

# Policy and Sustainability Committee

10am, Tuesday, 26 November 2019

## Transient Visitor Levy Bill Scottish Government Consultation

Executive/routine  
Wards  
Council Commitments

### 1. Recommendations

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This report sets out the following recommendations for consideration:

- 1.1 The Committee is asked to approve the attached response to the Scottish Government's consultation on the Transient Visitor Levy Bill.

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## Transient Visitor Levy Bill Scottish Government Consultation

### 2. Executive Summary

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- 2.1 The report summaries the City of Edinburgh's Council response to the Scottish Government's consultation on the Transient Visitor Levy.

### 3. Background

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- 3.1 The Scottish Government included a commitment in the Programme for Government to launch a The Transient Visitor Levy Bill. Text in the statement indicated that the Scottish Government intends to create a discretionary power for local authorities to apply a tax or levy on overnight visitor stays. The decision to implement any tax or levy created will be entirely at the discretion of individual local authorities and receipts will be to fund local authority expenditure on tourism.
- 3.2 Since then the Scottish Government has launched the necessary consultation on TVL to inform the development of legislation.
- 3.3 The City of Edinburgh Council has already started substantial work on progressing a transient visitor levy for Edinburgh. This included a public consultation on the Edinburgh Transient Visitor Levy, which ran from 15 October to the 10 December 2018. The Council has taken a position on the desirable scale and scope of an Edinburgh TVL as agreed by Council in February 2019. This will need to be reviewed subject to any bill proposal brought forward by the Government and agreed by the Parliament.

### 4. Main report

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- 4.1 The Scottish Government's consultation on the Transient Visitor Levy covers questions on the design of the levy, compliance costs for business, local authority decision making and collection and enforcement issues.
- 4.2 The response from the City of Edinburgh Council aims to help inform the production of a TVL Bill that would offer full discretionary powers to local authorities

over the design of the scheme. This means that authorities should determine the size, design and ability to spend the revenue raised from the scheme to suit their local circumstances.

- 4.3 The Council's public TVL consultation was used to inform the drafting of this response. However, the response covers new ground that wasn't debating during the consultation process and is being presented afresh for member consideration. For example, in developing thinking around how Council's can ensure that TVL doesn't adversely impact on our homelessness duties and other vulnerable groups. The response also further develops thinking around the cruise ship economy; recommending that the Scottish Government has further national discussions on whether any actions are needed in this space.

## **5. Next Steps**

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- 5.1 The Committee is asked to agree the consultation response

## **6. Financial impact**

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- 6.1 Responding to the consultation has no financial impact on the Council other than officers time.

## **7. Stakeholder/Community Impact**

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- 7.1 Colleagues in Customer and Digital Services, Homelessness, Place were contacted to provide input into this submission. COSLA were contacted for comments on specific issues relating to align and confirm consistency of position on local democracy.
- 7.2 An integrated impact assessment will be carried out at the appropriate time when options and their respective impacts are considered.

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

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- 8.1 City of Edinburgh Council, Edinburgh TVL Consultation 2018, February 2019
- 8.2 City of Edinburgh Council, Edinburgh Transient Visitor Levy, October 2018
- 8.3 City of Edinburgh Council, Edinburgh Transient Visitor Levy, May 2018
- 8.4 Scottish Government, Transient Visitor Levy, Consultation, September 2019
- 8.5 Scottish Government, Tourist Tax, National Discussion Document, November 2018

## **9. Appendices**

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- 9.1 Appendix 1 – Response to the Scottish Government Consultation on the Transient Visitor Levy.

## Consultation Questions

The Scottish Government wishes to explore how much responsibility for the design of the visitor levy should sit at the local level.

**Q1. Do you think that the design of a visitor levy should be set out:**

- a) wholly in a national framework
- b) mostly at a national level with some local discretion
- c) mostly at local level with some overarching national principles.

  
  

Please tick one box

**Please provide a reason (or reasons) for your answer:**

The design of the scheme should allow maximum discretion to local authorities. There are different visitor economies across Scotland. Edinburgh has a high density and high growth of accommodation providers, with a growing demand based on a strong international reputation and position as a gateway into Scotland for all visitor types. The design of the scheme should allow flexibility to best deliver a fair, simple, efficient and transparent scheme design that meets local circumstance.

Local discretion is required as each city/town has a varying relationship with tourism and requires the ability to align some decisions to support local strategic and operational priorities.

Councils are best placed to be accountable to citizens for the decisions they take in designing and implementing a TVL.

Scottish Government is committed to legislating to provide local authorities with the power to apply a discretionary visitor levy.

