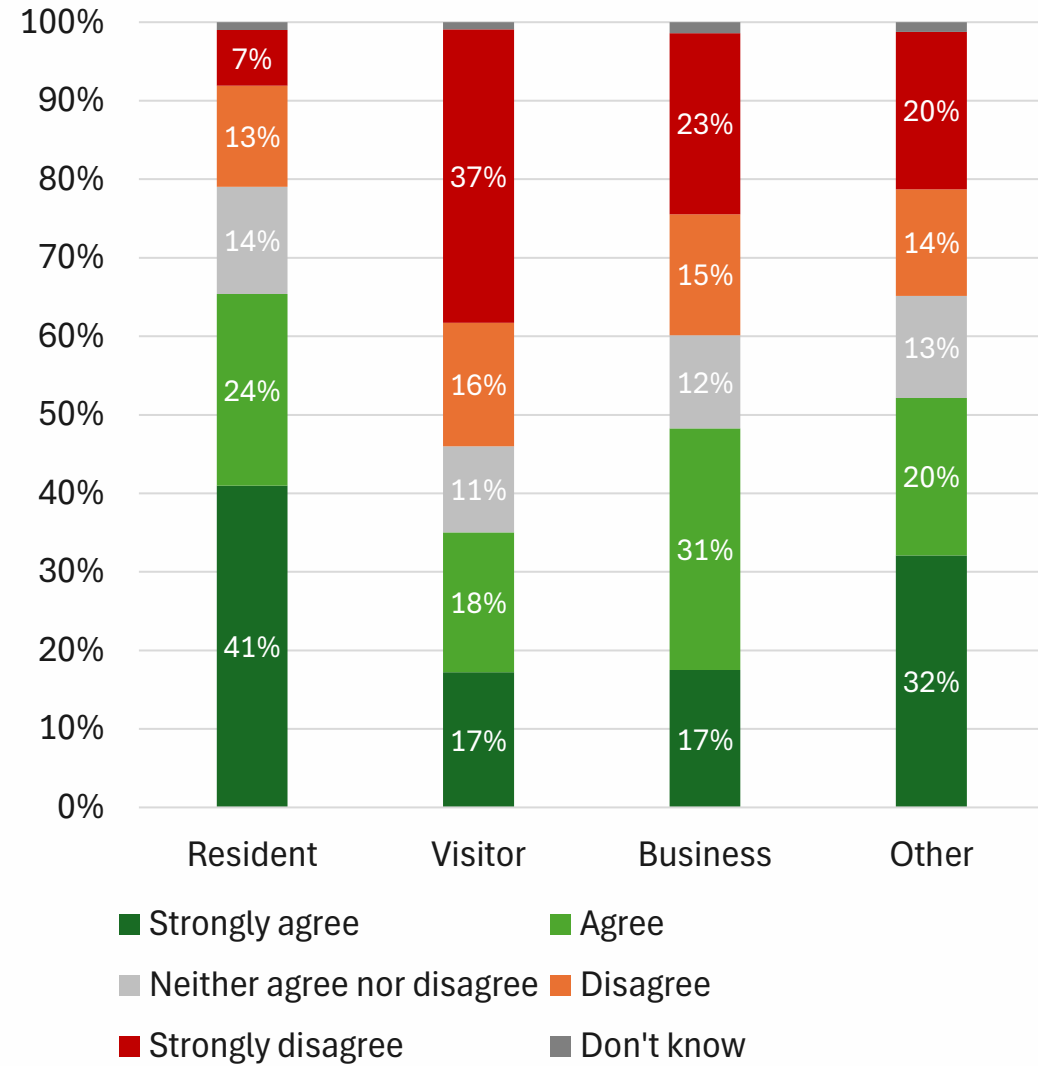
# Level of agreement by accommodation type – respondent breakdown (continued 4)

To what extent do you agree or disagree that the levy should apply to **student lets, only when let to visitors and non-Edinburgh students**



n: 4,492

To what extent do you agree or disagree that the levy should apply to **caravan sites and campsites, except temporary tent and campervan/caravan pitches**

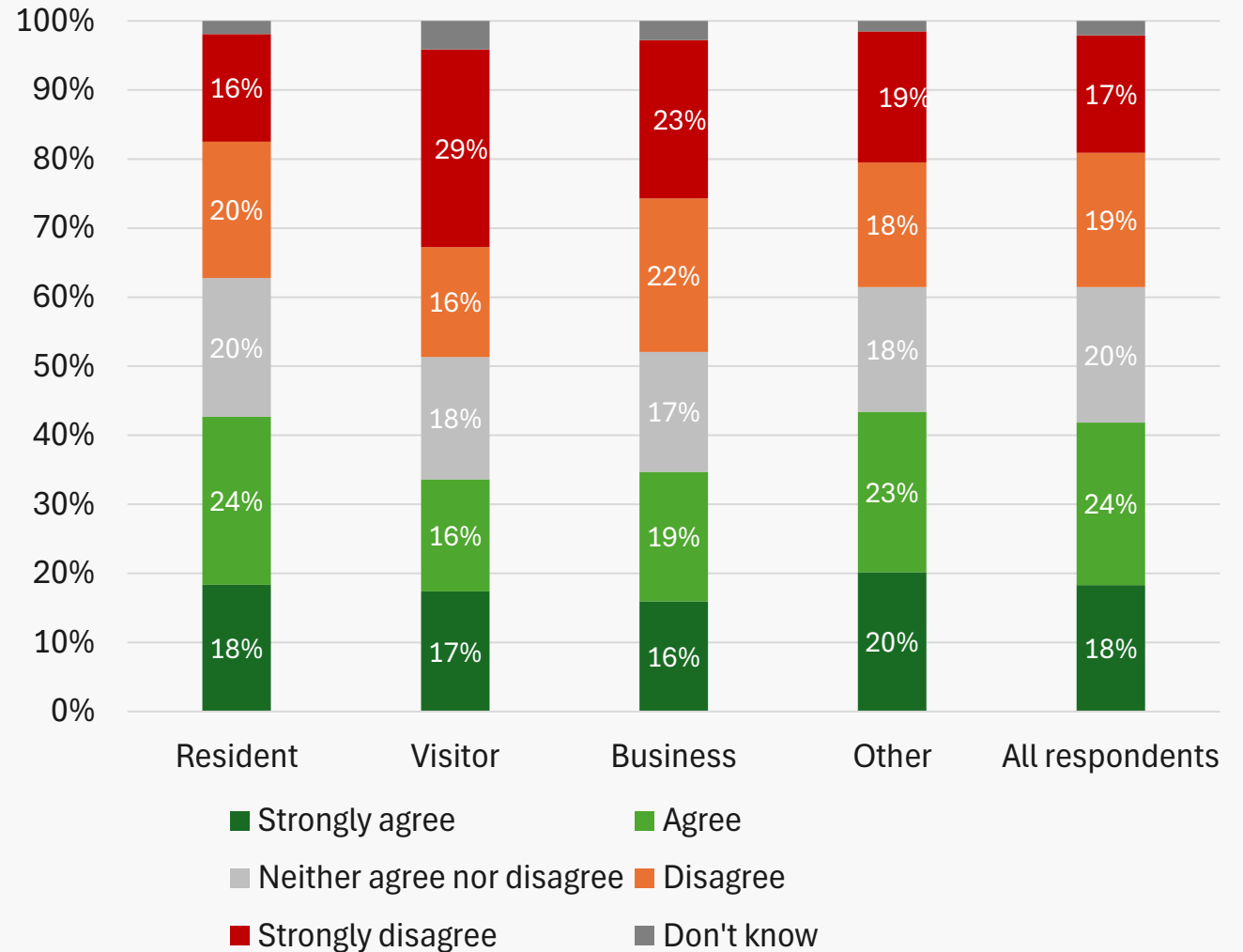


n: 4,489

# Temporary tent and caravan pitches

- The previous slide shows there were mixed views over whether the levy should apply to caravan sites and campsites, except temporary tent and campervan/caravan pitches, with lower levels of agreement across all respondent groups.
- When asked if they agree or disagree that temporary tent and caravan pitches should not have to pay the levy, there was mixed response across the groups. There was no majority agreement or disagreement from any respondent group.
- 45% of residents and 43% of other respondents agreed with this proposal.
- Whereas 45% of visitors and businesses disagreed with this proposal.
- Around 20% of each respondent group neither agreed nor disagreed.

To what extent do you agree or disagree with **people staying in temporary tent and caravan pitches will not have to pay the levy?**



n: 4,502

# Comments on proposals in draft scheme

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## Visitors

- Many visitors who commented expressed their opposition to the levy.
- Some visitors felt the levy should be less than 5%.
- Again, despite knowing that the levy must be a percentage under the Visitor Levy (Scotland) Act, a few felt that it should still be a flat rate.
- A few visitors commented that were happy with the proposed scheme.

## Business

- Some businesses expressed their opposition to the levy, and some felt it should be less than 5%.
- Others agreed with the proposals stating they provide simplicity and fairness.
- There were mixed views on whether it should apply to caravan sites and campsites, including temporary tent and caravan pitches.
- A few felt strongly that it should still be a flat rate despite knowing that by law it needs to be a percentage.

## Residents

- Of the residents who commented, some expressed their interest in the levy being implemented earlier.
- Many felt that people staying in temporary tent and caravan pitches should not be exempt from the levy.
- Some residents who commented were happy with the proposed scheme.
- Even though it was explained in the public consultation that the Visitor Levy (Scotland) Act stipulates the levy must be a percentage, some residents still felt strongly that it should be a flat rate.
- There was some concern that the levy would apply to Scout facilities and some residents felt strongly that these should be excluded from the levy. This was also the case for private accommodation linked to hospitals.

## “Other” respondents

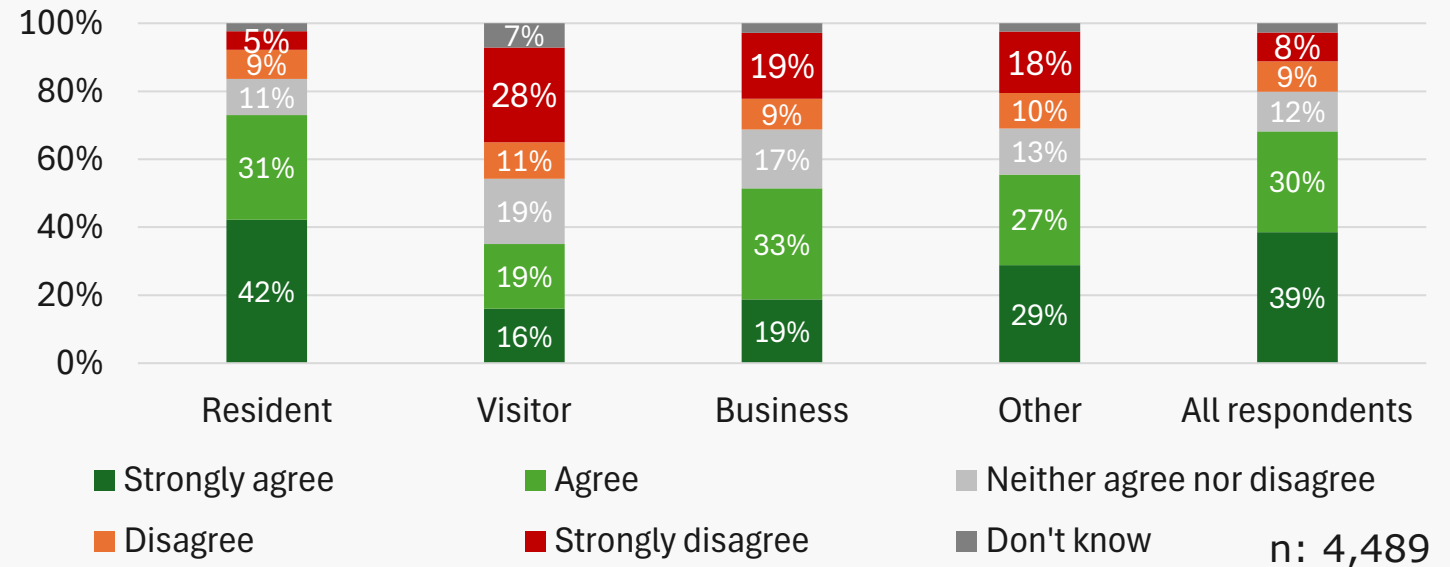
- There were mixed comments from “other” respondents. Again, some opposed the levy. Many were supportive of some proposals.
- Representatives of the hospitality sector recommended waiting until the off-season period to implement the levy to avoid adding additional pressure on accommodation providers and negatively impacting on the visitor experience.
- It was also suggested that it should not remain in place indefinitely and should instead be reviewed and should be changeable.
- Some felt it should apply to all types of accommodation, particularly if they are using the city’s infrastructure and services. However, others disagreed believing it should not apply to caravan sites and campsites.

