

## **Minutes: Cross Party Group on Tourism**

**Monday 9 December 2024 at 13:00-14:00 (online)**

### **MSPs attending**

- Evelyn Tweed (Convenor)
- Murdo Fraser
- Colin Smyth
- Audrey Nicoll

### **Presenters**

- Elin Williamson, City of Edinburgh Council
- Rob Dickson, VisitScotland

### **Attending**

- Adam Newman
- Andrew McKean
- Sam Bracken
- Chandra Rendall
- Charles Croft-Johnston
- Charlie Reith
- Chris Foy
- Claire Baird
- Linda Copeland
- David Weston
- Claire Dutton
- Elaine Wilson
- Fiona Campbell
- Graham Morrison
- Heather Trench
- Hilary Roberts
- Janice Hogarth
- Jo Page
- Karen Christie
- Katherine Kennedy
- Kirk Norbury
- Kirsten Laing
- Anna Leask
- Louise Nicoll
- Malcolm Duck
- Marc Crothall
- Margo Paterson
- Scott McMurray
- Neil Christison
- Peter Ovenstone

- Robert Kidd
- Ross Pollock
- Sandy Bloomer
- Sarah Allanson
- Shiela Gilmore
- Tom Baum
- Claire Wallace

### **Welcome and minutes from previous meeting**

- Evelyn Tweed welcomed attendees to the meeting.
- Minutes from previous meeting approved without comment.

### **Presentations**

Rob Dickson, VisitScotland, set out an overview of the visitor levy act, guidance, local authority priorities and industry concerns and challenges. Key points covered:

#### **Visitor Levy (Scotland) Act**

- All 32 local authorities have the power to introduce a visitor levy.
- Visitor levy to be charged on overnight stays in certain accommodation types.
- Levy will be set percentage of the cost of the accommodation portion of the overnight stay (non-accommodation costs such as food, parking etc are not included the calculation).
- Local authorities must consult with local communities, businesses and tourist organisations before introducing.
- Visitor Levy Forums ('advisory bodies') to be set up within 6 months of scheme being announced.
- Local authorities must state whether they will exempt businesses below VAT threshold.
- All money raised reinvested locally on facilities and services substantially for or used by visitors (leisure and business), enhancing the visitor experience.
- Exemptions apply to those using overnight accommodation as their only residence; those staying on a dedicated traveller/gypsy site; those in receipt of specified UK disability benefits, payments or allowances.
- Cruise and motorhomes are not in scope.

#### **Visitor Levy guidance**

- Scottish Government invited the tourism industry and local authorities to join an Expert Group, chaired by VisitScotland.
- Ministers asked VisitScotland to prepare statutory Visitor Levy Guidance.
- Purpose: to develop guidance and best practice for local authorities on the Visitor Levy Bill, to ensure the discretionary power works for businesses, communities, visitors, and for local authorities. This guidance will be updated on an ongoing basis.
- VisitScotland is providing additional industry support, in terms of FAQs, Glossary of terms

Local authorities' early priorities as set out in the guidance are:

- The levy scheme needs clear strategic alignment with a fit for purpose local/regional tourism strategy.
- Early engagement and significant consultation with industry prior to the formal consultation period.
- Early forecasting of visitor levy revenue is important to understanding a potential scheme's viability.
- Use of Funds should be outlined in the draft scheme. Local authority will use the net proceeds of the scheme for certain specified purposes. Local authorities are required to maintain separate accounts, meaning levy funds should not be incorporated into a council's "general funding pot."
- Local authorities should consider how they support businesses, for example:
  - Remittance
  - Exemptions
  - Enforcement & Compliance
  - Billing
  - Business Costs

Industry concerns and perspective include:

- Price competitiveness – concern that Scotland is already an expensive destination (high VAT in particular), and therefore a levy has the potential to impact on visitor decision making, and value for money.
- Preparedness - forward bookings following a local authority's formal scheme announcement: accommodation providers need time to prepare for the levy, and ensure they are complying with pricing legislation.
- Business costs - no statutory requirement in legislation for financial support for businesses. Edinburgh's proposed scheme includes an element of business cost recovery.
- Calculating the levy - there remains concern from some sub-sectors about how to calculate the levy.
- Governance - Effective governance including strong industry engagement is required to ensure revenue is invested in the best way for the visitor economy. This includes appropriate representation on the Visitor Levy Forums
- VAT - Concern that the visitor levy is seen as turnover and therefore will push businesses towards/over VAT threshold and could have impact on income/corporation tax. There is also concern about double taxation, VAT is charged on the visitor levy.
- Sector Engagement - More engagement required with caravan parks, OTAs and tour operators to ensure all specific circumstances are clarified.

Summary

- The levy has the potential to generate significant investment in the short, medium and long term, to deliver on local, regional and national

strategies. [Scotland Outlook 2030](#) aims to deliver '*responsible tourism for a sustainable future*' and become the '*the world leader in 21st century tourism*'.

- Fundamentally, the need for an ambitious, robust, long-term strategy is absolutely paramount.