**Q2: Is an overnight stay in commercially let accommodation an appropriate basis for applying a levy on visitors?**

- Yes
- No
- Don't know

**Please provide a reason (or reasons) for your answer:**

Local authorities should have a flexibility to select the scheme that meets their needs. For Edinburgh the city has a strong appeal and attraction to a growing overnight visitor market. In addition, given that the case is well established in other cities around the world, a charge on the paid or commercially let accommodation sector is considered appropriate and relatively simple to understand and implement.

Crucially the visitor levy scheme on commercially let accommodation will raise income estimated at over £14 million per year in Edinburgh. This is a substantial level of income and can deliver additional benefits to those including the sector that is collecting the charge and the visitors that are paying it.

We wish to explore if it would be feasible for a visitor levy to be extended to other visitor activities notwithstanding the challenges this might present (see section 4.2)

**Q3: Which of the following activities do you think a visitor levy could be robustly applied to and enforced, and how?**

**Tick all boxes that apply and provide reasons where possible –**

**Day visitors not staying overnight**

Please explain how a visitor levy could be applied and enforced on day visitors:

Local discretion is required as each city/town has a varying relationship with tourism and requires the ability to align some decisions to support local strategic and operational priorities.

**Context:** There were around 20-million day-visitors over a year to Edinburgh with an average daily spend of £960 million. Edinburgh offers free entry to many of its venues and has multiple entry points. Edinburgh airport is Scotland's busiest airport and serves as a gateway to Scotland with 14.3 million passengers in 2018.

City of Edinburgh Council is of the view that any TVL scheme should provide fairness to both residents and visitors, it should be simple and transparent for the industry to apply, be simple and efficient to administer and difficult to avoid. The Council has taken the view that in our circumstances a day visitor levy would not be appropriate.

**Cruise Ship passengers who disembark for a day before re-joining the vessel** ■

Please explain how a visitor levy could be applied and enforced on cruise ship passengers:

Local discretion is required as each city/town has a varying relationship with tourism and requires the ability to align some decisions to support local strategic and operational priorities.

**Context:**

The size of the cruise industry in Scotland in 2018 included 825 ships calling into Scottish ports carrying approximately 795,000 passengers. There are 17 ports in Scotland. Some of the larger ports in Scotland handles significant numbers of that national share. Ports in Cromarty and Invergordon reportedly receive around 200 cruise ships and 350,000 passenger a year.

Edinburgh is accessible via four ports; Leith and Rosyth (both ports), as well as South Queensferry and Newhaven (anchorage points) operated by Forth Ports Ltd. The volume of transit passengers (who visit the city on a stopover) and turnaround passengers (those who use Edinburgh to either start or finish their cruise) is increasing in Edinburgh according to latest data for 2018 and 2019. Cruise passenger visits are concentrated during the summer season.

During the Edinburgh TVL public consultation, we heard consistently from stakeholders and residents about the growing impact of cruise ship passengers visiting Edinburgh for the day. While recognising these issues the Council has taken the view that cruise ships should, at this point in time, be out of scope of any local scheme but would support a legislative framework that had maximum local flexibility in this regard.

In addition, the Council believes that there would be value in the Scottish Government taking a national look at Scotland's cruise ship economy and the extent to which it positively contributes to a host of wider policy objectives around growth in local economies and sustainability. For example, in Edinburgh the Council has set a target for the City to be Carbon Neutral by 2030 and has politically endorsed a City Economic Strategy that promotes sustainable 'good growth' and fair work.

**Wild or rough camping, including in motorhomes and camper vans** ■

Please explain how a visitor levy could be applied and enforced on rough camping including motorhomes and camper vans:

The design of any visitor levy scheme should offer fairness, simplicity, be administratively efficient and difficult to avoid. This would imply setting

minimal exemptions and ensuring coverage on all types of accommodation offered in the area. Enforcement of the scheme should be proportionate and with an understanding of the sector in the specific area under consideration.

Local discretion is required as each city/town has a varying relationship with tourism and requires the ability to align any decisions to support local strategic and operational priorities.

At a meeting in February 2019, and after the Edinburgh TVL public consultation results were published, Edinburgh Council declared that an Edinburgh TVL scheme would apply to all accommodation types within the council boundary except for campsites. This position reflected consultation feedback and may need to be reviewed depending upon the shape of the legislation that is passed.

**Q4: The consultation paper sets out four options for the basis of the charge (section 5.1).**

**Please tick which one you think would work best in Scotland? (Tick one box below)**

**Flat rate per person per night**

**Flat rate per room per night**

**A percentage of total accommodation charge**

**Flat rate per night dependent on the quality of accommodation**

  
  
  

**Please provide a reason (or reasons) for your answer:**

There are two decisions with this question. The choice of a flat or variable rate. Then the choice of a per person or per room charge.