# Who needs to pay the levy



# Exemptions to the levy in Edinburgh

To what extent do you agree or disagree that there should be no other exemptions to the levy in Edinburgh?



Almost 70% of all respondents agreed that there should be no other exemptions to the levy in Edinburgh.

However, this varied considerably when broken down by respondent type:

- 73% of residents agreed there should be no other exemptions.
- Only 35% of visitors agreed, whilst 39% disagreed and a further 26% neither agreed nor disagreed or didn't know.
- 51% of business agreed, with 29% that disagreed and a further 20% that neither agreed nor disagreed or didn't know.



# Refunding people who are exempt from the levy

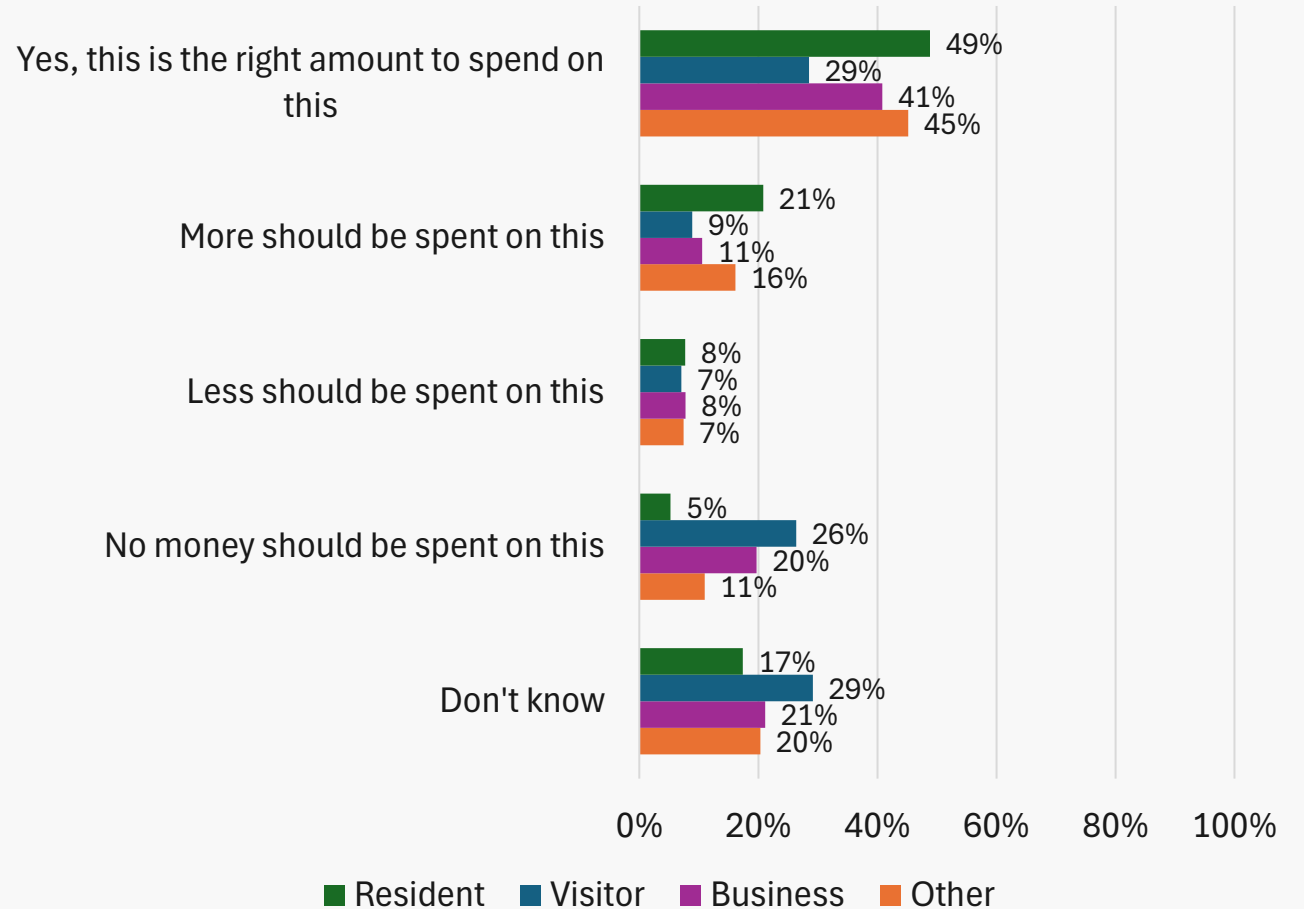
- Many residents and some businesses provided comments which were supportive of the refund proposals and with plans to continue to speak directly with organisations who represent people impacted by this.
- Yet, a similar proportion of residents highlighted that they didn't think there should be any refunds or exemptions.
- A main concern that came through in the comments, from all respondent groups, was the proposed refund system would be an unfair disadvantage for those who might require more support. Many felt that people might not have the capacity to apply for a refund and might not claim what they are entitled to. Others thought that the very type of people who would be exempt might not be able to afford the additional cost of the levy upfront, and this would be a barrier to visiting.
- Some suggested that the process of applying for a refund should be quick, easy and accessible with different methods for applying offered.
- Many respondents, across all groups, felt there would be too much administration and expense involved in the proposed refund system. Some commented that the process was very complicated. Others highlighted the need for clear information on this to be provided to visitors at time of booking.
- Some respondents thought it would be better if visitors could apply for exemption in advance or on arrival rather than have to claim it back. A few came up with suggestions of using technology to modernise this process, e.g. use of apps.

# Using the money raised

# Participatory budgeting

- Most residents were happy with the proportion allocated to participatory budgeting or thought more should be spent on this (70%),
- “Other” respondents have similar views to residents (61%).
- Just over half of businesses (51%) thought this is the right amount or more should be spent on this.
- Visitors had mixed opinions, 37% thought this was the right amount or more should be spent on this, whilst one third of visitors (33%) thought that less or no money should be spent on this.
- 29% of visitors responding did not know whether this proportion should apply to participatory budgeting.
- Visitors and businesses showed more support for other priorities.

Of the total amount of money raised, do you think that the following proportions should apply - **Participatory budgeting - 2% of the overall funds?**

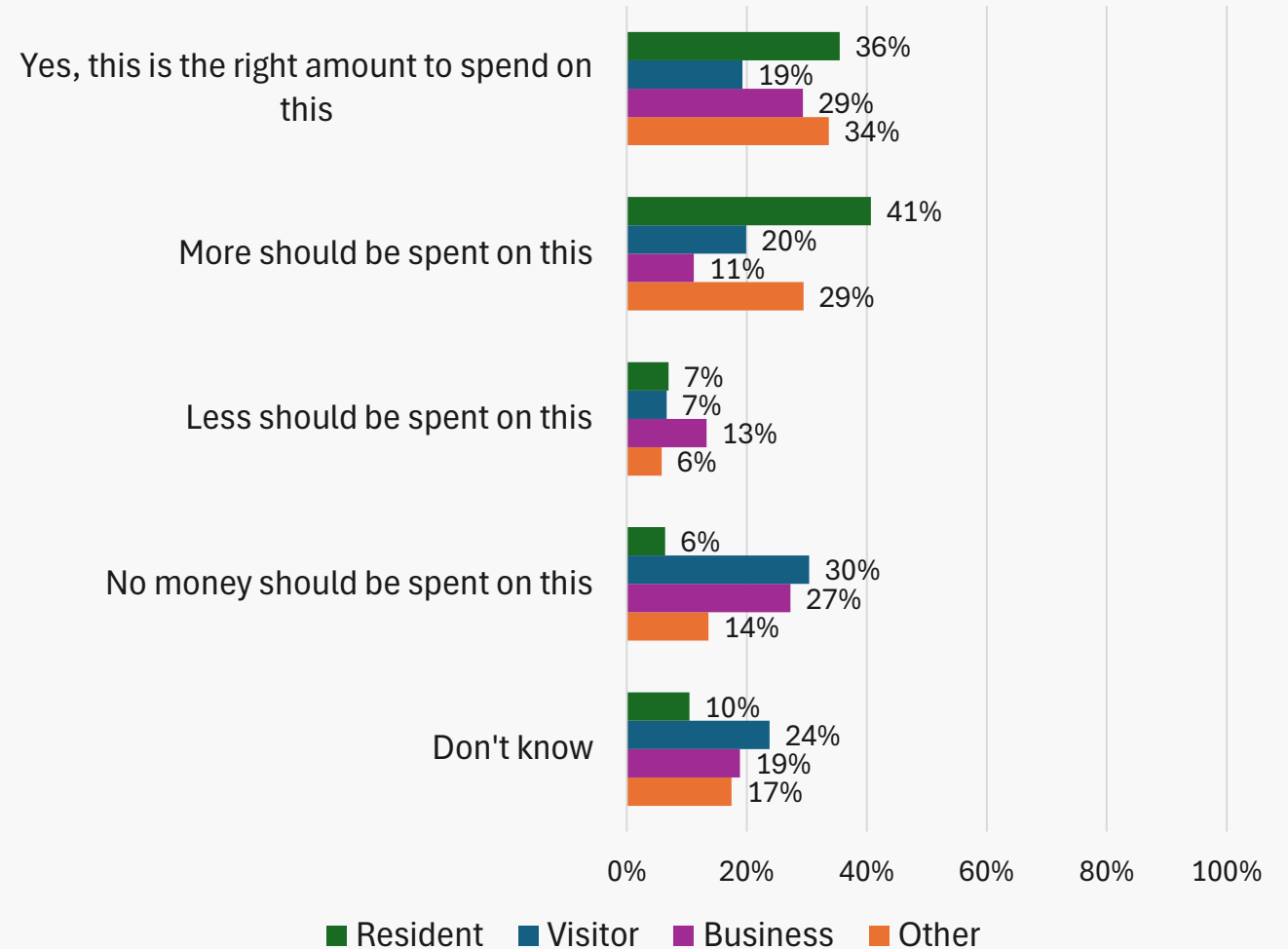


n: 4,396

# Housing

- Most residents were happy with the proportion allocated to housing, or thought more should be spent on this (76%).
- The majority of "other" respondents were also happy with the amount allocated, or thought more should be spent on this (63%).
- 39% of visitors and 41% of businesses thought this was the right amount or that more should be spent on housing.
- However, similar proportions of visitors (37%) and businesses (41%) thought that less or no money should be spent on housing.
- Again, Just under a quarter of visitors (24%) responding did not know whether this proportion should apply

Of the total amount of money raised, do you think that the following proportions should apply - **Housing - £5m per year?**

