

# Briefing for MSPs

## Visitor Levy (Scotland) Bill Stage 2



The following briefing sets out the key Local Government asks ahead of Stage 2 of the Visitor Levy (Scotland) Bill. Before Stage 2, we call on MSPs to:

### **REQUEST #1: Support Local Flexibility Instead of National Direction**

- It is crucial that the Bill maintains local flexibility – a key strength.
- Local flexibility allows councils to design a Levy according to local needs and circumstances, with communities having a crucial say on core elements of a Visitor Levy scheme.
- That is why we ask MSPs to ensure local decision-making remains a key element of the Bill and reject proposals for both a national cap on the rate charged and a system of national exemptions which would take power out of the hands of local communities.

### **REQUEST #2: Reduce Excessive Lead-In Times**

- Council Leaders from across Scotland have expressed unanimous support for a significant reduction in the disproportionate and excessive requirement for an 18-month lead time.
- This lead-in time is proposed to take place after a council decides to introduce a Levy and consultation has taken place. While we recognise the clear need to ensure close engagement with all stakeholders, it is crucial that communities and local visitor economies see the benefits of revenue generated through a Levy before late 2026.
- We call on MSPs to support Local Government's backing of a reduction to the required 18-month lead-in time, allowing visitor levies to be in place across Scotland before late 2026.

### **REQUEST #3: Introduce Powers for a Cruise Ship Levy**

- Cruise ship tourism is having a growing and significant impact on our coastal communities. However, overnight visitors staying on cruise ships will fall outwith the scope of a Visitor Levy.
- It is crucial that all of Scotland's communities, and the services used by both residents and cruise ship tourists, are able to see the benefits of revenue generated by a Visitor Levy. COSLA is therefore calling for councils to have the power to extend a Visitor Levy to cover cruise ship tourists.
- We urge MSPs to back our proposal for Cruise Ship Levy powers to be introduced as part of the Bill at Stage 2.

# Improving Scotland's Tourism Offer



Scotland is an increasingly popular destination for international tourists with visitor numbers, spend, and the nights spent increasing year-on-year.

The introduction of a Visitor Levy will ensure that a proportion of this **spend is re-invested in the visitor economy**. This could include greater funding for cultural facilities such as galleries and museums in our cities, investment in transport links to and from remote communities in the Highlands and islands, or maintaining and improving Scotland's world famous natural environment.

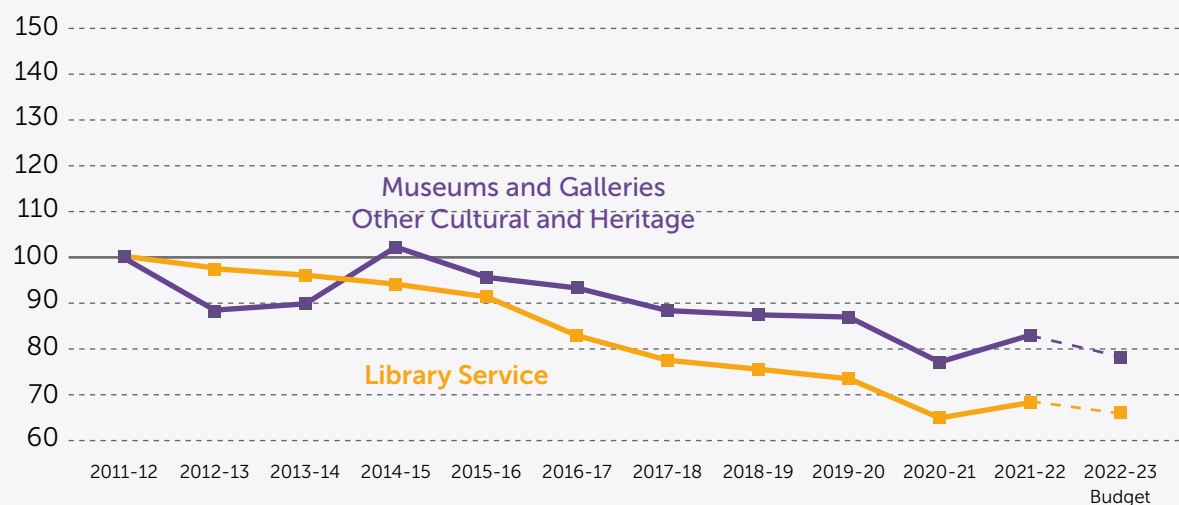
The investment in these services will create **mutual benefits for tourists, residents and businesses**, enabling impactful investment in our communities, improving upon Scotland's world-renowned tourist offer, and encouraging communities to embrace the benefits of tourism for their area.