There is merit in further discussing these options specifically for Edinburgh. It is important to balance fairness between visitors and the accommodation industry that will collect income, if a transient visitor levy were to be implemented. The rationale for each model is described below.

The Edinburgh TVL Public Consultation results concluded that a proposal of flat charge of £2 was marginally favourable over a variable or 2% charge. There was no overwhelming majority during the consultation for either a flat rate or a percentage charge. 47% of respondents favoured a flat rate and 38% preferred a percentage. The stronger preference towards a flat charge largely came from business and representatives from the accommodation industry who responded to the consultation. The reasoning for this was that was the most straightforward and easy to communicate, every person pays the same, the price is more transparent for visitors and gives them certainty, and it would be efficient to collect.

A variable or percentage charge is considered more proportionate and progressive. It is in keeping with other taxation systems that businesses are used to delivering and would also future proof the revenue stream, rising appropriately with the cost of accommodation as opposed to setting RPI increase for example on a flat rate or step adjustment by period.

A per person charge is more about the actual number of visitors staying rather than room take-up. If the size of the charge remained the same between these two options there are clear gains for certain types of visitors, large groups, families etc over the single traveller. Arguably, these variables are already reflected in a percentage approach.

A per room rate would be straightforward and easy to communicate, it has less reliance on self-declaration by the accommodation business and is more transparent in terms of enforcement.

The legal definition of 'room' would need to be extended to include 'rate per key; for apartments or self-catering units, or bed in the case of hostel if these were to be included in the scope of commercial accommodation.

Under this approach (charge per room/key/bed) and with a flat fee applied, hostels with disproportionately pay more relative to their price, as hostels are typically a cheaper accommodation option. A practical example of this form of charge is in the city of Reykjavik.

**Q5: In addition, for each option in Q4 what are: the considerations for accommodation users, accommodation providers and local authorities.**

#### **Flat rate per person per night**

##### **Implications for accommodation users:**

The 'tax' represents a marginal cost applied to the total cost of room for the duration of the stay. The 'tax' is an even smaller marginal cost to the total expense of the visit (travel, social, and cumulative day spend).

Size of group travelling. Budget visitors, larger groups and families may end up paying relatively more under the per person option.

Perception of fairness - will this tax apply to before-VAT amount or will visitor be double taxed.

Visitors may ideally want to know what the income is being invested in or offering.

##### **Implications for accommodation providers:**

Need to declare number of visitors staying per period (new data collected). Not all booking agents, platforms record this information at the time of booking and is usually only confirmed at time of check-out or check-in.

The ease and cost that an automated system be set up to collect tax, will vary by provider type, e.g. international chain hotel to small B&B.

Accommodation providers will need assurances that the revenue raised is being appropriately invested with an appropriate and representative governance structure in place.

**Implications for local authorities:**

Standard issues for consideration include: Set up costs, registration of liable businesses, maintenance of database, designing a legally competent scheme, guidance for businesses, communications to visitors, complaints management and support for new activity, enforcement, non-compliance, issuing fines, degree of regular validating and auditing of scheme.

Flat rate per person per night may create an added opportunity to receive false reporting, e.g. not disclosing the number of visitors staying per room or apartment etc making the scheme relatively easy to avoid. Thereby increasing the requirement on the authority to conduct audit or validate business compliance

**Flat rate per room****Implications for accommodation users:**

The 'tax' represents a marginal cost applied to the total cost of room for the duration of the stay. The 'tax' is an even smaller marginal cost to the total expense of the visit (travel, social, and cumulative day spend).

The per room option will, all other things remaining the same, appear smaller in size for majority of visitors staying overnight in commercially let accommodation than other options

Sense of fairness - will this tax apply to before-VAT amount or will visitor be double taxed

Visitors may ideally want to know what the income is being invested in or offering.

**Implications for accommodation providers:**

Need to declare number of occupied rooms per period (new data collected)

The ease and cost that an automated system be set up to collect tax, will vary by provider type, e.g. international chain hotel to small B&B.

Accommodation providers will need assurances that the revenue raised is being appropriately invested with an appropriate and representative governance structure in place.

**Implications for local authorities:**

Standard issues for consideration include: Set up costs, registration of liable businesses, maintenance of database, designing a legally competent scheme, guidance for businesses, communications to visitors, complaints management and support for new activity, enforcement, non-compliance, issuing fines, degree of regular validating and auditing of scheme.

Per room rate would require only the occupancy room number to be declared and can be relatively easier to validate as accommodation capacity is known or can be included in registration.

### **A percentage of total accommodation charge**

#### **Implications for accommodation users:**

The 'tax' represents a marginal cost applied to the total cost of room for the duration of the stay. The 'tax' is an even smaller marginal cost to the total expense of the visit (travel, social, and cumulative day spend).

