

6 Dec 2023

## CEC Engagement Session on the proposed Visitor Levy (VL) for Edinburgh

CEC: Erin Williamson (Chair), Rebecca Burnett, Fiona Hunter.

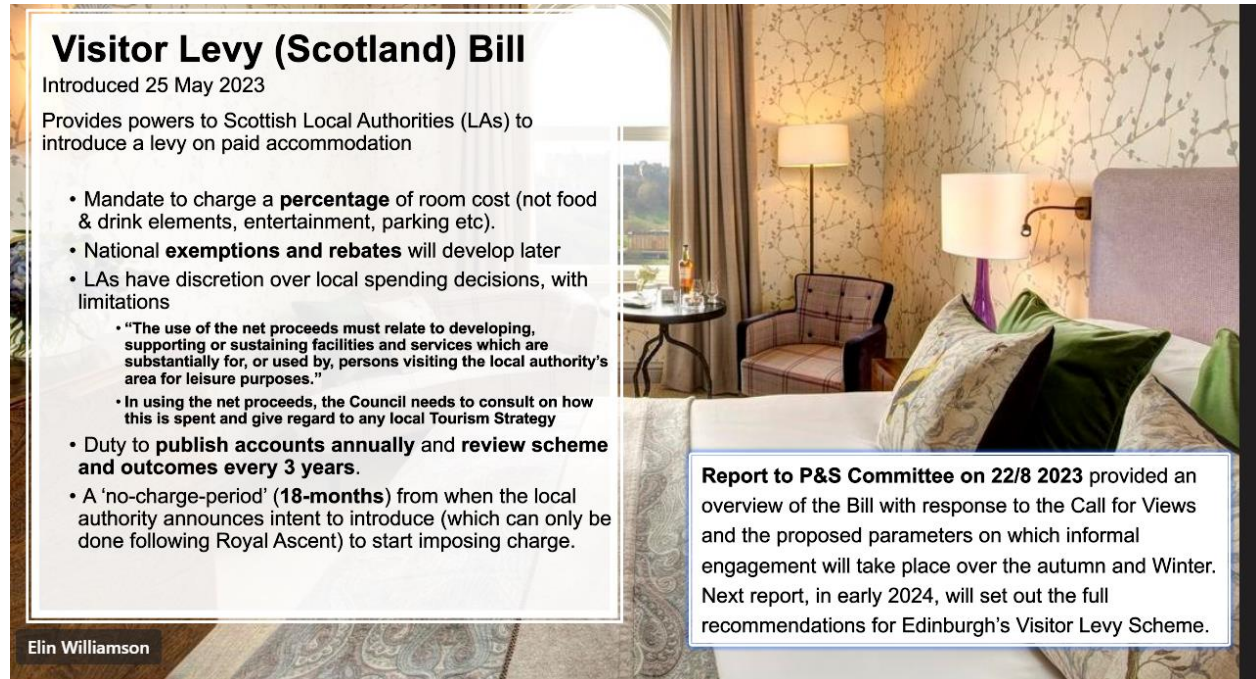
Community Councils:

Joyce Clark (Stenhouse Saughton), Ian Doig (Merchiston), Simon Holledge (New Town Broughton), Sally Millar (Leith Links), Ken Robertson (Grange Prestonfield), Peter Scott (Cramond Barnton)

Concept has been worked on since 2016.

Here are current outline parameters.

Passage sits with Policy & Sustainability Committee.



**Visitor Levy (Scotland) Bill**  
Introduced 25 May 2023

Provides powers to Scottish Local Authorities (LAs) to introduce a levy on paid accommodation

- Mandate to charge a **percentage** of room cost (not food & drink elements, entertainment, parking etc).
- National **exemptions and rebates** will develop later
- LAs have discretion over local spending decisions, with limitations
  - "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."
  - In using the net proceeds, the Council needs to consult on how this is spent and give regard to any local Tourism Strategy
- Duty to **publish accounts annually** and **review scheme and outcomes every 3 years**.
- A 'no-charge-period' (**18-months**) from when the local authority announces intent to introduce (which can only be done following Royal Assent) to start imposing charge.

Elin Williamson

**Report to P&S Committee on 22/8 2023** provided an overview of the Bill with response to the Call for Views and the proposed parameters on which informal engagement will take place over the autumn and Winter. Next report, in early 2024, will set out the full recommendations for Edinburgh's Visitor Levy Scheme.

LA will have discretion on spend of proceeds – reinvested into visitor economy and / or domestic economy?

Accommodation providers collect the impost, recovered from the accommodation user / visitor.

Outline:

## Aims and Objectives

Scheme objectives must relate to "developing, supporting, or sustaining facilities or services which are substantially for or used by person visiting the scheme area for leisure purposes"

1. **Aim:** Sustain Edinburgh's status as one of the world's greatest cultural and heritage cities, and ensure that the impacts of a successful visitor economy can be managed effectively.
2. **Objectives:**
  1. Develop Edinburgh's cultural provision to ensure it remains world leading and competitively attractive to visitors as well as residents
  2. Support the visitor economy in general, and encourage innovation in the sector as it seeks to meet the Climate and Nature emergency, and adapts to new approaches to business development and employment;
  3. Support destination marketing and promotion to maintain the city's long-term sustainable competitive advantage; and
  4. Sustain and enhance the essential public services that create an enjoyable and safe visitor

'Contentious'

What is a 'successful visitor economy'?