Local Government is continuing to **experience cuts to revenue and capital** which will significantly impact the ability of councils across Scotland to invest in services and facilities – the same services used by both residents and visitors.



## Local Government Spend on Culture and Libraries

Real Terms 2011-12 = 100



Source: Scottish Government

Though the revenue generated by a Visitor Levy will **not reverse long-term funding cuts** to areas such as culture services, to protect Scotland's reputation as a world-leading tourist destination it is crucial that Visitor Levy powers are made available to Local Government as soon as possible.

As such, we are calling for the **reduction of the excessive 18-month lead-in time** councils are required to oversee prior to implementation of a Levy. This is due to take place after consultation and will ensure that **no council can introduce a Levy prior to 2026**. This is clearly excessive and far longer than the experience of local governments throughout Europe.

In summary, the Visitor Levy presents an **opportunity to enhance and develop local facilities and services for all**, by securing revenue that will allow for much-needed funding in a range of area from the natural environment to culture and leisure facilities.

# Empowering Local Government & Communities



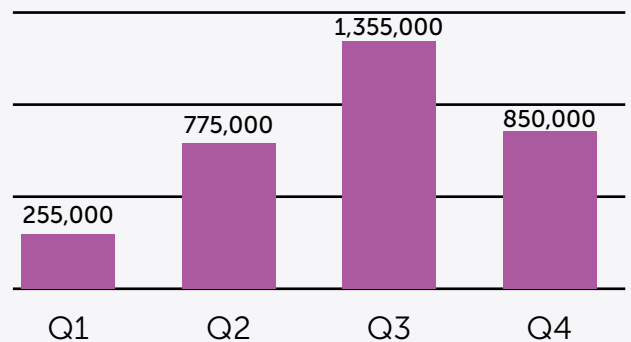
The Visitor Levy presents a significant opportunity to **hand power back to local communities** and local decision-makers, providing Local Government with the opportunity to raise revenue independently of the Scottish Government.

Local authorities should be given the **maximum local discretion**. We believe that the Visitor Levy should follow the maxim “local by default, national by agreement” with local communities, including local businesses, holding crucial decision-making powers.

The rate of charge, the geographic and seasonal breadth, and the exemptions included within a Levy scheme will be decided through close consultation with communities. What works for a local community in February may not work in July, just as circumstances may differ for communities across the Central Belt, Highlands, and islands. This is a **key strength of the Bill** and recognises the vast variety of needs and circumstances across Scotland.

## International Visitor Numbers to Scotland in 2022

Source: International Passenger Survey



As part of this, councils should also have the power to apply a **Cruise Ship Levy**. Cruise ship tourism is growing significantly across our coastal communities. However, in the Bill’s current state, thousands of visitors to communities across Scotland will be exempt from a Visitor Levy while staying overnight on a cruise ship. It is crucial that Visitor Levy powers are extended to cover cruise ship visitor and make the Visitor Levy a truly national initiative.

There can be **no national one-size-fits-all approach**. What works for our island communities may not necessarily work for our large urban local authorities. Likewise, what works for a local authority in summer may not be deemed necessary for winter.

The demographic profile of overnight visitors, the rationale for overnight stays, the makeup of the accommodation provider industry, and the size of the tourist industry differ significantly across the country. **Local flexibility is key** to ensuring a Visitor Levy works for communities across Scotland.