The variable or percentage of total accommodation charge will, all other things remaining the same, e.g. a £2 versus a 2%, will be larger in absolute size than the other options for a proportion of visitors.

Fairness – visitors may see this as more progressive those that can afford to pay proportionately more.

Sense of fairness - will this tax apply to before-VAT amount or will visitor be double taxed

Visitors may ideally want to know what the income is being invested in or offering.

#### **Implications for accommodation providers:**

Need to declare revenue raised from occupied rooms per period (data collected for other purposes but will now need to disclose this to administrating authority)

The ease and cost that an automated system be set up to collect tax, will vary by provider type, e.g. international chain hotel to small B&B.

Fairness. Accommodation providers who offer budget, or below average room rates won't feel as disadvantaged next to luxury accommodation provides as size of the charge is kept in line with the total cost of room rather than fixed regardless of price paid.

Accommodation providers will need assurances that the revenue raised is being appropriately invested with an appropriate and representative governance structure in place.

#### **Implications for local authorities:**

Standard issues for consideration include: Set up costs, registration of liable businesses, maintenance of database, designing a legally competent scheme, guidance for businesses, communications to visitors, complaints management and support for new activity, enforcement, non-compliance, issuing fines, degree of regular validating and auditing of scheme.

**Flat rate per night dependent on the quality of accommodation**

**Implications for accommodation users:**

As mentioned above.

Fairness perception – visitors may see this as more progressive those that can afford to pay proportionately more.

**Implications for accommodation providers:**

As mentioned above.

Fairness perception. Accommodation providers who offer budget, or below average room rates won't feel as disadvantaged next to luxury accommodation providers as the size of charge is broadly kept in line with total cost of room rather than fixed regardless of price paid.

**Implications for local authorities:**

As mentioned above.

Quality of accommodation and the rate per night needs to be defined. This could add a further administrative burden.

**Q6: Do you think that the basis of the charge should be set out in a national framework, or be for a local authority to decide?**

**Tick one box:**

**Set out in a national framework**

**Decided by local authorities**

**Don't know**

  
  

**Please provide a reason (or reasons) for your answer:**

Local circumstances matter. Local authorities should have a flexibility to select the type and size of charge that helps to manage their local area according to the democratic will of its citizens and the locally agreed Tourism strategy. For a local authority to be able to effectively, fairly, and transparently run a visitor levy for their area it needs flexibility to choose its own scheme. National decision making is not well placed to support locally responsive taxation.

**Q7: Do you think that the rate of the visitor levy should be set out in a national framework or should it be for the local authority to decide?**

**Tick one box:**

**Set out at national level**  
**Decided by local authorities**  
**Don't know**

  
  

**Please provide a reason (or reasons) for your answer:**

The rate of the visitor levy should be determined by the local authority as affordability and accommodation price differs greatly between areas. A national agreed rate would be restrictive and disadvantageous to some areas. Edinburgh's tourism market is fundamentally different to other parts of Scotland and should decide all aspects of a TVL scheme according to local circumstance.

**Q8: What factors should be considered to ensure the rate of the visitor levy is appropriate?**

**Please provide a reason (or reasons) for your answer:**

Consultation with public, visitors and industry should inform any local decision making.

Analysis of the local economy and consideration of destination competitiveness and appropriate local information on price sensitivity should also be considered and regularly reviewed by the authority.

Local area circumstances such as the size and structure of sector, accommodation type on offer, affordability within the area, presence of season visits, visitor numbers, visitor spend, occupancy rates by accommodation type should be considered alongside price of accommodation and variance in price

The size of a charge should be enough to be 'worth it' in raising enough income to meaningfully contribute to the city, but also proportionate enough to have no detrimental impact on the competitiveness of Edinburgh's Tourism offer.

**Q9: If the rate of the visitor levy were to be set by individual local authorities, should an upper limit or cap be set at a national level?**

Tick one box

Set out at a national level  
Decided by local authorities  
Don't know

  
  

**Please provide a reason (or reasons) for your answer:**

For consistency and fairness at national level.

On principle the presence of upper limit or cap should be determined locally, supporting the policy intention for the visitor levy to give power and discretion to local authorities and respecting local democracy, decision making and accountability.

Establishing an upper limit or cap will need to apply to different charge option e.g. variable / percentage, per person or per room. The impact this has on each option will differ.

This needs to be considered and determined locally by the Council.

