

Policy and Sustainability Committee

10.00am, Tuesday, 1 November 2022

Edinburgh Transient Visitor Levy Update

Executive/routine Wards Council Commitments	Executive All
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1. Recommendations

- 1.1 Policy and Sustainability Committee is asked to:
 - 1.1.1 Note that the Scottish Government have confirmed their commitment to resume the introduction of a Local Visitor Levy Bill;
 - 1.1.2 Note the current Edinburgh Transient Visitor Levy (TVL) position, agreed by the Council in February 2019;
 - 1.1.3 Note that supporting the introduction of a TVL (Tourist Tax) was again agreed by Council as part of a shared strategic work programme for the next five years on 30 June 2022;
 - 1.1.4 Agree that Council Officers should work with Scottish Government Officials and COSLA to support the development of the legislation for the Local Visitor Levy Bill;
 - 1.1.5 Agree the specific terms of engagement (as set out in paragraph 4.2) and the thematic proposals suggested for TVL revenue priorities that would form the basis of discussions with external stakeholders (as set out in paragraph 4.5);
 - 1.1.6 Note the letter sent by the Leader to Scottish Government (provided in the Appendix 1); and
 - 1.1.7 Note that Council Officers are updating and developing the proposed scope and are identifying supporting proposals for revenue priorities for consideration by Committee at the end of March 2023.

Paul Lawrence

Executive Director of Place

Contact: Gareth Dixon, Senior Policy and Insight Officer



Report

Edinburgh Transient Visitor Levy Update

2. Executive Summary

- 2.1 This report provides an update on the work to date and next steps on an Edinburgh Transient Visitor Levy (TVL).

3. Background

Current position of the Transient Visitor Levy

- 3.1 The Scottish Government agreed for a local discretionary TVL Bill to be introduced in 2020. There was a pre-legislative consultation which started at the end of 2018 and concluded in early 2019. The results from this consultation were published in March 2020. A few days before this publication, the decision was taken by the Scottish Government to temporarily pause the Bill as a consequence of the emergence of the Covid-19 pandemic.
- 3.2 In early 2022, as part of the Resource Budget announcement, the Scottish Government signalled its intention to resume work on the new Bill. The Scottish Government confirmed the inclusion of the Local Visitor Levy Bill in its September 2022 Programme for Government. Based on experience supporting the Workplace Parking Levy (WPL) regulations, officers have estimated that implementing the Bill and any regulations could take between 12 and 18 months with a further process needing to be undertaken prior to local implementation.

City of Edinburgh Council Activity

- 3.3 Depending on the final model agreed by the Council following the regulatory processes, an Edinburgh TVL could raise between £5 million and £35 million a year as recurring revenue.
- 3.4 To advance the City of Edinburgh Council's commitment to make the case to the Scottish Government for the introduction of the Edinburgh TVL, the Council undertook a range of activities to help scope and identify the key issues around TVL. To date, the Council has:
- 3.4.1 Produced a comprehensive research paper on the potential Edinburgh TVL considered by the Council in [May 2018](#);

- 3.4.2 Commissioned a survey, using an independent research firm, to test the views of visitor and residents. The findings were reported to the then Corporate Policy and Strategy Committee in [October 2018](#);
 - 3.4.3 Gave evidence to the Scottish Parliament Committee on Culture, Tourism, Europe and External Affairs alongside other Local Government leaders and COSLA on 25 October 2018;
 - 3.4.4 Held over 20 different meetings with stakeholders, and roundtable discussions within the Edinburgh tourism and business sectors, to discuss the issue of a TVL;
 - 3.4.5 Completed a public consultation on the Edinburgh TVL which ran from 15 October to the 10 December 2018;
 - 3.4.6 Agreed on the [7 February 2019](#) the potential scope of a scheme in Edinburgh;
 - 3.4.7 Agreed that the strategic priorities for any revenue generated as contributing to additional sustainable investment in supporting and managing the impacts of tourism within the city;
 - 3.4.8 Agreed a continued commitment to engage with stakeholders across the city on issues relating to transparent management of funds and administration; and
 - 3.4.9 Submitted written evidence to the Scottish Government's National conversation event on the tourist tax, and their consultation on the Principles of a Transient Visitor Levy.
- 3.5 The Council has passed several motions relating to the TVL:
- 3.5.1 In [June 2022](#): Shared Priorities - agreed to support the introduction of a TVL (Tourist Tax) in recognition that there are manifesto commitments which are common across parties;
 - 3.5.2 Local Government Finance – On [25 August 2022](#) agreed for Council officers to make representation to the Scottish Government to make the case for greater fiscal freedoms for the Council. In particular: welcoming and committing to make full use of new revenue-raising powers such as TVL and WPL as well as seeking to reduce pressures on the city; and
 - 3.5.3 [22 September 2022](#) agreed for a report on the Edinburgh TVL to be presented to the Policy and Sustainability Committee in November 2022, and for the Council Leader to write a letter to the Scottish Government (see Appendix 1).

4. Main report

Working with the Scottish Government in developing the Visitor Levy Bill

- 4.1 Council officers will work with local stakeholders, COSLA and Scottish Government to develop the TVL legislation, and any subsequent regulations.