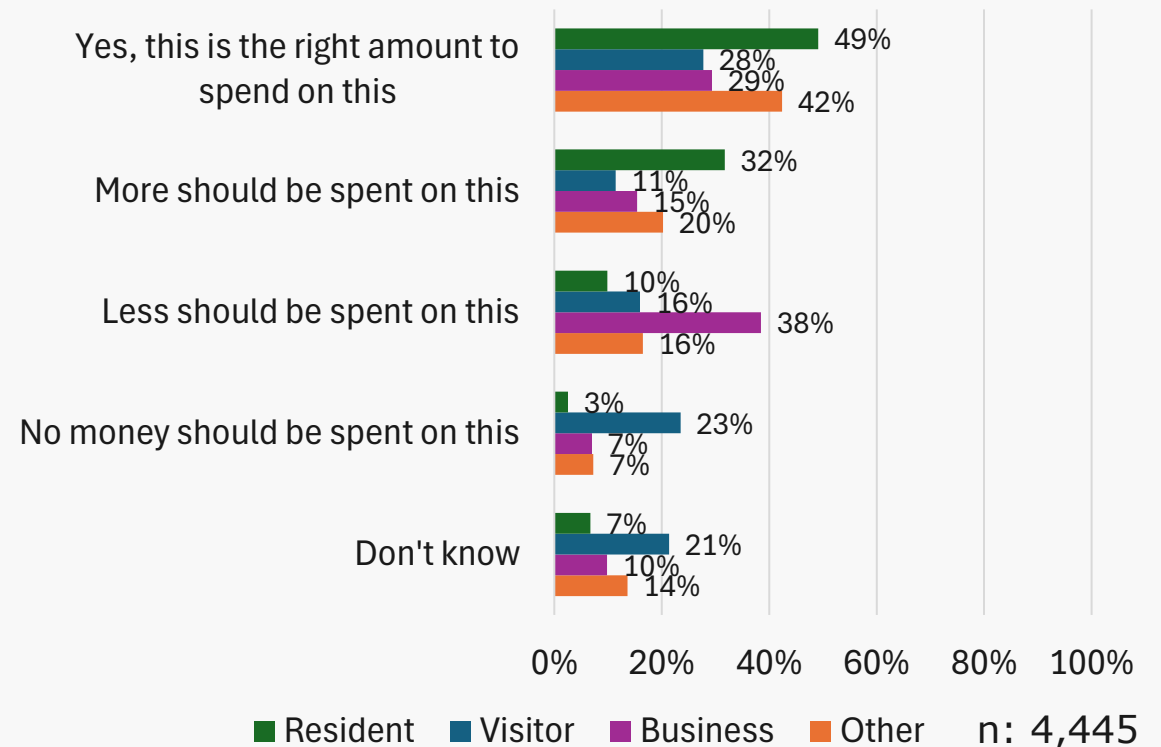


n: 4,383

# City operations and infrastructure

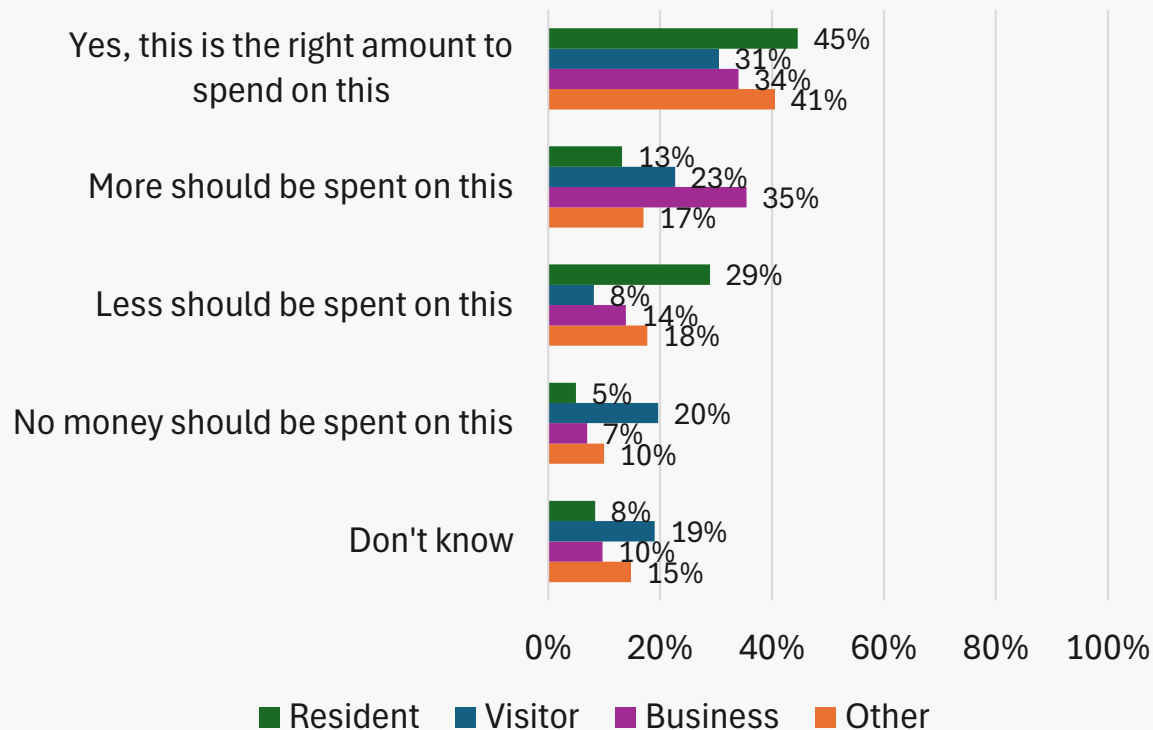
- Most residents were happy with the proportion allocated to city operations and infrastructure, or thought more should be spent on this (81%). This area received the highest level of support from residents compared to the other areas of proposed spend.
- “Other” respondents were also supportive of the amount allocated to this or thought more should be spent on this (63%).
- Whereas only 45% of businesses were happy with the proportion allocated to city operations and infrastructure, or thought more should be spent on this. The same proportion (45%) of businesses thought that less or no money should be spent on this area.
- Visitors were also split on this area of spend with 39% answering this was the right amount or more should be spent on this and 39% answering less or no money should be spent on this. 21% of visitors also answered that they didn’t know.

Of the remaining amount of the money raised, do you think the following proportions should apply - City operations and infrastructure -55%?



# Culture, heritage and events

Of the remaining amount of the money raised, do you think the following proportions should apply - **Culture, heritage and events - 35%**?



- 58% of residents responding thought that this is the right amount or that more should be spent on culture, heritage and events.
- Most businesses responding (69%) believed that this is the right proportion allocated to this area, or that more should be spent on this.
- 53% of visitors responding thought that this is the right amount allocated or that more should be spent on culture, heritage and events. This was an area that visitors seemed more supportive over than most of the other areas.
- However, 19% of visitors didn't know if this amount should be allocated to culture, heritage and events.

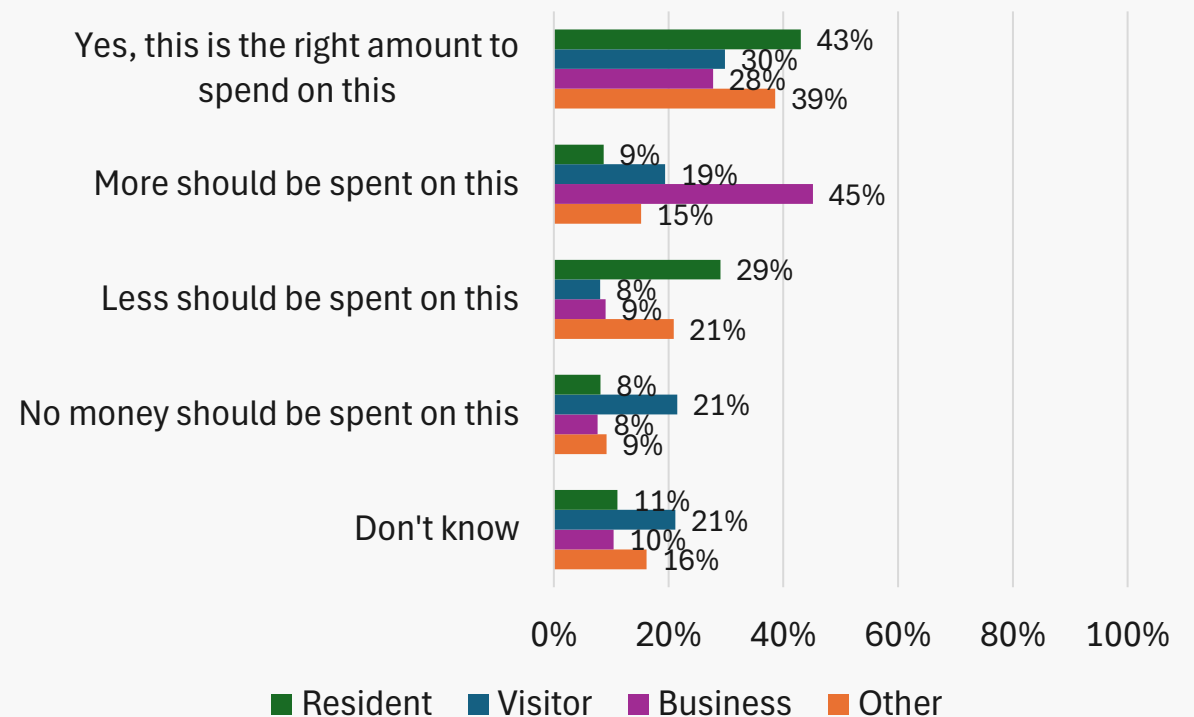
n: 4,389



# Destination and visitor management

- 52% of residents responding thought that this is the right amount allocated to destination and visitor management, or that more should be spent on this. This received the lowest level of support from residents compared to all other areas of allocation.
- 73% of businesses responding thought that this is the right amount or that more should be spent on destination or visitor management. Businesses were more supportive of this area of allocation than all other areas.
- Just under half of visitors responding (49%) thought that this is the right amount or that more should be spent on this.
- Like the other areas of allocation, 21% of visitors did not know if this proportion should be allocated to destination and visitor management.

Of the remaining amount of the money raised, do you think the following proportions should apply - **Destination and visitor management - 10%**?



n: 4,416

# Comments on how the money raised could be used

## Participatory budgeting (PB) - 2% of the overall funds

There weren't many comments received about PB. Those who did comment on this area were mainly residents.

Some residents felt PB isn't covered under the Levy Act, or they generally disagreed with funds going to PB. Whereas other residents felt more should be allocated to this as residents are highly impacted and should have more say, and money could be distributed more fairly to communities.

Visitors who did comment felt that PB wouldn't improve the city for visitors.

Business felt that strict governance around spend on this area is needed and some thought it should still be used by local communities to benefit the visitor economy. Some businesses agreed that this was the right amount proposed.

## Housing - £5m per year

Most visitors and some residents commenting believed that the money raised is not meant to support housing or would not make a difference to the visitor economy.

Whilst a greater proportion of residents and a few visitors who commented felt that it was good use of funds as many accommodation providers are housing homeless people.

There was a balanced mix of support and opposition in the comments from businesses in relation to the amount allocated to housing. Businesses felt that there needed to be more detail and clarity on this area of spend.



## City operations and infrastructure -55% of remaining money

Of those respondents who left comments, many related to city operations and infrastructure. The majority of these comments were from residents who were mainly supportive of the amount allocated or that more should be spent on this. Many felt strongly that the money should go into improving buildings, roads, pavements, transport and travel, and public services.

Many residents felt strongly that more should be provided on improving the look, feel and cleanliness of Edinburgh.

Visitors commenting had mixed views on the amount allocated to this area. Some appeared to support this whilst others opposed. There were also mixed views from businesses with suggestions that funds should be ringfenced to benefit the visitor economy. Some businesses felt that less should be spent on this area and more should be given to destination and visitor management.

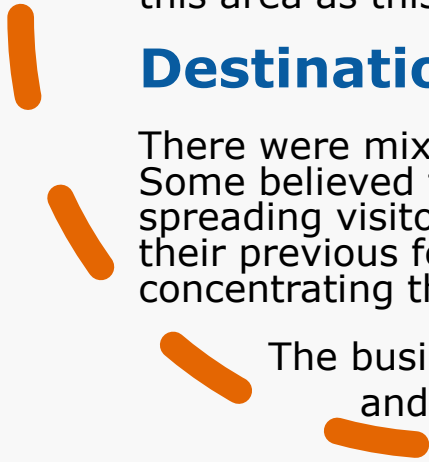
## Culture, heritage and events - 35% of remaining money

Comments against this area of spend ranged in opinion across all respondent groups. Some residents and “others” felt less should be spent on this and more on other areas, such as city operations and infrastructure which is impacted by visitors due to culture and events. Others, including businesses, felt that more should be spent on this area as this brings in the majority of visitors, is good for the economy, and is an area in need of investment.

## Destination and visitor management -10% of remaining money

There were mixed comments across resident and visitor groups in relation to destination and visitor management. Some believed that more should be allocated to destination and visitor management. Some residents supported spreading visitors across the city and not just the city centre, whilst some were pleased that we had listened to their previous feedback and that we had allocated the right amount. However, others felt that we should be concentrating the spending elsewhere, such as city operations, infrastructure and housing.

The businesses who commented were mostly in favour of increasing the proportion of spend for destination and visitor management with some highlighting that there's more to it than marketing.



# Comments on how the money raised could be used

The culture and heritage of the city I do agree needs more money as this is being drowned out by all the events. (Visitor)

I don't understand how a tourist levy is an appropriate funding source for social housing. More housing is required but this should come from other coffers (Resident)

The money is being raised as people are coming to the destination, so to avoid people being put off and this cash effectively drying up, you need to reinvest it into this segment in a greater manner than proposed to encourage greater return and investment (Business)

There needs to be a balance to ensure that the funds are being spent to actively improve facilities, infrastructure, and events that bring visitors to the city - and not to fill any black holes in council spending. (Business)

Given that residents suffer the most from over-tourism (whilst also acknowledging the benefits), I believe that the participatory fund should be higher and that residents should be given more say in how to spend the proceeds of the levy. In the same vein, housing is the major issue suffered as a result of over-tourism, therefore, more of the levy should be spent on resolving this for the benefit of residents. (Resident)

Monies raised from tourist should be used to benefit tourists. Appropriating it to solve housing issues that are not tourist related is wrong. (Visitor)

Improving, building and maintaining sustainable infrastructure with this fund should be a top priority. The city feels oversaturated with tourists at peak times and pavements/buses/trams seem unable to cope with the influx of people. (Resident)

# Other comments on the draft visitor levy for Edinburgh proposal

## Residents

- The majority of residents who left comments supported the visitor levy, suggesting this would provide a more sustainable approach for tourists visiting the city.
- Some residents wanted the levy to be implemented sooner.
- Many residents felt that the levy should be used to benefit residents, as well as tourists, through local services and infrastructure. Some commented that this should extend across the whole of Edinburgh, not only the city centre.
- Residents highlighted that many other cities successfully charge a visitor levy and felt that Edinburgh should be able to do this too.
- Some residents highlighted the need for funds raised to be invested into housing to offset housing taken out of the market by visitors.
- However, not all residents were in agreement, with a smaller proportion opposed to the levy. Some felt the rate was too high and it would put tourists off visiting. Some felt the administration of the scheme would be costly.