The Scottish Government is of the opinion that there are some groups that it would be unacceptable to impose a visitor levy on under any circumstances. These include:

- Homeless people
- Asylum seekers/refugees
- Travelling communities (such as Gypsy travellers and other traveller communities)
- Victims of domestic abuse placed temporarily in refuges or short-term accommodation because their normal home is unsafe for them to stay in
- Those placed temporarily in refuges or short-term accommodation because their normal home is unsafe for them to stay in.

Beyond these groups, other groups could be included for exemption either at the national or local level.

**Q10: Do you think that all exemptions should be the same across Scotland and therefore set out in the national legislation, or should local authorities have scope to select some exemptions?**

The Council is supportive of the policy intent around this exemption. Edinburgh will continue to deliver its statutory duty to provide temporary housing for vulnerable groups or people seeking emergency accommodation and would ensure any new and existing systems are integrated to deliver an efficient scheme which does not adversely affect these groups.

The Council is of the view that there are a number of ways to achieve this outcome and that all mechanisms should be examined for their practicality and cost before opening the debate around individual national exemptions on the face of the bill.

Setting aside the Council support for the policy intent and the Council's commitment to ensuring the TVL does not negatively impact on homelessness as agreed at full Council in February 2018, there is concern that an exemption applied to the person could, at a practical level, have negative unintended consequences that including to:

- stigmatise vulnerable groups by forcing self declaration;
  - create an overly bureaucratic and burdensome system for all accommodation providers; and
  - dampen the effectiveness of enforcing the scheme for the Authority.
- Further explanation and reasons behind this position are detailed below.

The potential stigmatisation of the exemptions as posed in the consultation is of particular concern and something the Council would be at pains to avoid. For example, as posed, the exemption would place the identification and responsibility to verify status on the vulnerable person, as well as placing a further administrative burden on all accommodation providers to evidence any exemptions are given on legal grounds.

It is important to note at this point that the transient visitor levy is a tax on visitors but that legislation would place the duty on the accommodation provider to collect the levy (similar to the WPL). Therefore, solutions to ensure protection of these groups which is proportionate, easy to administer and non-stigmatising should consider the interplay between type of accommodation, the price of a room and the relationship accommodation providers would have with the Council.

For example, an alternative approach to national exemptions for specific individuals, might be for the Council to design an initial registration process where commercially let accommodation providers who provide statutory accommodation for transient citizens in vulnerable circumstances would identify themselves to the Council. This would be reconciled by knowledge the Council holds on where arrangements (and indeed contracts) exists for providing a home for these groups.

The Council, in performing its statutory duty, holds this information and would use that to deliver a more efficient system by using self-reporting on specific claims from selected accommodation providers rather than placing an additional burden on all commercially let accommodation providers.

Alternatively, given that the Council usually is provider and purchaser of accommodation for these vulnerable groups, a further option might be to exempt the Council from any charge.

The Council would value further discussion on these issues.

**Tick one box below:**

**All exemptions should be the same across Scotland and local authorities should not have any discretion.**

**Some exemptions should be set at national level, and some should be at the local authority's discretion**

**Q11: Which additional exemptions from the list below do you think should be applied to a visitor levy?**

**Tick all that apply**

- |                                                                                                                 |                                     |
|-----------------------------------------------------------------------------------------------------------------|-------------------------------------|
| Disabled people and registered blind/deaf and their carers                                                      | <input type="checkbox"/>            |
| Those travelling out with their local authority area for medical care, and their carers or next of kin          | <input type="checkbox"/>            |
| Children and young people under a certain age                                                                   | <input type="checkbox"/>            |
| Students                                                                                                        | <input type="checkbox"/>            |
| Long stay guests (e.g. people staying for more than 14 days)                                                    | <input checked="" type="checkbox"/> |
| Business travellers                                                                                             | <input type="checkbox"/>            |
| Local resident (paying for overnight accommodation within the local authority in which they reside permanently) | <input type="checkbox"/>            |

The Council is clear that the design of the scheme needs to be meaningfully devolved to local decision making. Any scheme should also be easy and simple to administer. The higher the number of exemptions, locally or nationally applied, the higher the administrative costs and the greater the complexity of administration. There would also be less resources raised to invest.

Edinburgh would not for example, support a national exemption for persons who use commercially let accommodation for reasons to undergo or receive hospital treatment or NHS treatment. Edinburgh does not have the same geographical challenges as, for example, exist in the highlands where citizens may be required to travel and stay overnight to access a number of public services be that from the NHS or the Council.

The decision as to whether this is a legitimate exemption must consider factors such as local transport and in particular, public transport. National exemptions cannot apply this level of sensitivity to local facilities and services. The Council has instead chosen to focus on setting a proportionate and reasonable levy that would not pose an unreasonable burden on any visitor regardless of their purpose for being in the city.

