

The City of Edinburgh Council

10.00am, Thursday, 22 June 2023

Visitor Levy (Scotland) Bill

| | |
|---------------------|-----|
| Executive/routine | |
| Wards | All |
| Council Commitments | |

1. Recommendations

- 1.1 It is recommended that the Council:
 - 1.1.1 Notes that the Visitor Levy (Scotland) Bill was laid in the Scottish Parliament on 24 May 2023;
 - 1.1.2 Notes the Council's previously agreed position on a Visitor Levy (VL) for Edinburgh;
 - 1.1.3 Notes that the Bill sets out the current requirements for the Council to undertake in order to introduce a VL and that the earliest time a VL could be introduced could be from 2026; and
 - 1.1.4 Notes that a report will be submitted to Policy and Sustainability Committee in August 2023 setting out the proposed parameters of the Scheme and making recommendations on the Council's response to the Bill.

Paul Lawrence

Executive Director of Place

Gareth Dixon, Senior Policy and Insight Officer

E-mail: Gareth.Dixon@edinburgh.gov.uk | Tel: 0131 529 3044

Visitor Levy (Scotland) Bill

2. Executive Summary

- 2.1 This report provides an update on the proposed Visitor Levy (Scotland) Bill and an outline of the Council's current policy position. The proposed parameters of the scheme will be developed further and reported to Policy and Sustainability Committee in August 2023.

3. Background

- 3.1 The City of Edinburgh Council has been leading and pressing the Scottish Government for the power to introduce a Visitor Levy (VL) for many years. A VL represents a new measure enabling local fiscal empowerment to strengthen local democracy.
- 3.2 The concept of a VL has been discussed in Council on several occasions and its position to introduce such a levy, once legislation permits, was last reaffirmed by Policy and Sustainability Committee on [1 November 2022](#).
- 3.3 In June 2022 the Council agreed [Shared priorities](#) to "Support the introduction of Transient Visitor Levy (Tourist Tax)." This commitment was further reflected in the [Council Business Plan 2023 to 2027](#) to introduce as quickly as legislation will allow.
- 3.4 The underlying rationale for the VL was that tourists who temporarily pay to stay in the city and use the public space and services should contribute to the city's investment in, and management of, the consequences of a successful tourism economy. In this context the purpose of a VL would be to:
- 3.4.1 Ensure that Edinburgh's status as one of the world's great cities in terms of culture and heritage is sustainable;
 - 3.4.2 Enable future investment in culture, heritage, arts and sport activities which benefit the city and enhance tourism;
 - 3.4.3 Ensure sustainable investment in promotion of Edinburgh as one of the world's best cities to visit all year round;
 - 3.4.4 Ensure that tourists and residents equitably invest in public services that ensure visiting this city is an enjoyable and safe experience; and

- 3.4.5 Support the Council to manage the impact of a successful tourism industry.
- 3.5 On [4 May 2023](#), the Council agreed the following adjusted motion by Councillor Day:
- 3.5.1 To note that Manchester had become the first city in the UK to introduce a tourist tax, with visitors having to pay an extra £1 a night.
- 3.5.2 To recognise that the Manchester Visitor Levy was implemented through an Accommodation Business Improvement District Model.
- 3.5.3 To recognise that Manchester’s tourist tax would be levied by 73 accommodation providers who had formed an Accommodation Business Improvement District (BID) and did not require devolution of power to Manchester City Council or the Greater Manchester Combined Authority.
- 3.5.4 To regret that the Scottish Government had yet to fully devolve the power to Edinburgh in order for it to raise essential revenue to fund council services.
- 3.5.5 To note the strength of Edinburgh’s campaign for tourist levy powers had relied on the consistency and professional approach of Edinburgh’s plan.
- 3.5.6 To believe that such an approach would not be in line with the Council’s agreed position in relation to a Transient Visitor Levy, which was reaffirmed in the Council Leader’s letter to the Deputy First Minister of October 2022, which requested that “proposed legislation would give Council’s discretion over how the revenue is spent”.
- 3.5.7 Therefore to request a report in 2 cycles to Full Council to confirm the Council’s prospectus, which would then be used in further approaches to the Scottish Government.
- 3.5.8 To note that in the 2022-2023 Programme for Government, the Scottish Government committed to introduce legislation to give local authorities the power to apply a Local Visitor Levy.