# Other comments on the draft visitor levy for Edinburgh proposal (continued )

## Visitors

- The majority of visitors commenting were opposed to the levy. Many felt that Edinburgh was already an expensive city, and the cost of this levy was too high. Some said it would put them off visiting.
- Visitors commented that they already contribute to the economy.
- Some visitors felt that the levy should not apply to Scottish residents.
- There was a smaller proportion of visitors who made comments supporting the levy.

## “Other” respondents

- The majority of “other” respondents who commented were supportive of the levy.
- However, there was concern about transparency with some showing little trust for where the money will go.
- Some felt that the process seemed complicated and expensive to manage. It was highlighted that more time should be given to the implementation of the levy.
- There was a small proportion of “others” commenting who were opposed to the levy and felt it would put people off visiting and damage the tourism sector.



# Other comments on the draft visitor levy for Edinburgh proposal (continued 2)

## Business

- Some businesses, which included representative groups, left comments highlighting that they felt the levy should go towards additional investment and not replace existing budgets. Some felt it should be used to support business in the tourism industry.
- Independent, effective and transparent governance and review of the levy, including the income raised and distribution of funds, was highlighted as a priority by businesses and representative groups. More input from the visitor economy, attractions and businesses in governance would be welcomed.
- It was requested that appropriate assessment is given to costs incurred by the different business types and sizes and similar to the Council, all costs incurred in the administration should be covered. Businesses highlighted that costs are already high, particularly with recent changes for businesses, and the city is becoming more expensive.
- More detail and clarity on the spending areas was requested by some.
- Those representing the hospitality and tourism workforce highlighted that they'd like to see investment in better homes and jobs for workers in the city, as well as support for small businesses.
- Some businesses expressed their opposition to the levy in general.
- It was felt that an effective communication plan will be key to raise awareness and understanding for rolling out the levy.

# Conclusions

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- Overall, respondents agreed with the objectives of the levy, however, level of agreement was below 60% for visitors.
- Most residents and “other” respondents agreed with a 5% levy rate. However, around half of visitors and businesses disagreed.
- 31% of residents thought the rate should be higher than 5%. However, over half of visitors (62%) and businesses (51%) thought the rate should be less than 5% or didn’t support the levy.
- If we were to exclude those who answered that they “don’t support the levy being introduced”, then the 5% rate got the highest proportion of responses (over 50%) across all respondent groups, including visitor and business groups.
- When asked for views on the proposals relating to duration, when and where the levy should apply, response was mixed across respondent groups. Over 75% of residents were in agreement of each proposal, apart from the levy rate should be paid for the first 7 nights stay, which received only 56% agreement. Comments highlight that some residents felt the rate should go beyond 7 nights. Under 50% of visitors approved each proposal in the scheme. The response from business was mixed.
- The majority of respondents across all respondent groups agreed with the levy applying to hotels, self catering apartments, Aparthotels, b&bs, guest houses, holiday lets and short term lets. However, agreement from visitors fell below 40% for the levy being applied to hostels, students lets (when let to visitors and non-Edinburgh students), caravan sites and campsites (except temporary sites). Agreement also fell below 50% from businesses for it applying to caravan sites and campsites (except temporary sites).



# Conclusions (continued)

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- When asked if they agree or disagree that temporary tent and caravan pitches should not have to pay the levy, there was mixed response across the groups. There was no majority agreement or disagreement from any respondent group.
- The proposals in the consultation set out a number of exemptions on who the levy should apply to. The level of agreement to these proposals varied across respondent groups. Residents had a high level of agreement (73%). However, response was more mixed across the other respondent groups.
- There were a number of comments on the refunding process for those who are exempt. Many residents were supportive of the proposals and plans to work with organisations who represent people impacted by this. However, a concern across all respondent groups was the potential for unfair disadvantage on the very people who would be exempt and who might require more support.
- When asked about spending proposals, the majority of residents felt that the right amount or more should be allocated to participatory budgeting (70%), housing (76%), and city operations and infrastructure (81%). "Other" respondents showed similar patterns (61%, 63% and 63% respectively).
- However, visitors were more supportive over culture, heritage and events, with 53% who thought this was the right amount allocated or that more should be spent on this.
- Businesses showed higher levels of support for culture, heritage and events and destination and visitor management with 69% and 73% (respectively) who thought this was the right amount allocated or more should be spent on this. This included 45% of businesses who felt more should be spent on destination and visitor management.

## Appendix 3 – Visitor Levy for Edinburgh Scheme design considerations

The key consideration throughout designing the Visitor Levy for Edinburgh Scheme ('the Scheme') has been to ensure compliance with the Visitor Levy (Scotland) Act 2024 ('the Act'). The second main consideration has been to the scheme as 'simple' and consistent as possible, reducing complexities insofar as possible – not only does this reduce administration costs, it also makes the scheme easier to understand, increases the public acceptance of the scheme and increases the likelihood of compliance (which also reduces enforcement costs).

In addition to consulting the [official guidance](#) developed by VisitScotland, further guidance and advice has been sought from various sources, such as: the team developing the Act; other European cities who operate Visitor Levies; industry representatives; other Local Authorities in Scotland considering the implementation of a Visitor Levy in their areas; tax collecting authorities; and legal advisors. The text below focuses on the design of the Visitor Levy (VL) for Edinburgh Scheme and the rationale for the parameters included – the rationale for a VL has been covered in detail in previous reports.

### 1. Area covered, duration of scheme

#### **Draft scheme:**

The scheme area: everywhere within City of Edinburgh Council boundaries.

Date on which the scheme is to come into force: 24 July 2026.

Duration of scheme: until further notice (indefinitely).

Levy should be the same rate across the city, throughout the year.

#### **Final scheme:**

No change from draft scheme.

#### **Rationale:**

A consistent levy rate and approach throughout the city reduces the administrative burden for accommodation providers and for the Council. It also makes the scheme easy to understand for people who are visiting Edinburgh.

In the consultation questionnaire, there was over 75% agreement from residents for each proposal. Businesses had a mixed response across each proposal, with under 50% agreeing that the levy should come into force on 24 July 2026 and remain in force until further notice. The majority of businesses were in agreement that the levy should be the same rate across the city, throughout the year. Less than 50% of visitors approved of each proposal in the scheme – this relatively low approval rate is likely due to many visitors disagreeing with the concept of a levy in general.

During consultation engagement sessions and in the open text responses to the survey, some businesses were concerned about the levy coming into force during peak summer season and suggested that an off-peak introduction would be better. Conversely, there were a few comments that the levy should be introduced sooner – mainly from residents. On this latter point, this is not possible as the levy cannot be introduced until 18 months following the formal announcement of the Council's intention to introduce a Visitor Levy, which cannot be made until the final scheme has been agreed upon.

Regarding a delay in introducing the levy, while the current proposal does result in the levy applying to stays during the peak summer season, accommodation providers will not be required to make returns until after the end of September 2026, and will have had the 18-month implementation period (including the proposed 3 month 'transition period') to prepare. 45% of the revenue generated from the levy will come from the summer period defined as the four months for June to September<sup>1</sup>, so a delay the commencement date until after the peak season would mean a significant reduction in income in the first year and would not be aligned with the Council's Business Plan, which states that a Visitor Levy will be introduced 'as soon as legislation allows'.

## 1.2 Transitional provision

**Draft scheme:** Assuming the Council's intention to proceed with a levy is announced on 24 January 2025, all bookings which have been paid for, at least in part, made after that date for the liable period (e.g. for stays on or after 24 July 2026) may be liable for the levy.

(Note that this was not specifically defined in the consultation – the above reflects the wording in the Act ([s.17\(2\)](#)))

**Final scheme:** Assuming the Council's intention to proceed with a levy is announced on 24 January 2025, all bookings made on or after **1 May 2025** for the liable period (e.g. for stays on or after 24 July 2026) will be liable for the levy. Bookings made before 1 May 2025 for the liable period must be paid for in part or in full in order to not be liable for the levy.

### **Rationale:**

Although not initially included as a consultation query, this was raised as a concern during consultation engagement sessions by several stakeholders. The Consumer Protection from Unfair Trading Regulations 2008, combined with the Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013,

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<sup>1</sup> See Appendix 2 of the [22 August 2024 VL report](#)

requires all providers to show their price inclusive of VL at the time of booking, or it would be misleading.

As the scheme parameters, including the levy rate, will not be formally confirmed until 24 January 2025, applying the wording of the Act strictly would mean that accommodation providers would have to immediately update their systems and inform their clients that any bookings as of that date for stays on 24 July 2026 and onwards would be liable for the levy, or they would be in breach of the consumer legislation.

Introducing a 'transition period' would give accommodation providers time to update their rates, terms and conditions and inform clients of the changes to the price of their accommodation.

Officers sought informal advice from national tax collecting bodies and were advised that a form of grace period was good practise for any change in taxation and particularly important for new taxes. [The Scottish Government Bill Handbook](#) also advises (in s. 9.7.3) that the substantive sections of a Bill will generally not be commenced until at least two months following Royal Assent (which in itself is generally five and a half weeks after the Stage 3 process is completed, as per s. 9.7.2) as this gives those affected "reasonable opportunity to acquaint themselves with [a Bill's] final form and to prepare for its coming into force". While this is not a Bill, it would be reasonable to assume the same principle applies on the introduction of the first mandatory VL anywhere in the United Kingdom (UK).

A grace period was supported by VisitScotland, Edinburgh Hotel's Association, Edinburgh Visitor Economy Partnership and other industry stakeholders.

Forecasted revenue may be affected, but it is not anticipated that this grace period will affect a large number of room nights. VisitScotland data<sup>2</sup> demonstrates that the majority of domestic visitors (92%) book a stay within 6 months of their visit and for international visitors, most trips (93%) are booked within 12 months of their visit, meaning the majority of bookings for 24 July 2026 and onwards are likely to be made once the grace period has ended. It is anticipated that it will mainly be wholesalers, tour operators and business travel events who will be most affected by this. The loss in revenue would be partly offset by increased compliance, awareness and cooperation.

The scheme has therefore been updated to include a transition period of just over 3 months', which aligns with the Bill process as set out above.

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<sup>2</sup> Great Britain Tourism Survey (2023); and *Scotland Visitor Survey (2023)*

## 2. Percentage rate

**Draft scheme:** 5%

**Final scheme:** 5%

### **Rationale:**

The 5% levy rate proposal in August 2024 was informed by the engagement carried out to that date, where there was a strong preference for a 5% levy from residents. Industry stakeholders had indicated that a 3-5% levy would be “about right”. The recommendation was made to balance the benefits of revenue-raising against maintaining the city’s perceived global position and future visitor appeal.

Tourism sustains 37,000 jobs in Edinburgh and contributes £2.7bn of visitor spend to the local economy each year. This economic benefit can be seen across the city, but tourism also comes at a cost to the Council, which needs to ensure that the city is able to accommodate the extra footfall and the additional pressures on public services. These services range from increased waste collections during the Festivals in August to maintaining heritage buildings, museums and streets. It is important that the VL raises enough to support and sustain these additional pressures, as well as to improve the experience for visitors and residents alike.

A 5% rate, when comparing against international examples<sup>3</sup> where a VL is already in place, would put Edinburgh on par with most other city destinations with a similar offering to Edinburgh (e.g. a strong cultural offering, UNESCO status, etc). While it is recognised that the levy will add to visitors’ costs, the fact that it is being charged at a percentage rate means that it is applied proportionately to the budget of accommodation the visitor has chosen.

There is strong concern from the industry around the overall fiscal burden on visitors and accommodation provision already being higher in the UK than in other comparable destinations, making the UK as a whole a more expensive destination for international visitors. In particular, it has been highlighted that many other countries apply lower VAT to visitor services (in some cases none at all), making the overall taxation of visitors higher in the UK than elsewhere. In the same vein, it should be noted that VAT will be added to the levy, making the effective price increase 6% for the visitor (5% VL + 20% VAT on that).

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<sup>3</sup> Competitor analysis of visitor levy rates can be found in Appendix 3 of the [22 August 2024 VL report](#)

Adding to this that Edinburgh is already perceived as an expensive city, there are concerns that the introduction of a VL might be the final price increase that makes visitors choose to go elsewhere. One accommodation provider wrote:

*“The levy must not exceed 5%. The UK is already one of the most highly taxed countries in Europe and the Visitor Levy + VAT on top, will make Edinburgh less competitive against other major city destinations.*

*It’s inconceivable to discuss a rate above 5% at this stage as it may pose a real danger of making Edinburgh too expensive and a city only available for those of a certain budget. This includes visitors from the rest of Scotland and the UK too. We need to protect businesses throughout the year and ensure we remain competitive for UK staycations and large events for the EICC where we are directly competing against lesser taxed destinations.”*

During the consultation engagement sessions and in written responses to the consultation, several industry representatives voiced that 5% must be a “maximum” and the “upper limit” of what visitors would find acceptable. There were concerns expressed that any levy, but particularly one higher than 5%, would act as a deterrent to visitors to the city. Many attractions and hospitality stakeholders also expressed concerns that higher accommodation costs would impact them negatively, because even though visitors may still come to the city, they would have less expendable cash and therefore spend less when out and about in the city.