In this respect, there is no argument for favouring those travelling for NHS services over other public services and once the legislation opens such a debate the scope of the exemption might go so wide as to be detrimental to a meaningful devolution of a tax raising power. In addition, if unreasonable travel costs were being incurred by Scottish citizens accessing NHS or other services then that might be something the service provider needed to look into and consider rather than focusing on a small part of the overall cost of accommodation.

The benefit and appropriateness of any exemptions must therefore be considered based on the particulars of the local transient economy. By way of further example; Edinburgh has a unique facet to our tourism industry by virtue of the Fringe Festival and as such, the Council has chosen to apply a levy cap that would pre-empt any unintended consequences from the decision to implement a TVL. The success of the fringe festival is dependent upon the workforce that comes to Edinburgh to support the fringe for 2-6 weeks of the year. The Council therefore considers it appropriate to set a 7-day cap on an Edinburgh scheme, which would amount to £14 and no more. This is proportionate and in keeping with the local circumstances. It also provides some definition to the term 'transient' and recognises that the city may have other business colleagues or families who wish to stay for longer periods within the city and for whom, fairness and proportionality should also be upheld.

In addition, it is our belief that the rate and scope of a local scheme can also reflect considerations about groups, and other characteristics This would cover criteria for when a visitor is 'transient' or for those citizens for whom unplanned emergency accommodation is fulfilling the function of a 'home'.

**Q12: Are there any other exemptions that you think should apply?**

**Please list together with reasons below:**

Exemptions should be at the full discretion with full flexibility for the local authority to decide. There is strong preference for full local discretion on exemptions to fit with the area local circumstances and that respects Councils ability to make decisions under local democracy.

**Q13: What is your view of the proposal that accommodation providers should be ultimately responsible for the collection and remittance to the appropriate local authority, even if the tax is collected by a third-party booking agent or platform**

Tick one

Agree

Disagree

**Please explain and provide any other comments on this proposal:**

Agree as this follows the same principals as Council Tax and Non-Domestic Rates

**Q14: If accommodation providers were required to remit visitor levies after the overnight stays to which they relate (even if the payment was made well in advance) how frequently should the levies collected be required to be remitted to the levying local authority?**

Tick one box

Ongoing basis (e.g. each night)

Monthly

Quarterly

Annually

**Please provide a reason (or reasons) for your answer:**

A monthly collection frequency would follow the same principals as Council Tax and Non-Domestic Rates. Maintaining some consistency with this approach would help the authority with enforcement and the successful maintenance of a up to date record of a registered database of liable accommodation businesses.

Unlike council tax and non-domestic rates however a visitor levy scheme involves manual and automatic data collection to estimate liable fees. Council tax and non-domestic rates are fixed for the year in terms of the calculation and billing process. A visitor levy scheme, however, is variable. This means a more frequent scheme would place additional burden on the body collecting the visitor levy. This would be limited by installing an automated process for collection.

In the Edinburgh TVL consultation, the Council asked for views in relation to how any TVL should be administered. 49% of all respondents favoured a monthly collection, this was the highest single frequency option.

It will be necessary for accommodation providers to collect information from visitors to apply the visitor levy correctly and retain records to demonstrate compliance. This information may vary depending on the basis of the charge. It will be essential that local authorities and accommodation providers comply with General Data Protection Regulation (GDPR) in handling personal data.

**Q15: What information should an accommodation provider be required to collect and retain to ensure compliance?**

**Please list below and explain why you think that information is needed for the four different scenarios below:**

**If the basis of the charge is on a:**

**a) flat rate per person per night**

number of persons staying in each unit per period; duration of stay for each recorded visit if a cap on stays applies; to validate above figures: number of rooms/key/beds available over year; number of rooms/keys/beds occupied over year.

**b) flat rate per room per night**

number of rooms/keys/beds etc. available over a year; number of rooms/keys/beds occupied per period; duration of stay for each recorded visit if a cap on stays applies.

**c) percentage of total accommodation charge**

the price paid for the room per period; duration of stay for each recorded visit if a cap on stays applies; to validate above figures: number of rooms/key/beds available over year; number of rooms/keys/beds occupied over year.

**d) flat rate per night dependent on the quality of accommodation**

number of rooms/keys/beds etc. available over a year; number of rooms/keys/beds occupied per period; duration of stay for each recorded visit if a cap on stays applies.

**Q16: How can a local authority choosing to apply a visitor levy ensure it has a comprehensive list of all those providing overnight accommodation on a commercial basis in their local authority area?**

**Please provide a reason (or reasons) for your answer:**

The majority of information can be gathered from the Assessment Roll. The Authority would need to establish and arrange for an electronic registration of commercially let accommodation providers, this will be informed by a self-declaration process.