- 4.2 Elected Members are asked to agree that the specific aims of this engagement would be to ensure the legislation:
- 4.2.1 Delivers maximum delegation to local decision making and accountability;
 - 4.2.2 Permits as much local flexibility that recognises variances in local circumstances;
 - 4.2.3 Builds on current good practice rather than creating new processes and systems;
 - 4.2.4 Seeks to maximise the efficiency and simplicity of any processes;
 - 4.2.5 Upholds high quality but proportionate engagement standards; and
 - 4.2.6 Remains proportionate in terms of checks, balances and controls.

Next steps for the Council

- 4.3 With the Scottish Government commitment to introduce new legislation, the time is right to consider how the Council might continue to develop its approach to TVL, taking account of the post-Covid context in Edinburgh to shape the scope of the scheme, and the current priorities and opportunities for any revenue generated in more detail.
- 4.4 An important next stage in the consideration of the policy development for a TVL in Edinburgh is to focus on what impact the fund could have and therefore what types of proposals might be funded from any revenue raised. Guided by the priorities set previously by the Council, officers have prepared an initial list of key thematic areas which would form the basis for revenue priorities. This list would be used as the basis for further internal and external engagement with stakeholders and members.
- 4.5 The proposed thematic areas which would form the basis for revenue for TVL revenue priorities are:
- 4.5.1 Public realm: Waste, cleansing, and greenspace;
 - 4.5.2 Mobility: addressing congestion, invest in public routes and travel system and services;
 - 4.5.3 Capital investment in city infrastructure: capitalise revenue and invest in limited number of large scale capital projects in the city;
 - 4.5.4 Destination Promotion: invest in focussed promotion of Edinburgh including encouraging visitor dispersal out of the city centre;
 - 4.5.5 Visitor data and analytics: investment in the processing and monitoring of Edinburgh visitor data, improving accessibility and distribution; and
 - 4.5.6 Cultural activity and infrastructure: invest in supporting and increasing Edinburgh's cultural or event capacity, activity and infrastructure.
- 4.6 This report also provides an outline of activities that would need to be undertaken by officers, alongside influencing the development of the Bill and supporting legislation. The activities listed below would be undertaken with a view to bringing an update to Committee in March 2023:

- 4.6.1 Review the data following Covid and the significant development and investment in hotels and accommodation that has taken place to support a refreshed robust business case development for consideration by Elected Members;
- 4.6.2 Progress the development of TVL revenue options - led internally by an officer working group which would bring forward material for political consideration. This group includes the Service Director of Culture and Wellbeing, Service Director of Operational Services, Head of Business Growth and Inclusion and Head of Policy and Insight as well as other relevant officers as needed;
- 4.6.3 Undertake ongoing engagement with key stakeholders including local industry partners around the scope, spending priorities, implementation and accountability of the Edinburgh scheme; and
- 4.6.4 Develop a resourcing plan for taking forward the TVL development and implementation.

5. Next Steps

- 5.1 An updated position on data and refreshed scope of an Edinburgh TVL will be provided to Committee in March 2023, with a supporting proposal for revenue priorities and a resourcing plan.

6. Financial impact

- 6.1 All recommendations included in this report can be carried out within existing agreed workplans and budgets.
- 6.2 The revenue raised from a TVL would create additional investment and deliver projects that support the city.
- 6.3 Resourcing the implementation of a TVL would be the subject of a future Committee report once the legislative requirements on the Council are known.

7. Stakeholder/Community Impact

- 7.1 The expected stakeholder and community impacts would be informed by further consideration and updates on new sector data including previous results from engagement and consultation activity.

8. Background reading/external references

- 8.1 None.

9. Appendices

- 9.1 Appendix 1: Letter from Council Leader to Cabinet Secretary and Deputy First Minister of Scotland.

Appendix 1: Letter from Council Leader to Deputy First Minister of Scotland.

**Councillor Cammy Day
Leader of the City of Edinburgh Council**

John Swinney

Deputy First Minister

Date: October 2022

Dear Deputy First Minister of Scotland

I welcome the decision by the First Minister of Scotland and the Scottish Government in announcing its intention to deliver a Local Visitor Levy Bill in the September Programme for Government 2022.

Councils need to see more powers like these devolved to local government so that they can be designed and implemented to reflect local circumstance and invest in local improvements.

City of Edinburgh Council is committed to Edinburgh to progress with its well-established plans and as such, I urge the Government to bring forward the TVL legislation at the earliest opportunity and would welcome confirmation of when the local Visitor Levy Bill is planned to be laid in the Scottish Parliament for consideration and the likely timescale for completion?

Could you also provide assurance that the revenue raised from a local visitor levy would be and would remain additional to base grants provided to the Council from Central Government?

I would also like to seek assurance that the proposed legislation would give Council's discretion over how the revenue is spent, allowing councils to agree and be held to account locally for these priorities and decisions. I accept that this may be framed within the context of supporting a sustainable approach to tourism and managing the impacts of tourism within a council area.

I and Council officers look forward to engaging with you and supporting progress on this progressive piece of legislation.

Yours sincerely

Cammy Day

Leader of the City of Edinburgh Council

cc. Tom Arthur, Minister for Public Planning and Community Wealth; Ben MacPherson, Minister for Social Security and Local Government.