Objectives are 'out of line' with an already 'over-touristed' city.

Possible VL structures

## Thinking so far...

- Charge level must be competitive, fair and 'worthwhile'
- Cap at maximum length of stay (7 nights) rather than maximum amount
- Applies equally all year
- All overnight accommodation (apart from campsites, as per 2018 consultation) included.
  - Note Bill's current position is that Cruises are out of scope
- City-wide
- No exemptions (apart from any set via regulation)



Exemptions make it harder to manage and more costly.

Charges need to be competitive, fair and worthwhile.

Edinburgh would be the first VL city in the UK. (Manchester structure is different and voluntary.)

Mor exemptions the harder to manage and costly

Note cruises out of scope

Structures elsewhere:

## Appendix: International Comparators

Destination	Tax Level	Duration	Exemptions	Income generated (pa)
Amsterdam	7% + €3 pp.pn (increased to 8%)		Under 16s	€200m in 2022
Munich	5% (excl. breakfast etc.)	n/a	<€50 accommodation Youth Hostels	Conservative forecast: €40-€60m. Are expecting €80m p/a
Venice	€1-€5 pp.pn Children discount	First 5 nights		
Barcelona	Varies Barcelona & 'rest of Catalonia'.  Regional Tourism Tax + Accommodation €2.75 pp.pn – now €3.25 - April '24	First 7 nights, continuous stay, city only.	Under 16s	€53m in 2023 €100m in 2024
Berlin	5% of room cost (excl. breakfast) capped at €21 pp.pn	n/a	Business Travellers School Trips Students for study events	€55m in 2023
Lisbon / Porto	€2 per person per night	First 7 nights	Under 13s Medical procedure	€15m in 2022 (Porto) €32m in 2022 (Lisbon)

Elin Williamson

Chat:

Support for concept – Flat fee is easier to understand but will go out of date - % charge is inflation-proofed – Flat rate is regressive - The Bill in its present draft form goes for a percentage.

Extend to AirBnB and STLs?

What research has been done on the right VL 'level'? What level deters visitors? (Amsterdam now actively pricing to bring down visitor numbers.)

CEC working with Edinburgh U on this.

A VL at a 'sensible' rate won't be seen as a disincentive.

The proceeds: This is what the Bill states. What then is 'substantial'?

Residents and communities set to benefit. To what extent.


## Net levy spend

- Bill states net levy proceed spend must **"develop, support or sustain facilities and services which are substantially for or used by persons visiting for leisure purposes."**

Considerations:

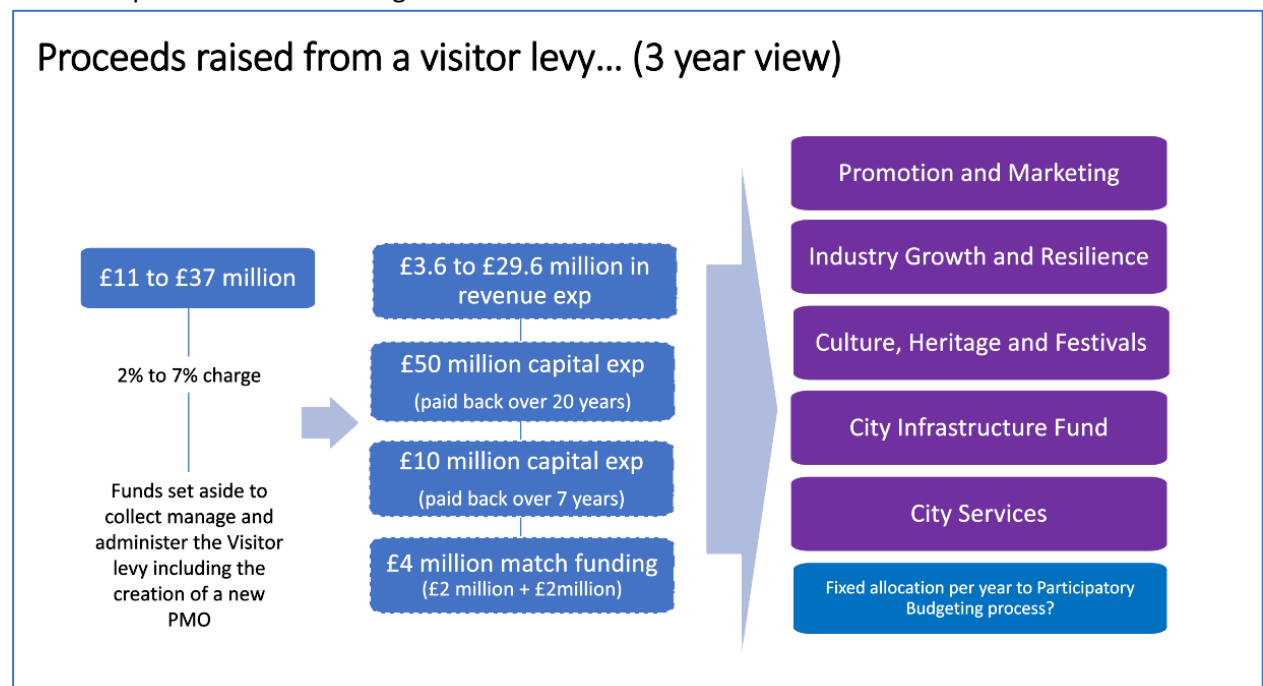
- Benefits must be city wide
- Demonstrate partnership working with industry
- Alignment with strategic priorities (esp. Edinburgh 2030 Tourism Strategy)
- Resident/community inclusion
- Balance of sustaining / developing / supporting