**Q17: What enforcement powers should a local authority have to ensure compliance and prevent avoidance and evasion by accommodation providers?**

**Please provide a reason (or reasons) for your answer:**

A financial penalty (similar to the proposal made in the Barclay Review of Non-Domestic Rates).

Review regulations for AirBNB to include the removal of license for non-compliance (license is administered by Local Authorities).

**Q18: Should non-compliance by an accommodation provider be subject to a civil penalty (i.e. a fine) and if so, what would be the appropriate level be?**

Tick one:

Yes  
No  
Don't Know

  
  

**Please state level of civil penalty (fine) (in £ pounds sterling) that you think is appropriate?**

The Council's first assumption would be to work with industry as a partner in developing these systems and to strongly support a culture of voluntary compliance based around a shared understanding and support for the added value that the raised income will bring for all.

However, to set charges at levels comparable to other violations would suggest an initial £500 for non-compliance with potential additional monies charged for continued non-payment. Penalty charges could and should be tailor-made and intended to strongly encourage co-operation and compliance.

If the amount charged for non-compliance is too low, it will not be in the financial interest of commercial businesses to pay. The size of the charge should be proportionate based on the business size.

The cost of billing and debt recovery processes needs to be factored in also should the visitor levy remain unpaid.

There are various types of contraventions which may apply to the scheme:

- Failure to register for the visitor levy scheme
- Failure to register all units for the visitor levy scheme
- Breach of any locally set licence conditions
- Intentionally providing false or misleading information
- Obstructing or refusing access or information

Nottingham city Council, who run a devolved local tax licence scheme for workplace parking use a very substantial Penalty Charge Notice. This is set at 50% of the annual charge per unlicensed place for each day the contravention occurs. For context the annual charge per parking space in Nottingham is around £400.

**Q19: A list of requirements that local authorities could be expected to meet before being able to introduce a visitor levy is summarised below.**

**Do you agree or disagree with these options? (please tick the appropriate box)**

**If you have any other suggestion for requirements, then please add these in the box below together with your reasons**

	<b>Agree</b>	<b>Disagree</b>
<b>Produce an initial statement of intention to consider introducing a visitor levy</b>	√	
<b>A timeframe for introduction of at least one financial year following conclusion of consultation and engagement activities</b>	√	
<b>Have held a consultation in their local area to gather views from all those who will be affected by the visitor levy</b>	√	
<b>Have conducted required impact assessments</b>	√	
<b>Have assessed the administrative burden on businesses and taken steps to minimise this</b>	√	
<b>If the legislation allows the rate to be set locally the local authority has demonstrated why the chosen rate of the visitor levy is optimal for that area</b>	√	
<b>Have appropriate mechanisms in place to allow visitor levies collected to be remitted to the local authority</b>	√	
<b>Have made information about the visitor levy and how to pay it available and in the public domain, for both business and visitors</b>	√	
<b>The approach to collaborative decision making on revenue spending is set out in the public domain</b>	√	
<b>Establish an approach to monitoring and publicly reporting revenues raised and their expenditure on an annual basis</b>	√	
<b>The approach to monitoring and reporting on the impact of the visitor levy on an annual basis, is clearly set out in the public domain</b>	√	
<b>Establish an approach to evaluating and publically reporting, the impact of the visitor levy, within a reasonable period after introduction</b>	√	

**Please add any other comments on the requirements listed above**

**Please list any other requirements you think might be necessary, together with reasons below:**

Reporting should be proportionate to the scheme and not onerous or bureaucratically burdensome.

**Q20: Should Scottish Government be able to prevent a local authority from applying a visitor levy?**

Yes  
No  
Don't Know



**Q21: Under what circumstances should Scottish Government be able to do this?**

**Please provide a reason (or reasons) for your answer:**

None

**Q22: What requirements might be placed on local authorities to engage with local stakeholders to determine how revenues are spent?**

**Please provide a reason (or reasons) for your answer:**

The Edinburgh TVL public consultation strongly supported the proposal that the Council should establish an advisory group of multiple stakeholders who would advise and inform council decision making on investment priorities and have a wider role monitoring implementation and impact of the scheme.

This would demonstrate the council's commitment to partnership working and transparent governance while maintaining the responsibility for taking those decisions and the management of the scheme within the Council.

**Q23: How might this engagement be best achieved?**

**Please provide a reason (or reasons) for your answer:**

See above Q22 response.