Mid-way through the consultation period, there were changes to the economic landscape and the UK saw the introduction of an increase to “operational costs - including energy costs, supplies, wages, and inflation – [which] are placing heavy financial burdens on businesses”<sup>4</sup>. These increased operational costs will likely be passed on to visitors, further adding to already relatively high costs in Edinburgh. While Edinburgh’s visitor economy has long seen, and coped with, high price increases for accommodation, this has tended to be led by high demand whereas, moving forward, price increases are likely to be led by increased operational costs.

In the consultation questionnaire, most residents (76%) and “other” respondents (61%) agree with a 5% levy rate. The responses from visitors and industry suggest that a rate higher than 5% would be unwelcome, with 54% of visitors and 49% of businesses disagreeing with a 5% rate. While this low level of support from businesses and visitors is likely due to some visitors disagreeing with the concept of a levy in general and some feeling strongly that it should be a flat rate despite having been told that, by law, it needs to be a percentage. In the open text comments,

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<sup>4</sup> EVEP (Edinburgh Visitor Economy Partnership) consultation response

visitors stated that Edinburgh is already an expensive destination without a visitor levy.

Respondents to the questionnaire were asked whether the levy rate should be higher than 5%, and there was a consensus across all groups that it should not be higher.

### **3. Scheme aims and objectives**

The VL scheme aims and objectives remain largely the same as those proposed in August 2024, except for one amendment, indicated below:

Scheme aim: To sustain Edinburgh's status as one of the world's greatest cultural and heritage cities and to ensure that the impacts of a successful visitor economy are managed effectively and in support of the priorities as set out in the Council's Business Plan.

Scheme objectives:

To Sustain, Support and Develop:

- Public services, programmes and infrastructure that provide an enjoyable and safe visitor and resident experience.
- Edinburgh's culture, heritage and ~~festivals~~ **events** provision to ensure it remains world-leading and competitively attractive to visitors as well as residents.
- The city's visitor economy by fostering innovation in response to environmental and societal challenges, enhancing Edinburgh's global reputation while promoting responsible and sustainable tourism.

**Rationale:**

The aim and objectives recommended in August 2024 reflected the results of past engagement, which demonstrated a general agreement that the city owes a lot of its success to attracting visitors to its heritage and cultural offering, and that this should be a key focus of investment. There was also recognition that the visitor and resident experience of Edinburgh as a clean, green and safe city needed to be a major focus for the scheme.

In the consultation survey, over 50% of all respondent types agreed with all proposed objectives. However, there was stronger agreement from residents and "other" respondents than from visitors and businesses.

There were a few comments around the second objective and that it did not align with the spending programme, which mentioned Events but not Festivals. In written submissions and during consultation sessions, several festival organisations in the

city stated that they wanted festivals to be mentioned specifically in the objective and in the spending programme title, with the suggestion that 'Events' be removed. It is acknowledged that festivals in Edinburgh provide huge cultural and economic benefit to the city, but the city also hosts many other types of events, such as musical, sporting or business events. In recognition of the fact that all festivals are events, but not all events are festivals, the second objective has instead been amended to make it consistent with the proposed spending programme "Culture, Heritage and Events", which will consider festivals as well as other events.

During consultation sessions and in written submissions, some industry stakeholders suggested specifying Edinburgh's 2030 Tourism Strategy in the overall scheme objective. While not explicitly mentioned in the aim or objectives of the Scheme, the Tourism 2030 Strategy is part of, and closely aligned with, the Council's Business Plan, and is therefore already included in the overall scheme aim.

#### **4. Cap on number of nights**

**Draft scheme:** Visitors pay for a maximum 7 consecutive nights

**Final scheme:** Visitors pay for a maximum 5 consecutive nights

#### **Rationale:**

As highlighted by the University of Edinburgh in their forecast and impact assessment of the draft scheme, included in the Integrated Impact Assessment, and supported by previous consultations and the latest engagement, having a cap on the number of nights "may have potential local economic benefits and may assist performers in Summer Festivals and others working in Edinburgh long-term." A cap may also encourage some visitors to stay in Edinburgh for longer.

The updated proposal was suggested during the consultation period by a number of industry groups, with one accommodation provider stating that a cap of 7 nights is "an excess penalty on the very people it's hoping to help". VisitScotland research shows that the average stay in Edinburgh is 3.5 nights<sup>5</sup> and their consultation response notes that a lower cap on number of nights would "send a more positive message, would be positively received by industry, and would be preferable to visitors who are staying for a longer period of time in Edinburgh – these are the visitors that we want to attract".

Festival organisations noted that the cost of accommodation, particularly during the Summer Festivals, was high and the introduction of a levy would "place significant financial burden" on them. Some festivals said the cap offers "limited benefit" to them, as their artists "come and go throughout the period of the festival according to

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<sup>5</sup> [Scotland Visitor Survey 2023 - Edinburgh factsheet](#), Published June 2024



the changing programme". Noting these statements, the proposed reduction of the cap will be more beneficial to festivals than the original cap of 7 nights, while still recognising that festival performers and workers use the city's public services the same as other visitors and therefore should not be exempt.

At the request of some accommodation providers, a monetary cap was also explored but it was highlighted that this would disproportionately benefit those staying in the most expensive accommodation more than those staying in lower cost accommodation, contradicting one of the main arguments for the levy as a percentage of the nightly fee rather than a fixed sum. Accommodation providers also noted that a monetary cap would be more administratively burdensome than a cap on number of nights and so, across most providers, there was low appetite for this.

The consultation questionnaire showed over 50% agreement with a cap of 7 nights among respondents from the resident, business and 'other' categories. There was 40% agreement with this amongst visitors.

Financially, a cap of 7 nights would lead to an estimated £0.06m annual reduction in revenue compared to if there was no cap. A cap of 5 nights would lead to an estimated £0.500m annual reduction in revenue compared to no cap. The difference in income loss (£0.440m) would have a small impact on the Council but could make a big impact on festival performers and workers, especially when taking into account the removal of the exemption for camp sites, below.

## **5. Accommodation liable for the levy**

**Draft scheme:** All types of overnight accommodation listed in the Act, including businesses operating under the VAT threshold, **except** temporary camp and campervan pitches.

**Final scheme:**

All types of overnight accommodation listed in the Act, including business operating below the VAT threshold [i.e. including temporary camp and caravan pitches].

Introduce a discretionary exemption for charitable accommodation providers where they meet both of the following criteria:

- Property must be occupied by a charity or a trustee of a charity; and
- Overnight stays at the property must be wholly or mainly for charitable purposes.

**Rationale:**

A consistent approach to accommodation providers throughout the city makes the scheme easy to understand for people who are visiting Edinburgh.

### Campsites

Considering the low market share and low-budget nature of campsites, it was agreed by Committee in 2018 for this type of accommodation to be exempt from the visitor levy. At the time, the proposed levy was a fixed poundage rather than a percentage, and it was perceived as disproportionate to charge someone staying in a tent the same as someone staying in a city-centre hotel. There was also a desire to support festival performers, who often stay in campsites to reduce costs while in Edinburgh. This is now covered by the (lower) cap on number of nights chargeable and the proportional nature of the levy being a percentage rate of the accommodation cost so low-cost accommodation is treated equally to high-end accommodation.

In consultation, camp and campervan sites were in favour of an exemption for their premises, on the grounds that they offer good value for local communities, young people and charities. They noted that an exemption for some types of accommodation on their premises, but not others (eg. tent and motorhome pitches exempt but not static caravans or permanent 'glamping tents'), would cause confusion for staff and visitors. The consultation questionnaire responses showed low support for an exemption for tent and campervan pitches, with under 50% of agreement from all respondent groups, with several written comments stating that "people camping still require services and should pay something towards this".

In addition to the above, removing an exemption for camp and campervan pitches creates Edinburgh-wide and national consistency<sup>6</sup>.

### Businesses operating below the VAT threshold

The levy income will count towards a business' turnover for accounting purposes, and may therefore result in a business, who was previously operating below the VAT threshold (currently £0.09m), finding itself over that threshold and therefore liable for VAT. The legislation therefore requires local authorities to clearly set out whether businesses who are not currently operating above the VAT threshold are still liable for the VL or not.

Using the average figures, size of accommodation and a 50% annual occupancy rate, the majority of the city's 400 hotels, apartments, guesthouses and B&Bs will have a turnover over £0.09m. It is therefore probable that most businesses operating below the VAT threshold in Edinburgh are likely to be short term let units. In the consultation questionnaire, a majority of respondents (89%) agreed that self-catering units (89%) should be included in the scheme for Edinburgh.

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<sup>6</sup> Highland and Argyll & Bute Councils have indicated that they do not intend to exempt camp or campervan sites.

In addition, a business would need to be currently operating close to the limit (their turnover would require to be above £0.085m) in order for the levy income to take it above the threshold. Adding an exemption for non-VAT businesses would therefore create an unequal treatment between different accommodation types in the area. This may in turn have an impact on the effectiveness and public acceptability of the visitor levy scheme and may cause confusion amongst visitors.

#### Charitable accommodation providers

During the consultation period, multiple stakeholders raised the desire for an exemption for charitable premises who provide accommodation for charitable purposes. This would help support and protect an already stretched third sector and acknowledges that charitable accommodation providers do not tend to operate on a commercial basis but rather on a cost-covering basis.

The proposed exemption uses the definition for those eligible for mandatory charitable non-domestic rates (NDR). The premises must be owned or occupied by a charity or a trustee of a charity and the overnight stays in the premises must be wholly or mainly for charitable purposes.

This would be a discretionary exemption and applied following application to the Council's Customer team, who would assess and confirm the accommodation provider's exempt status.

Concerns were also raised by individuals, as well as in the consultation open text comments and via emails, about organisations such as Ronald McDonald House and Ciaran's House who provide accommodation for family members of young people undergoing long-term hospital treatment. For clarity, where an accommodation provider does not charge for overnight accommodation, there has been no 'chargeable transaction' as per [s. 3\(2\)](#) of the Act, and the provider would be exempt from submitting a return. This is also the case where the accommodation provider caters wholly for individuals who are excluded from paying the levy, such as a homelessness shelter or women's refuge.

#### **6. a) Exemptions: Edinburgh-specific individual exemptions**

**Draft scheme:** no Edinburgh-specific individual exemptions

**Final scheme:** no change

#### **Rationale:**

A consistent approach throughout the city makes the scheme easy to understand for people who are visiting Edinburgh and for accommodation providers. Any individual exemption introduces complexities in evidencing and monitoring. This can be

confusing for visitors and increases administrative costs for accommodation providers and the Council.

There was no significant support for additional individual exemptions in the consultation questionnaire. Almost 70% of all respondents agreed that there should be no other exemptions to the levy in Edinburgh, however, this varied considerably when broken down by respondent type: 73% of residents, 35% of visitors and 51% of businesses agreed there should be no other exemptions.

The most recurring examples where stakeholders did think exemptions should be considered would be (festival) performers, Edinburgh and Scotland residents, those travelling for medical reasons and disabled people.

VisitScotland's response to the consultation includes a list of difficulties which can arise from additional individual exemptions, including challenges "defining the exemptions, enforcement, revenue forgone, distributional impacts, compliance costs, fraudulent activity, and administrative burden." These are all complexities that would make assessing any exemption difficult and if any of the examples listed above were to be exempt that would increase the administration cost of the scheme significantly as well as risk general acceptance of the scheme due to a feeling of unfairness.

## **6. b) Exemptions: Management of national exemptions**

**Draft scheme:** Individuals who are eligible for a national exemption will pay up front and claim back from the Council.

Evidence will be required to be submitted online and this is expected to include:

- The name of person in receipt of relevant eligible benefit;
- A copy (scan/photo) of relevant benefit award letter;
- Proof of payment for overnight accommodation;
- The name of the person in receipt of the relevant benefit should be included on the receipt or booking, as evidence that they were a member of the group staying in the overnight accommodation; and
- Bank details (to enable payment via BACS).

**Final scheme:** No change in process, but a clarification of wording with regard to the evidence which will be required to be submitted:

- The name of person exempted/excluded;
- If exclusion applies, verification of such status from relevant official body (this can include the Council's Homelessness services, Social services, relevant third sector provider, Police Scotland etc);
- If exemption applies, a copy (scan/photo) of the relevant benefit award letter or similar document;

- Booking confirmation/accommodation invoice - the name of the person exempted/excluded should be included on this document; and
- Proof of payment for overnight accommodation.