Elin Williamson



Transparency on the use of VL money / proceeds is essential – money mustn't sink into black hole – public then lose confidence in the concept.

Could the picture look something like this?



Where do City Services and City Infrastructure rank in this table?

The CC attendees were pretty clear that 'resident' mustn't be left behind in favour of 'visitor'.

(The travel industry sees things differently.)

Risk that Scot Gov sees VL as an income-generating Edinburgh success and cuts the city's block grant (further).

Here's a draft 'How To Spend It' list in greater detail.  
 'Everyone' will want some of the cake!



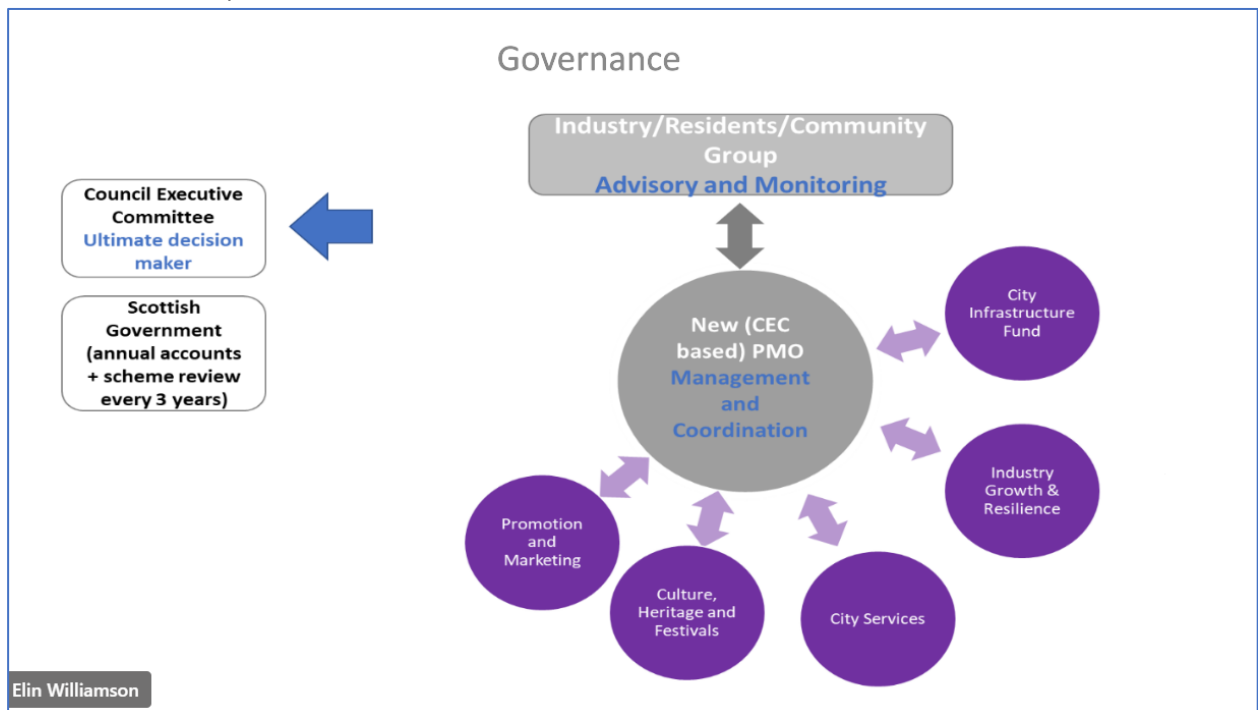
Far too complicated.

Keep it simple (to start with).

Keep in mind: If you don't invest in city infrastructure and core services, you don't have a city worth visiting.

How will the VL Scheme be managed and governed?

Lots of irons to be put into the fire.



What happens now?

Final recommendations go to the P&S Committee in H1 24.





Formal consultation will take place once the final shape of the Bill tabled for Parliament become clear.

Parting thought from Chair:

The income needed – the city is buckling at the seams'

End/KR