**Q24: Should revenues from a visitor levy be allocated to priorities articulated through local tourism strategies, where they exist?**

**Yes**  
**No**  
**Don't Know**



**Please provide a reason (or reasons) for your answer:**

Edinburgh would agree that any spend, should a TVL scheme be available should aim to:

- will provide sustainable investment in supporting and managing the impacts of tourism within the city.
- Ensure Edinburgh's status as one of the world's great cities in terms of culture and heritage is sustainable
- Ensure that future investment in culture heritage, arts and sport, which benefit the city and enhance tourism
- Ensure sustainable investment in promotion of Edinburgh as one of the world's best cities to visits all year round.
- Ensure that tourist and visitors equitably invest in public services and ensure visiting this city is an enjoyable ad safe experience
- Support the Council to manager the impact of a successful tourism industry.

This recognises that the quality and support of public realm services are an integral part of ensuring the city remains an attractive destination. It is also important to recognise the role of TVL in helping the city to manage the impact of tourism and visitors on the lives of residents and other city stakeholders.

**Q25: What reporting arrangements might be required of local authorities to account for the expenditure of receipts from a visitor levy?**

**Please provide a reason (or reasons) for your answer:**

To support transparency, expenditure should be published on Local Authority websites. This will also reduce the number of FOI enquiries Local Authorities may receive on visitor levy.

**Q26: If a local authority was to impose a visitor levy on a specific area within the authority, should any revenue raised have to be spent only in that area?**

**Yes**  
**No**  
**Don't Know**

  
  

**Please provide a reason (or reasons) for your answer:**

There should be discretion for the authority to invest in programmes that facilitate the achievement either directly or indirectly of policies in the local tourism strategy.

**Q27: Is the name 'visitor levy' appropriate for the new powers proposed in the consultation document?**

**Yes**  
**No**  
**Don't Know**

  
  

**Please provide a reason (or reasons) for your answer:**

Visitor levy is an appropriate term for the legislation use or "visitor levy" is considered more emotive language use. It will be important to describe and articulate who is in scope for the levy within the proposed Bill.

**Q28: If not, what do you consider to be a better alternative and why?**

**Please provide a reason (or reasons) for your answer:**

n/a

Under existing law accommodation providers already must clearly display the price of their accommodation and any VAT which applies to their prices.

**Q29: What requirements should apply to ensure accommodation prices transparently display a visitor levy?**

**Please provide a reason (or reasons) for your answer:**

All advertising by commercial businesses should show the visitor levy costs in addition to the room rate.

Billing of customers should also clearly show the visitor levy charge.

For transparency "Visit Scotland" website should also include details of visitor levy and how it will be collected or billed.

**Q30: What, if any, transition arrangements should apply when accommodation is reserved and paid for in advance of a local authority choosing to impose, or subsequently vary, a visitor levy for the period the accommodation is let?**

**Please provide a reason (or reasons) for your answer:**

None. There will be sufficient notice and leading time to the development and delivery of local schemes. All booking from the date of implementation should be billed appropriately.

**Q31. Should these transition arrangements be set out in a national framework or be decided by local authorities?**

**Tick one box:**

**Set out in a national framework**

**Decided by local authorities**

**Don't know**

  
  

**Please provide a reason (or reasons) for your answer:**

Our partial BRIA indicates that the main groups that will be affected by a visitor levy are:

- Visitors (both domestic and international)
- Tourism accommodation providers and their employees
- Other tourism businesses and wider economy
- Local residents and general public
- Local Authorities

**Q32: In addition to what is set out in our draft BRIA are you aware of any additional impacts the visitor levy will have for any of these groups?**

**Please specify group and additional impact.**

Under option 0 (no TVL)

Within the BRIA, the pressures on provision of funding in some local authorities was not fully articulated. The challenges in maintaining the quality and provision of public amenities will also be detrimental not only to residents, as stated in the BRIA but also visitors, businesses depended on visitor spending, and the accommodation providers through the gradual deterioration of Edinburgh's specific amenity value which encourages visitors into the city.

Edinburgh will continue to experience high and growing numbers of visitors, with demand in airport passengers, projected to grow from 14.6 million to 20 million passengers in ten years as Edinburgh airport continues its growth to a European and global hub from the increase in long haul routes. This means the capacity and opportunity for growth in overnight stays will continue to increase and the impact this has on the city is unsustainable.

Under option 1

The impact on the potential economic cost from reduced profitability and competitiveness resulting from a change in visitor behaviour requires context.

The 'tax' represents a marginal cost applied to the total cost of room for the duration of the stay. The 'tax' is an even smaller marginal cost to the total expense of the visit (travel, social, and cumulative day spend).

The impact on businesses significantly oversimplify the whole impact and neglect other important factors such as the destinations overall appeal, including: presence and quality of events, cultural and other attractions, location within the city, access to services and amenities, affordability, cost of travel to destination and cost of other activities during the visit.

**Q33: Are there any other groups not listed here that should be given attention in the impact assessments?**

**Please list and state how they will be affected.**

No