The application for a refund can be made online and the applicant will need to include their bank account details to enable payment via BACS. Alternative provision can be made for those who do not have internet access.

**Rationale:**

The Council has a specialist team of staff who are trained to assess and process refunds, and who have experience working with people with disabilities and/or people in difficult situations. Accommodation providers and their staff do not always have this specialist training. If accommodation providers managed the exemption at check in, people who are exempt might have to share sensitive information with staff at their accommodation provider who are not trained to help in this way. The staff member might also have to make an assessment which they are not comfortable making if, for example, the person does not have the required evidence with them. It has also been noted by industry stakeholders that in-person check-ins are not always available, in which case assessments can be even more complex.

The proposed process means that accommodation providers do not have to collect and store sensitive information from visitors and remit it to the Council. This means there are no GDPR requirements for the accommodation provider, or data sharing agreements required between the accommodation providers and the Council.

Accommodation providers and industry groups (Edinburgh Tourism Action Group (ETAG), VisitScotland, Federation of Small Businesses (FSB)) strongly support this approach, and have stated that there is a “lack of another viable option”.

It should be noted that if an individual is accessing emergency housing through the Council, they will not have to apply for a reimbursement in this way. Individuals who are accessing emergency housing at their own expense will be able to apply for reimbursement of any levy paid, following verification of their exempt status.

During the consultation period, officers engaged directly with groups and organisations supporting and/or representing people in receipt of the eligible benefits and there was general acknowledgement that the Council is better placed to administer the exemption than accommodation providers. During these sessions some concerns were raised on the wording of the Act, including that the exemption does not cover all disability benefits, and also not Personal Assistants (PAs) (or other types of companions, guardians, carers). It should be noted that if a person in receipt of an eligible benefit is staying in overnight accommodation (e.g. hotel room, short term let, aparthotel unit), the entire accommodation is exempt even if the

accommodation is shared with someone who is not in receipt of the eligible benefit. However, if someone is in receipt of an eligible benefits and stays in one hotel room and their PA is in a separate hotel room, the PA would be liable for the levy.

Stakeholders also emphasised that the reimbursement process needs to be genuinely accessible (including for those who may be digitally excluded), and that people need to be made aware that they may be eligible for an exemption. Officers will continue to engage with accessibility organisations to produce information materials and ensure that the process is as accessible as possible. This will also address concerns raised around an increased administrative burden for those claiming the refund. Officers will ensure the process is as simple as possible.

Stakeholders also raised concerns that people in receipt of these benefits would be left out of pocket until their refund was issued. To mitigate this, the Council's Customer team has confirmed that eligible refunds will be issued within 5 working days. Refunds cannot be issued prior to the stay, as the liability to pay a Visitor Levy does not arise until the visitor checks in to the accommodation ([s. 3\(1\) of the Act](#)) and so any levy payments that may have been made to the accommodation provider prior to checking in would have to be refundable by the accommodation provider until the point of checking in.

## 7. The Visitor Levy Forum

**Draft scheme:** The VL Forum will include representatives from the following groups:

- Edinburgh Association of Community Councils;
- Edinburgh Tourism Action Group (ETAG);
- Edinburgh's Festivals;
- Edinburgh Hotels Association (EHA);
- Edinburgh's young people groups;
- Edinburgh's World Heritage sites;
- Tenants in Edinburgh; and
- Workers within Edinburgh's Visitor Economy

**Final scheme:** If the VL scheme is approved, recruitment of the Chair will commence immediately with a view that the candidate will be presented to Council for ratification in spring 2025. Officers will then work with the Chair to ensure the membership of the Forum is made up of a balanced set of voices that represent the city's communities (Edinburgh Association of Community Councils; Edinburgh's Young People forums; city Diversity groups; accommodation providers (Edinburgh Hotels Association); workers engaged in tourism (a recognised trade union); tourist organisations (Edinburgh Tourism Action Group); and the city's cultural and heritage sector (Edinburgh World Heritage sites, Edinburgh's Festivals).

**Additional information:**

According to [section 16\(2\)](#) of the Act, the functions of the VL forum are:

- a. *“to discuss and advise the authority and any other person or body consulting on matters having to do with the VL scheme,*
- b. *to discuss and respond to each*
  - i. *consultation on a modification of the VL scheme [...], and*
  - ii. *consultation on the use of net proceeds of the VL scheme [...], and*
- c. *to discuss and make such representations as are considered appropriate in relation to each—*
  - i. *annual report on the VL scheme [...], and*
  - ii. *report setting out the findings of a review of the VL scheme [...].”*

The Forum will be made up of representatives from the community and from businesses and workers in the city’s visitor economy. Council officers responsible for the investment streams and officers from the Council’s Programme Management Office will be in attendance at Forum meetings and may make recommendations to the Forum but will not be members of the Forum itself.

The recruitment of an independent individual to chair the Forum will begin in early 2025. This individual will be offered a day rate and reasonable expenses as compensation for their services. The other members of the Forum will also be offered a day rate and reasonable expenses. This will be paid for as part of the implementation and later administration costs of the VL.

Once the Chair is recruited, officers will work with them to finalise the membership of the Forum to ensure an appropriate range of stakeholders from across the relevant interest groups is represented.

The Chairperson will chair the VL Forum and will, together with the Forum, advise and contribute to the reports on VL use of funds which will be subject to committee approval. They will not be expected to attend all committees but may attend if required. They will also advise on, and contribute to, the review and reporting process of the VL for Edinburgh.

During the consultation period, a number of industry representatives and groups suggested that additional representatives should be added to the forum, including representatives from transport operators, visitor attractions and small businesses. In the interest of keeping the Forum a manageable size and considering that ETAG represents the main parts of this industry, no change in membership is proposed at this stage. However, other interested parties should be allowed to make representations to the Forum as and when appropriate.

Some industry groups also suggested that, to avoid duplication of roles, the current Tourism Strategy Implementation Group (SIG), which oversees the implementation of Edinburgh's 2030 Tourism Strategy, could be expanded to include the groups listed above. This will be considered when the VL Forum chair is appointed.

**8. a) Use of funds: Council administration of scheme**

**Implementation costs** (until July 2026): £0.8m

- A spend to save application is included as part of Appendix 5 (of the Main Report).

**Annual running costs** (after July 2026): £1.0m

- 12x FTE, with positions ranging from Grade 4 to Grade 8:
  - Grade 8 officers: 1 x VL Manager, 1 x VL City Operations Manager 1 x Culture, Heritage & Events Manager 0.5 x Finance support, 0.5 x Enforcement team lead;
  - Grade 7 officers: 4 x Enforcement officers;
  - Grade 6 officers: 1 x Transactions team lead; and
  - Grade 4 officers: 3 x Transactions officers.
- **Annual systems maintenance fee** (£0.163m) to the Improvement Service;
- **Market research, data access and services** - £0.065m to support the continuous evaluation and assessment of the visitor economy and impact of the VL scheme; and
- **Governance costs** and expenses for running the visitor levy forum, and **legal and financial support**, if needed.

In addition to the above, as part of the administration costs, a **contingency fund** will be established with 5% of net proceeds to be paid in to this per year, starting in the second year of operation, until £10m is reached. This fund is to cover unforeseen circumstances until such a time that the wider scheme can be reviewed, should this be necessary. This could include covering the cost of permanent staff members and capital repayments in the event that VL income reduces.

Any use of the contingency fund would need to be replaced as a priority in the following financial year.

**8. b) Use of funds: Administration for accommodation providers**

**Draft scheme:** Given that administering the fund will be more onerous on small businesses as opposed to larger chains, that a band from 1.5% - 2.5% of the levy can be retained with 1.5% for larger businesses and 2.5% for smaller businesses that are not part of a chain.



**Final scheme:** A flat rate of 2% of collected levy funds to be refunded to accommodation providers regardless of size. This would amount to approximately £0.8m per year and be paid out before allocation to investment themes.

**Rationale:**

It was recognised in 2018 that some compensation may need to be given to accommodation providers to mitigate costs incurred as a direct result of introducing a VL. In the draft scheme presented to Policy and Sustainability Committee in August 2024 it was highlighted that, given the largely cashless society now, the vast majority of accommodation transactions are made via card payments, which tend to be charged at a percentage rate by the card provider. Accommodation providers charging visitors more in order to collect the levy will therefore incur a direct cost to the accommodation provider due to the increased charge.

The proposal to retain some of the levy funds has been well received by industry stakeholders, however there was some disagreement around the draft proposal's requirement to define the difference between a small or large business. Consideration was given to a range of different methods, from number of bed spaces provided, to turnover of the business, to rateable value of the business. Neither method was considered fully 'fit for purpose' and so, in order to reduce complexity and make the scheme administration simpler, this has been replaced with a flat 2% of all accommodation providers' levy raised.

Evidence gathered from a number of accommodation providers show that this would cover the majority of credit card charges and it would mean no requirement to regularly reassess any small/large business threshold.

During engagement sessions it was highlighted that the introduction and the ongoing collection of the VL will incur costs for accommodation providers, including:

One-off costs:

- Updating point of sale and booking software to include the relevant reporting outputs (response from 10 hotels stated one-off costs ranging from £0 - £0.001m);
- Updating Terms & Conditions to include clauses around a VL;
- Training for existing staff to learn new systems for remitting and billing a visitor levy; and
- Staff time in testing and piloting the new collection system.

Ongoing costs:

- Credit card fees charged on VL funds collected from visitors (accounting for 90-95% of transactions, with charges ranging from 1.53 – 2.82% based on data provided from accommodation providers);

- Costs associated with preparing regular remittance tax returns to the local authority (assuming one return per quarter);
- Costs associated with performing reconciliation exercises associated with tax returns and due diligence checks to ensure, for example, the correct visitor levy rate is applied to invoices; and
- Costs associated with engaging in additional record keeping for the purposes of evidencing where a local exemption to the visitor levy was applied.

It was commented during consultation sessions that a 2% rate would not cover all of the costs incurred, and that if the Council can recoup its full administration costs, accommodation providers should also be able to do this. While acknowledging that all of accommodation providers' costs will likely not be met, it is not usual practise for authorities to provide any reimbursement for the collection of taxes and there is no requirement in the Act that local authorities do so. Furthermore, there are very limited examples internationally of such practice but noted that where it *is* in place it has been identified as a large contributing factor to high acceptance rates from business. It should also be noted that the Council's own administration costs will only marginally exceed the amount which is proposed to be returned to accommodation providers.

It was originally intended that accommodation providers would be able to retain the 2% when paying their remittance to the Council, however it has been noted that the Act stipulates that the accommodation provider must pay the full levy to the Local Authority ([s. 26\(3\)\(a\)](#)), which means that this will need to be reimbursed from the net proceeds. This will be paid out prior to any allocation to the investment themes and the mechanism for repayments will be developed in tandem with the development for the returns platform for accommodation providers.

## **8. c) Use of funds: Participatory Budgeting (PB)**

**Draft scheme:** 2% of annual overall funds will be spent on PB

**Final scheme:** £0.1m per electoral ward to be allocated to PB. Including £0.3m estimated running costs, this totals £2m over the first 3 years, which equates to approximately 2% of total forecast funds.

### **Rationale:**

There is a joint commitment between the Scottish Government and Councils to allocate at [least 1% of the Council budget via PB](#). Allocating 2% of the VL funds to be used towards PB aligns with this commitment, as well as with the Edinburgh 2030 Tourism Strategy, which VisitScotland notes in their consultation response "*emphasises the importance of communities for the visitor economy. The visitor levy*

*presents an opportunity to engage even further and more tangibly with communities to make improvements for the mutual benefit of both communities and visitors.”*

The draft scheme was amended to ensure that all areas in Edinburgh receive the same funds, regardless of when the projects are carried out. With the original proposal, projects in the first year of the VL’s operation would receive less funding than projects in the third year. This amount will be subject to review along with the wider VL scheme after 3 years of the VL’s operation.

The estimated running costs are the total estimated costs for 3 years of operation. This covers 1.5 FTE to run the scheme, plus a contribution towards promotion and incidentals.

70% of residents were happy with the proportion allocated to PB, as well as 51% of businesses and 37% of visitors. During consultation sessions, some stakeholders were concerned that PB funding would be used towards general community projects, so it should be highlighted that the PB funds would need to be spent on projects which are compliant with the Act by “facilitating the achievement of the scheme’s objectives” and “developing, supporting and sustaining facilities and services which are substantially for or used by persons visiting” Edinburgh. This will be closely monitored and reported on as part of the annual reporting

Living Rent supported the PB allocation, stating in their response that “participatory budgeting is a democratic way to give residents a say over important issues and work in their communities and would allow for wealth generated via tourism to have a positive impact on working-class communities.” Equally, ETAG was supportive of the allocation but said that “Strict governance around how Participatory Budgeting is spent is critical, and must comply with the Visitor Levy legislation and align to the Edinburgh Tourism Strategy 2030”.