Elin Williamson, City of Edinburgh Council, set out the background to Edinburgh's visitor levy and the draft scheme. Key points covered:

#### Context

- Discussions calling for a levy in Edinburgh date back to 2000s and 2010s
- Worked with COSLA in the publication of the Transient Visitor Tax report in June 2018
- Surveyed visitors and residents in 2018
- Contributed towards a Parliamentary Committee study in September 2018
- Responded to a national conversation on the tourist tax in Scotland which was reported in March 2019
- Responded to a Scottish Government consultation on the new legislation for a visitor levy reported in March 2020
- Surveyed visitors and residents in November 2023
- Contribution to Expert Group – VisitScotland National Guidance
- Continued engagement with industry has been a key part of developing the scheme.

#### Levy Objectives:

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.

Objectives are 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 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.

Key features of the draft scheme include:

- Percentage rate set at 5%
- The scheme will operate city-wide, year-round and applicable to all overnight accommodation except camp/caravan pitches
- The levy will only apply for the first seven-night stay

- A national collection platform is being developed by 3 lead Local Authorities + Improvement Service
- Accommodation providers are liable to make a return to the Council each quarter
- Exempted individuals to pay upfront and reclaim from the Council, this protects the integrity of individuals and accommodation providers and reduces risk of fraud
- Includes accommodation providers operating under VAT threshold to avoid complexity

Draft spending programme:

- Amount for administration and contingency
- Fixed amounts for Housing (£5m) and participatory budgeting (2%)
- City Operations & Infrastructure (55%)
  - Well-Kept City Fund
  - City Transformation Fund
- Culture, Heritage & Events (35%)
  - Cultural Organisations: Thrive, not just survive
  - Our Cultural Infrastructure
- Destination & Visitor Management (10%)
  - Sustainable Tourism and Fair Work
  - Destination Marketing and Management

The draft Governance structure was outlined, including:

- The responsible Committees at the City of Edinburgh Council – Policy and Sustainability Committee (responsible for scheme oversight), plus a number of Committees responsible for the different elements of the spending programme.
- A Visitor Levy Forum will be set up to oversee the scheme as a whole and advise the Council. Membership will include representatives from industry, festivals and community councils.

The consultation is currently live. If approved in January by full Council, the 18-month implementation period will begin on 24 January 2025 and run to 24 July 2026

## Questions

Kirsten Laing indicated general support for a visitor levy, however setting the fee at a flat rate, rather than a percentage would have been easier to sell to the tourism industry. She asked that with six weeks to go until 24 January, when it is expected that Edinburgh Council will announce an intention to proceed with the visitor levy, how do they start to pay the levy for stays that will take place in summer 2026.

RD responded to say that this has been a point of discussion in Edinburgh, regarding the date that they begin charging the levy on forward bookings. The question underscores the complexities in the introduction of a levy and the clear detail required by industry. RD/VisitScotland to follow up on specifics.

KL responded to ask for greater engagement with DMCs, as they feel they have been ignored.

Robert Kidd indicated support for KL's previous point regarding the percentage charge. He expressed disappointment that in his view some decisions are being made by councils that should have been included in the guidance and specifically made reference to the VAT status and management of other exemptions.

RD responded to highlight that writing the guidance before a levy scheme is in place is challenging. He noted that VAT status offers little room for manoeuvre across Local Authorities.

EW added that Edinburgh Council is engaging with other Local Authorities. With a desire to be consistent, many of them are looking to Edinburgh as an example.

Sarah Allanson thanked RK for the useful visitor levy industry engagement sessions in Argyll. Question about whether the local authority gets final say regarding who sits on visitor levy forums.

RD indicated that forum membership is the decision of the councils, as indicated in the legislation, and that local authorities understand the importance of getting the representation and requirements of the forums correct.

Malcolm Duck asked that the questions put forward in consultations by local authorities on the visitor levy be open questions. He indicated that the visitor levy is another 5% sales tax and that he does not feel there is much confidence in the process as it stands.

Fiona Campbell highlighted the discussion at the recent ETAG meeting regarding who would be eligible for the housing noted in the draft spending programme.

EW responded that the criteria is still being worked through regarding the definition of 'working in the visitor economy'. There is still 18 months to develop that definition.

FC raised the importance of getting this right and that as an industry they feel it would be unfair to be filling a gap in housing provision that should be covered by the council's core budget.

EW highlighted that it is not felt necessary to go down the route of using SIC codes for now however the council is working through this.

FC reiterated that it is important that the money raised does not all go to council services.

Sheila Gilmore indicated that she does not feel industry were listened to and asked specifically how Edinburgh Council arrived at the figures in the draft spending programme. Particularly the 10% dedicated to destination and visitor management.

EW responded to highlight that there is a strain on council budgets induced by visitors. The Royal Mile cleaning bill is significantly higher in August and pressures on built heritage throughout the year for example. Some spending on initiatives such as graffiti removal benefit both visitors and residents.

SG felt the spending on destination and visitor management should be higher.

### **AGM Business**

- Evelyn Tweed MSP nominated as Convenor of the Cross-Party Group on Tourism by Colin Smyth MSP, seconded by Audrey Nicoll MSP.
- Murdo Fraser MSP nominated as Deputy Convenor by Evelyn Tweed MSP, seconded by Colin Smyth MSP.
- Colin Smyth MSP nominated as Deputy Convenor by Evelyn Tweed MSP, seconded by Murdo Fraser MSP.
- Beth Thoms confirmed as Secretary, Scott McMurray confirmed as Treasurer.

### **AOB**

- No other business discussed, and meeting concluded