# Your Questions Answered



Questions	Facts
<p>What are the potential benefits of a Visitor Levy?</p>	<p>The Visitor Levy has the potential to:</p> <ul style="list-style-type: none"> <li>i) Improve Scotland’s world-renowned tourist offer through increased investment in the services and facilities used by both tourists and residents.</li> <li>ii) Empower Local Government through increased local democratic accountability, placing power in the hands of local communities and local decision-makers, away from national direction.</li> </ul>
<p>Will a Levy reduce visitor numbers?</p>	<p>There is no evidence that a Visitor Levy would reduce tourist numbers.</p> <p>Evidence from across Europe, where 21 of 27 EU member states utilise occupancy taxes, shows that areas which introduced comparable taxes saw increases in visitor numbers post-implementation.<sup>1,2</sup></p> <p>The Local Government, Housing and Planning Committee advised that “the introduction of a Levy at a modest rate would be unlikely to have a significant deterrent effect on visitor numbers”.</p> <p>With increased investment in the facilities and services used by tourists and residents, the Visitor Levy will actually improve Scotland’s tourist offer.</p>
<p>When could a Visitor Levy be implemented?</p>	<p>No local authority will be able to implement a Visitor Levy before late 2026. This is clearly excessive and disproportionate.</p> <p>There is agreement from COSLA Leaders that this lead-in time should be reduced.</p> <p>This would bring Scotland into line with comparable examples throughout Europe.</p>
<p>Who will be exempt from a Visitor Levy?</p>	<p>Exemptions will be decided at a local level. This is a key element of the local flexibility which defines the Bill.</p> <p>National direction is damaging to our communities, taking power out of the hands of local decision-makers and residents, and increasing centralisation.</p> <p>It is crucial that the vast variety of Scotland’s local needs and circumstances are recognised through handing the power to decide exemptions to our local authorities.</p>

<sup>1</sup> [Visitor Levy \(Scotland\) Bill: BRIA](#), page 5

<sup>2</sup> [Visitor Levy \(Scotland\) Bill: BRIA, Annex C](#), p28

<p>How will the income be used?</p>	<p>The income generated by a Levy will be used on services used by tourists and residents alike. This could mean investment in transport, the natural environment, or cultural and leisure facilities.</p> <p>It will be up to communities, including both residents and local businesses, to decide on how best that revenue is invested.</p> <p>Improving our communities means improving Scotland's international tourist offer.</p>
<p>What does a Visitor Levy mean for businesses?</p>	<p>We understand that businesses may be concerned at the impact of the proposed changes.</p> <p>We share the desire of all parties that the administrative burden be minimised as much as possible. Guidance to achieve this is currently being produced by the Expert Group.</p> <p>Local Government views the Visitor Levy as an opportunity to work in partnership with businesses to support the sustainability of the sector and will continue to work with business through the Expert Group to ensure that the Visitor Levy works for all stakeholders.</p>
<p>Who is being charged?</p>	<p>This is not a tax on business. This is a levy on overnight visitors.</p> <p>Although accommodation providers, as the 'liable person', will perform certain duties as part of the administration of the Levy, they are not the target of any charges.</p>
<p>What does this mean for Local Government finance?</p>	<p>Although there is the potential for substantial revenue to be raised through a Visitor Levy, the revenue raised will not reverse the cuts to budgets experienced by Local Government.</p> <p>However, it does represent one element of a package of local revenue-raising powers which could empower communities and reduce reliance on funding from central government, bringing Scotland further in line with municipalities across Europe.</p>
<p>How much will the rate of the Visitor Levy be?</p>	<p>It is hoped that the rate of charge will be up to the discretion of councils following close consultation with our communities.</p> <p>This consultation must include an assessment of the impact of a proposal in a local area and include key stakeholders such as representatives of communities and businesses engaged in tourism.</p> <p>It is important that both in order to offer maximum local flexibility, and to encourage best practice from councils, that no national cap on the rate of charge is applied at Stage 2.</p>

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