4. **Main report**

- 4.1 A prospectus on a VL is dependent on the content of the Visitor Levy (Scotland) Bill, which was only published at the end of May 2023. It is not possible to adequately outline and prepare the Council prospectus without engagement and taking due regard of the parameters mentioned in the Bill.

Visitor Levy (Scotland) Bill

- 4.2 The [Visitor Levy \(Scotland\) Bill](#) was laid in the Scottish Parliament on the 24 May 2023. While the Bill is subject to change during its passage through the Scottish Parliament, it indicates the parameters within which the Council can plan, create and deliver a VL.

- 4.3 The VL will apply to paid accommodation types, which is defined broadly as: hotels, self-catering apartments, short term lets, guesthouses, B&Bs, Hostels, campsites, and inns with rooms for paid overnight stays.
- 4.4 There is no levy on wild camping (including campervan) in non-designated areas, or on accommodation in a vehicle or on board a vessel that is undertaking a journey involving one or more overnight stops.

Charge type and use of net proceeds

- 4.5 The Bill only allows one type of charge to apply, namely a Percentage (%) of the Chargeable Transaction (defined as the room or area provided to the visitor for the overnight accommodation).
- 4.6 The % must be the same for all types of accommodation but can be different for different local areas, or for certain purposes (e.g., conferences or Festival) or Seasons. There is no cap to the amount the Council could set in terms of % of room cost.
- 4.7 Only the accommodation part of the room cost is chargeable, meaning reasonably attributable charges for meals, drinks, parking, entertainment etc. as well as costs attributable to booking services are deducted prior to levy calculations.
- 4.8 In the Bill, it is defined that the use of the net proceeds must relate to developing, supporting or sustaining facilities and services which are substantially for, or used by, persons visiting the local authority's area for leisure purposes. As explained by way of example, the objectives of a particular scheme may include the building of a visitor centre and improvement of transport links to an area popular with visitors to the area.
- 4.9 The Bill includes provisions that, in using the net proceeds, the Council needs to consult on how this is spent and give regard to any local Tourism Strategy, if any.

Reporting and Review obligations

- 4.10 Councils need to produce annual reports on the proceeds collected, how they have been used and the extent to which the objectives of the VL have been met. There is also an ask on Councils to publicly review the VL every three years.

Collection of Levy

- 4.11 The duty to pay the levy falls on the accommodation provider, but they may in turn collect it from the visitor.
- 4.12 The collection period from accommodation providers will be quarterly by default or by a period set by the local authority.
- 4.13 Collection of the levy charge can only start after a period of 18 months from the local authority announcing a decision to introduce a VL scheme.
- 4.14 To aid enforcement, the Bill allows the Council to ask for additional information to help with assessment. This could include number of rooms used per period, and nights stayed etc.

Exemptions

- 4.15 Although not featured in the Bill and will instead be mentioned in future regulations prepared by Scottish Ministers after the Bill is agreed, there could be national exemptions, where a charge cannot be levied. The Explanatory Notes of the Bill suggest that this could include where a person purchases overnight accommodation for the purpose of accessing hospital treatment in the area in which the scheme operates.
- 4.16 Councils will be able to set further local exemptions as part of the Scheme.

Policy Position on the Visitor Levy

- 4.17 In 2019, the Council agreed a policy position that a VL in Edinburgh would charge £2 per room per night, and that this would apply to all hotels, self-catering apartments, short-term lets, B&Bs / Guesthouses and hostels located in the City of Edinburgh Council boundary. Such a scheme would raise £14.6 million per year.
- 4.18 The Council also stated to the Government, during the National Conversation on a Transient Visitor Levy in 2019, that the revenue raised by any new levy would be re-invested into managing, supporting and increasing tourism in the city, as well as targeted at infrastructure and public service improvements that improve the visitor experience of Edinburgh and increase its attractiveness as a destination.

5. Next Steps

- 5.1 Officers will consider how the Bill impacts this position in more detail and will outline the proposal parameters of the scheme at Policy and Sustainability Committee on 22 August 2023. This will be guided by the current content of the Bill, the strategic priorities from the Edinburgh Tourism 2030 strategy and the objectives of the VL.

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 VL would create additional investment and deliver projects that support the city.

7. Stakeholder/Community Impact

- 7.1 The expected stakeholder and community impacts will 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 Edinburgh Transient Visitor Levy Consultation 2018, The City of Edinburgh Council, [7 February 2019](#)
- 8.2 Edinburgh Transient Visitor Levy – Reports, The City of Edinburgh Council, [31 May 2018](#)

9. Appendices

- 9.1 None.