#### **8. d) Use of funds: Housing and tourism mitigation**

**Draft scheme:** £5m to be committed to capital borrowing repayments, meaning £70m of investment which could unlock a further £65m of borrowing, equating a total of £135m of funding to be spent on housing.

**Final scheme:** no change.

#### **Rationale:**

This proposed fund would mitigate a key area where the success of Edinburgh’s visitor economy sector has created negative impacts. It is proposed that a fixed annual sum of £5m would be committed to capital borrowing repayments. This would

enable £70m of investment which could unlock a further £65m of borrowing, equating a total of £135m of funding to be spent on housing

In the scheme's financial principles, the Council's s.95 Officer has recommended that loan charges in relation to capital expenditure should represent no more than 25% of the scheme's income. Based on the assumption that a 5% VL will raise an average of approximately £40m p.a. in the first three years, committing 25% of the income to capital investment repayments would equate to £10m p.a. and £5m would represent half of that. Any further allocation to this theme would mean less funds are available for other capital projects in the VL investment programmes.

In the consultation questionnaire, 36% of residents, 19% of visitors and 29% of businesses thought that £5m was the right amount to spend on housing. However, a similar proportion of visitors (37%) and businesses (41%) thought that no or less money should be spent on housing. 41% of residents, 20% of visitors and 11% of businesses responded saying that more should be spent on housing. It should be noted that almost 25% of visitors responded that they did not know whether this proportion should apply.

A greater proportion of residents and a few visitors commenting in the questionnaire felt that it was good use of funds as there are many accommodation providers temporarily housing homeless people in the city. Living Rent's consultation response called for an annual investment of £9.1m, which they estimate would provide homes for everyone in temporary accommodation in Edinburgh. While this may be the case, using today's numbers, it is unlikely that even this level of investment would eradicate the need for temporary accommodation in Edinburgh given the current trajectory of homelessness numbers in the city.

In the written questionnaire responses and during consultation sessions, most visitors and some residents were of the opinion that the money raised is not meant to support housing or would not make a difference to the visitor economy. Businesses, and some residents during consultation sessions questioned whether the spend on housing was legally permissible according to the Act.

During consultation sessions with businesses, while there was a generally low level of support for spending VL funds on housing, there was acceptance that Edinburgh is facing a housing emergency and that an annual £5m investment from VL funds could help address this. This was particularly acknowledged in relation to making affordable housing available to workers within the visitor economy, whereas there was a greater scepticism when it came to social housing in order to free up temporary accommodation. In general, businesses felt that there needed to be more detail and clarity on this area of spend, in line with VisitScotland's statement in their

consultation response that the spend on housing should “provide reassurance to the industry of the tangible direct and indirect benefits to the visitor economy”.

A report will be prepared for Housing Homelessness and Fair Work Committee on 13 May 2025 with full details on how this proposed housing spend could be allocated and how this would adhere to the Act’s requirements on the use of VL funds.

## **8. e) Use of funds: Remaining funds: City Operations and Infrastructure**

**Draft scheme:** After administration costs (including contingency), PB and housing, **55%** of the remaining funds will be spent on City Operations and Infrastructure

**Final scheme:** No change

### **Rationale:**

Most residents are happy with the proportion allocated to city operations and infrastructure or think more should be spent on this (81%). Businesses and visitors, on the other hand, indicate that they support other priorities more (60% of visitors and 55% of businesses saying that less or no money should be spent on city operations and infrastructure, or that they don’t know).

Engagement results are along the same lines, but with businesses somewhat more supportive in discussion. There is a strong sentiment from both residents and businesses that this should focus on enhancing the place experience (“Please use the levy to keep the city clean e.g. with litter wardens and plastic bottle collection, which I find the worst thing in the city, continually thrown on the streets!”) and, as such, be additional to services and operations already in existence with Essential Edinburgh calling for base level data, showing the 2025/26 investment in each area.

One resident commented that “Improving, building and maintaining sustainable infrastructure with this fund should be a top priority. The city feels oversaturated with tourists at peak times and pavements/buses/trams seem unable to cope with the influx of people”.

It is clear that city operations and infrastructure are critical to maintaining Edinburgh’s status as a first-class global tourism destination and crucial for enhancing the overall visitor experience and maintaining the city's competitiveness in the global tourism market. The city needs to operate at a high standard in order to attract both domestic and international visitors and investment in this theme will ensure that the city can continue to grow and improve its infrastructure and continue to deliver a first-class visitor experience. Considering all the feedback, the allocation has therefore been left unchanged from the draft scheme.

## **8. f) Use of funds: Remaining funds: Culture, Heritage and Events**

**Draft scheme:** After administration costs (including contingency), PB and housing, **35%** of the remaining funds will be spent on Culture, Heritage and Events

**Final scheme:** No change.

### **Rationale:**

Most residents (58%) think that the proposed proportion is right, or that more should be spent, on culture, heritage and events. However, 34% of residents think less, or no money at all should be spent on culture, heritage and events. 69% of businesses and 54% of visitors think that this is the right amount or that more should be spent on this.

Both Festivals Edinburgh and Edinburgh Festival Fringe Society have highlighted that festival performers and visitors will form a large part of levy-payers and proposed an increase in this investment theme and that “those who are responsible for generating income should be fairly compensated with reinvestment at a comparable level to the city operations/infrastructure”, with the suggestion that the funds should instead be allocated 45/45/10.

In general, there is a recognition that the city has a strong offering in this sector<sup>7</sup> and that this needs to be supported, however there is also some sentiment that there is a need to reduce reliance on this sector. One respondent said: “The festivals in Edinburgh bring in huge amounts of income for the city already, often at the expense of locals. We need to invest in ensuring the destination is set up for seasonal spread.”

Considering all the feedback, the scheme has retained a 35% allocation of the funds (after administration costs, including payments to a contingency fund, PB and Housing) to be invested in the Culture, Heritage and Events investment theme.

## **8. g) Use of funds: Remaining funds: Destination and Visitor Management**

**Draft scheme:** After administration costs (including contingency), PB and housing, **10%** of the remaining funds will be spent on Destination and Visitor Management

**Final scheme:** No change

### **Rationale:**

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<sup>7</sup> Historic Environment Scotland highlights that “65% of visitors to Edinburgh saying that history and culture is their motivation for visiting, in comparison to 48% of visitors to Scotland overall. This is the highest of any local authority area in Scotland, according to VistScotland’s 2023 visitor survey.”

Businesses are most supportive of the destination and visitor management allocation, with 73% saying this is the right amount or that more should be spent on this. Most residents (52%) think that this is the right amount or that more should be spent on this but 37% say less or no money should be spent on this theme. Visitors are generally more supportive of this theme and 49% of visitors think that this is the right amount or that more should be spent here.

In several conversations with respondents, there is a common (mis)conception that this theme is primarily about city marketing, and while a well-known travel booking site highlights in their response that “destination marketing will be essential to counteract the effect of the levy on demand and to ensure that the levy is sustainable in the longer term”, many respondents (especially residents) feel there is less need for generic city marketing (“The main reason I am not overly keen on using any money raised to promote tourism and festivals is that they appear to be very popular with the current levels of support.”).

There is, however, strong support for supporting sustainable tourism measures and Fair Work within the industry and also support for the marketing activity that does take place to be focussed on visitor dispersal across the city and the year. One respondent summarised it as: “I think the problem with residents and elected members not wanting to spend money on destination management is that they think it’s about city marketing and just bringing in more and more visitors. If the point could be made that actually it is about increasing the value of visitors to the local economy rather than numbers that would help. Ultimately sustainable tourism requires better quality experiences for visitors, better paid secure jobs for locals and maximising the contribution to the local economy from each visitor. Proper destination management is about building a coordinated approach to all of this - and managing it effectively.”

Given the city’s strategic objective to responsibly manage Edinburgh as a tourism destination, investment in this theme remains a crucial part of the scheme and no adjustment has been made in the allocation from the draft scheme. This also aligns with VisitScotland’s comment that “Providing a long-term commitment to areas within this investment theme would ensure a strategic long-term approach is taken without the uncertainty of future resource”.

## **9. Use of net proceeds:**

Reflecting the feedback from the consultation, the net proceeds will be invested as follows:

‘Fixed Costs’:

- A PB allocation of £0.1m per electoral ward + £0.3m running cost over the first 3-year cycle, totalling £2m over three years.
- No change to the Housing allocation of £5m per annum.
- 2% of revenue to be earmarked for repayment to accommodation providers.

Remaining balance:

- 55% City Operations and Infrastructure
- 35% Culture, Heritage and Events
- 10% Destination and Visitor Management



	Jan-Mar 2025	April - June 2025	July-Sept 2025	Oct -Dec 2025	Jan – Mar 2026	Apr – Jun 2026	July – Sept 2026	Oct – Dec 2026	Jan – Mar 2027
City of Edinburgh Council publicises Visitor Levy of Edinburgh scheme	24-Jan-25								
	Enhanced engagement & Comms for switch on date								
Switch on date (effective date for VL for Edinburgh)	Starting <b>1st May 2025</b> , if overnight accommodation for the liable period is booked, the stay will be liable for the levy								
Date on which stays will be liable for a levy							24 July 2026 Liable period begins	Visitor Levy liable period →	
Accommodation providers to remit payment to Council							End of September 2026 (at least 30 days after to submit)	End of December 2026 (at least 30 days after to submit)	End of March 2027 (at least 30 days after to submit)
Agreement of Spending programmes and projects. (3-year cycle with annual review)		13 May 2025: HHFW Committee		Visitor Levy Forum recommendations report by Oct 2025	Council approval between Dec 2025 to March 2026			Visitor Levy Forum recommendations report before October 2025 (first review)	Council approval between Dec 2025 to March 2026 (first review)
Business guidance development	Development of guidance for businesses			Review of guidance for collection				Review of guidance for collection	
Collection Platform development		Collection platform testing		Further development and launch in February 2026					
Market research on visitor economy			Peak season baseline		Off-peak season baseline		Peak season		Off-peak season
Visitor Levy Forum meetings	Appoint chair by March 2025	May 2025 (tbc)	July 2025 (tbc)	Oct 2025 (tbc)	Feb 2026 (tbc)	June 2026 (tbc)		Oct 2026 (tbc)	Feb 2027 (tbc)

## **Appendix 5 - Application for Spend to Save funding – Visitor Levy for Edinburgh**

### **Background**

The Visitor Levy (VL) is a fiscal devolution allowing Local Authorities to implement an overnight charge for overnight visitors to their areas. The ability for Edinburgh to do so will maximise opportunities to raise local income to provide additional resources for the Council's strategic priorities. The levy would contribute, in particular, to the Business Plan objective "Edinburgh has a stronger, greener, fairer economy and remains a world-leading cultural capital".

The VL has a strong legislative, political and Edinburgh-specific strategic foundation. The Visitor Levy (Scotland) Act has now been passed and is in force, and the Council is expected to agree the introduction of a Visitor Levy in January 2025, which would mean it could be in force as of end July 2026.

### **Scheme revenue generation**

The revenue that could be generated from an Edinburgh Visitor Levy is expected to be in the region of £100m over the first three years, based on 5% of room cost charge applied to all overnight accommodation in Edinburgh. As the scheme is embedded, anticipated annual revenue is estimated in the region of £50m p.a.

The proceeds raised from a visitor levy are expected to be spent on delivering objectives that support, develop or sustain the visitor economy. While the revenue raised will be limited to spend on certain specified areas, the scheme features an ability to cover administration costs from income generated.

### **Spend to Save proposal**

The project currently benefits from one Project Manager post at Grade 8, which is funded from Spend to Save (StS) funding (total £150k). Additional scheme development costs have been covered by existing budgets but, to prepare for implementation, further investment is required in order to ensure that the Visitor Levy for Edinburgh can be successfully implemented in July 2026.

Funding required:

- Market research (£0.065m)
- Development of collections platform (£0.186m)
- Collections platform ongoing costs – initial payment (£0.041m)
- Collections team, project management (£0.05m)
- Collections team, operational staff (£0.062m)
- Investment programme development staff (£0.220m)
- Legal costs (£0.02m)
- Finance team, modelling costs (£0.050m)
- Governance (£0.005m)
- Marketing, including website development (£0.05m)
- Business engagement + training (£0.03m)
- Contingency (£0.02m)

The total associated cost of this investment is £0.799m, with planned repayment to start in 2027/28, once the scheme is in its first full financial year, and to be repaid over two years.

## Spending Programmes

The Visitor Levy (Scotland) Act 2024 stipulates that the net proceeds of a visitor levy must be spent on facilitating the achievement of the scheme's objectives, which must "develop, support and sustain facilities and services which are substantially for or used by persons visiting [overnight] for leisure or business purposes (or both)".

Further guidance on acceptable use of funds can be found in the Use of Funds section of [the Guidance](#) produced by VisitScotland.

### 1. **Administration costs for the Council and contingency**

**Implementation costs** (until July 2026): £800,000 – this will, if approved, be paid for upfront from the Council's Spend to Save fund and repaid from the gross proceeds in 2027-28 and 2028-29.

**Annual running costs** (after July 2026): £1,000,000

- 12x FTEs ranging from grade 4 to grade 8:
  - **Grade 8 officers:** 1 x VL Manager, 1 x VL City Operations Manager, 1 x Culture, Heritage & Events Manager, 0.5 x Finance support, 0.5 x Enforcement team lead;
  - **Grade 7 officers:** 4 x Enforcement officers;
  - **Grade 6 officers:** 1 x Transactions team lead; and
  - **Grade 4 officers:** 3 x Transactions officers.
- **Annual systems maintenance fee** (£162,867) to the Improvement Service;
- **Market research, data access and services** - £65,000 to support the continuous evaluation and assessment of the visitor economy and impact of the VL scheme; and
- **Governance costs** and expenses for running the visitor levy forum, and **legal and financial support**, if needed.

**Annual contingency:** 5% of net proceeds per year, starting in the second year of operation, until £10m is reached.

- This fund will cover unforeseen circumstances until such a time that the wider scheme can be reviewed, should this be necessary. This could include covering the cost of permanent staff members and capital repayments in the event that VL income reduces.
- Any use of the contingency fund would need to be replaced as a priority in the following financial year.

## **2. Housing and tourism mitigation**

This proposed fund would focus on key areas where the impact of the visitor economy sector has created negative impacts.

£5m could be committed to capital borrowing repayments, meaning £70m of investment which could unlock a further £65m of borrowing, equating a total of £135m of funding to be spent on housing.

Legal advice has been sought on whether the legislation permits VL funds to be invested in housing for residents and it is understood that as long as it can be evidenced that doing so would directly and/or indirectly benefit visitors and help to safeguard or enhance the visitor experience, it would be permitted under the legislation. A report will be prepared for Housing Homelessness and Fair Work Committee on 13 May 2025 with full details on how this proposed housing spend could be allocated and how this would adhere to the VL Act's requirements on the use of VL funds.

## **3. Participatory Budgeting**

It is proposed that £100,000 per electoral ward is allocated to PB over the first three years of the scheme. Including £300,000 estimated running costs, this totals £2m over the first three years, which equates to approximately 2% of total forecast funds.

It is proposed that several projects are carried out each year, with the geographical phasing to be defined during the VL implementation period.

PB funds need to be spent on projects which are compliant with the Act by “facilitating the achievement of the scheme’s objectives” and “developing, supporting and sustaining facilities and services which are substantially for or used by persons visiting” Edinburgh.

A shortlist of options will be developed by communities, with some input from Council officers to ensure funds are used in accordance with the requirements of the VL legislation.

These options would be further developed co-designed with local communities and a public/community vote would be held to decide the final schemes.

## **4. Administration for accommodation providers**

This is a recommended amount payable to accommodation providers to relieve some of the financial burden of the administration of the VL.

A flat rate of 2% of collected levy funds to be refunded to accommodation providers regardless of size. This would amount to approximately £900k per full year.

This could cover costs such as:

One-off costs:

- Updating point of sale and booking software to include the relevant reporting outputs (response from 10 hotels stated one-off costs ranging from £0 - £1,000)
- Updating Terms & Conditions to include clauses around a VL
- Training for existing staff to learn new systems for remitting and billing a visitor levy
- Staff time in testing and piloting the new collection system

Ongoing costs:

- Credit card fees charged on VL funds collected from visitors (accounting for 90-95% of transactions, with charges ranging from 1.53 – 2.82%)
- Costs associated with preparing regular remittance tax returns to the local authority (assuming one return per quarter)
- Costs associated with performing reconciliation exercises associated with tax returns and due diligence checks to ensure, for example, the correct visitor levy rate is applied to invoices
- Costs associated with engaging in additional record keeping for the purposes of evidencing where a local exemption to the visitor levy was applied.

## **Investment themes**

The remaining funds will then be invested in three themes, aligned to the objectives of the scheme, and in reflection of stakeholders' priorities whilst ensuring that each theme receives an allocation large enough to make a significant impact.

### **5. City Operations & Infrastructure – 55% of remaining funds**

In order to maintain Edinburgh's standing as a premier destination and for work, travel and as a place to live, the smooth-running of key city services is vital. There are two recommended funding streams which cover operational services, as well as the maintenance and enhancement of cultural assets and amenities.

The Well-Kept City Fund will cover a range of essential services including the introduction of enhanced safety measures, cleansing provision and environmental sustainability. The City Transformation Fund recommends a number of more ambitious projects aimed at renewing and restoring key areas of the city.

#### **Well-Kept City Fund**

Clean: Ensuring that the streets and open spaces in the city are cleaned and kept clean to a high standard. Projects include:

- Graffiti Removal Service for Private Property
- Evening Street Cleansing Provision
- Street Washing Resource
- Underground Bins

Green: Protecting the quality of our green spaces through effective maintenance and effective visitor management. Projects include:

- 7 Day Premier Park Cover
- Increased Park Ranger Coverage
- Floral Bedding and Hanging Basket Production and Maintenance
- Improved Parks Maintenance Budget

Safe: Having resource in place that allows residents to feel safe in the city centre, town centres and high footfall areas. Projects include:

- Increased CCTV Coverage
- Improved Lighting in Closets and Stairs
- Permanent Hostile Vehicle Mitigation Solutions

Well-Maintained: Maintaining the fabric of Edinburgh's streets, public spaces and public infrastructure to the standard that should be expected in a world class city. Projects include:

- Statue, Monument and Public Art Maintenance
- Increased Accessible Toilet and Welfare Facility Provision
- City Centre and Town Centre Management Team
- City Centre Wardens/Ambassadors

- Increased Hard Landscaping Resource
- City Dressing
- Festive Lighting
- Setted Street Renewal Funding

Sustainable Infrastructure: Ensuring that public transport is protected and optimised, that residents and visitors can use our transport network without undue disruption and that sustainable transport options are prioritised. Projects include:

- 7 Day Coordination Service
- Bike Hire Scheme Contract and Development Capacity
- Public Transport Priority Enforcement and Enhancement
- Footway Widening Budget

**City Transformation Fund:**

A fund dedicated ensure that Edinburgh’s key visitor attractions remain destination locations that residents and visitors can enjoy. Investment in other key areas in the city will contribute towards attracting visitors and enhance amenities for locals, whilst ensuring there is capacity for further growth. Projects include:

- Old Town Streets
- Portobello Promenade Improvements and Renewal
- Cramond Foreshore Improvements
- Princes Street and Princes Street Gardens
- George Street and First New Town Project
- Public Realm Events Infrastructure

## **6. Culture, Heritage & Events – 35% of remaining funds**

Edinburgh is a 365 day a year cultural capital and a pre-eminent global festival-city, attracting the world's best creative talent, contributing significantly to the success, vibrancy and wellbeing of the city, its residents and visitors. In 2022, the Festivals alone are estimated to have generated £407m and supported 5,850 new FTE jobs in Edinburgh.

Cultural sector organisations have been at standstill funding levels at best for the last 5 years at least and investment is needed to maintain and develop our global reputation, particularly in the context of the impact of the pandemic and climate emergency. We are officially the most diverse city in Scotland and want to ensure that that diversity is recognised and celebrated.

There are three proposed investment areas for funds raised by the visitor levy:

### **Cultural Creation Fund**

To ensure Edinburgh's cultural organisations have the investment and support to innovate and generate new world class content that covers the geography of the city. Creative content is a critical element of what drives our global reputation, our vibrancy as a cultural capital and helps attract and retain creative talent.

- **Open 365:** An open fund managed by the Council dedicated to supporting new creative work and partnerships that add to the city's profile and the visitor experience
- **Strategic Partners and Festival Support:** A scheme dedicated to increasing and supporting the city's SPO's to give longer-term stability to creative organisations across the city, to contribute to their core costs, develop new work and partnerships that add to the city's profile.
- **Council Support:** Budget provision for the Council's culture and wellbeing estate to support new work, events, exhibitions, public art, deliver Culture Strategy actions, ensuring that the benefits of culture are felt across the city throughout the year.

### **New Work Commissioning Fund**

To invest in Edinburgh's physical cultural assets to ensure sustainable futures as high-quality visitor destinations, green, creative and well maintained, spaces.

The city is characterised by its built heritage estate and the cultural infrastructure reflects this. It is a strength as a visitor offer but carries risk in relation to access, carbon sustainability, fabric, and general building conditions. Many (all) buildings will struggle



to meet net zero targets without investment in building mechanical, electrical and fabric conditions.

- **Cultural Infrastructure Development:** Open funding to support cultural organisations in their journey to the green economy and reduce carbon outputs, e.g. Building Management Systems, organisational change.
- **Heritage Building Transformation:** Funding to support the Council's cultural and heritage estate, Net Zero schemes, maintaining venues to a high standard, e.g. refurbishment, upgrades, etc.
- **Cultural Philanthropic Trust:** Establish a trust to encourage civic ownership of vision and mission. Work to date has indicated an appetite for philanthropists to play an enhanced role in supporting the city's cultural investment in partnership with the city but with independent governance thereby leveraging in additional money, and offer potential tax advantages. The proposal is to introduce this strand in later years to enable development of an ethical philanthropy statement and ensure that transparency exists to understand the profile of the funding.

## **7. Destination and Visitor Management – 10% of remaining funds**

This programme aims to enhance Edinburgh's visitor economy while mitigating its impacts on the city. The programme focuses on two main initiatives, which align closely with goals outlined in Edinburgh's Tourism Strategy 2030:

### **Tourism Sustainability and Fair Work in Tourism:**

- Encourage Sustainable Practices: Support and sustain eco-friendly operations among local businesses to reduce environmental impact.
- Improve Workforce Conditions: Advocate for fair work practices to enhance job quality and attract skilled workers.
- Build Sector Resilience: Support businesses in adapting to market changes and emerging challenges.
- Partnership Engagement: Invest in partnership capabilities, develop bespoke membership framework to foster private and public sector partnerships, and collaborate with ambassadors through events and sessions to produce joint promotional activities and secure major conferences and events.

### **Destination Marketing and Management:**

- Distribute Footfall and Position Edinburgh as a Year-Round Destination: Highlight off-season attractions and inspire visitors to explore lesser-known areas, spreading economic benefits across the city and balancing visitor numbers throughout the year.
- Enhance Visitor Experience: Develop and promote diverse experiences that encourage longer stays and higher spending across all of Edinburgh.
- Attract Business Events and Conferences to Edinburgh: represent Edinburgh at key industry tradeshows, conduct city-wide sales missions, leverage PR positioning Edinburgh as a premier destination for business events and conferences, and create business event sales materials and respond to bids.

By integrating these initiatives and working in tandem with the Edinburgh Tourism Strategy 2030, the Destination and Visitor Management Programme aims to create a sustainable, fair, and vibrant tourism sector that benefits both residents and visitors while preserving Edinburgh's unique heritage and environment.

## Appendix 7 - Measurement and Reporting of Visitor Levy (VL) Objectives

**Objective: To sustain, support and develop public services, programmes and infrastructure that provide an enjoyable and safe visitor and resident experience.**

**Measure:**

- Resident Survey – satisfaction with Services (every two years)
- Allocated spend on City Services and infrastructure from the Visitor Levy (capital value and revenue)

**Report:**

- Executive Committee report on VL programmes
- 3 yearly review report on VL for Edinburgh
- Bi-annual update on delivery of the Edinburgh Tourism Strategy 2030

**Objective: To sustain, support and develop Edinburgh's culture, heritage and events provision to ensure it remains world-leading and competitively attractive to visitors as well as residents.**

**Measure:**

- Visitor Survey (new annual commissioned twice a year)
- Overnight visitor numbers in Edinburgh
- Festival Impact Reports
- Allocated spend on Culture, Heritage and Events from the Visitor Levy (capital value and revenue)

**Report:**

- Executive Committee report on VL Programmes.
- 3 yearly review report on VL for Edinburgh
- Bi-annual update on delivery of the Edinburgh Tourism Strategy 2030

**Objective: To sustain, support and develop the city's visitor economy, by fostering innovation in response to environmental and societal challenges, enhancing Edinburgh's global reputation while promoting responsible and sustainable tourism.**

**Measure:**

- Visitor Survey (new annual commissioned twice a year)
- Overnight visitor numbers in Edinburgh
- Number of businesses in tourism sector signed up to Sustainability and Fair Work accreditations.
- Allocated spend on Business support to Visitor Economy and destination management from the Visitor Levy (capital value and revenue)

**Report:**

- Executive Committee report on VL Programmes.
- 3 yearly review report on VL for Edinburgh
- Bi-annual update on delivery of the Edinburgh Tourism Strategy 2030

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