

Proposals for introducing a visitor levy making progress

The City of Edinburgh Council aims to be the first council area in Scotland to implement the new tourist tax plans when these become law, possibly later this year.

For at least the last decade the possibility of extra income for the council from over night stays have been mooted by various administrations and progressed with discussion at several council committees during that time, as well as an engagement exercise with the public which has just concluded.

The survey generated 3,941 responses, of whom 80% were residents. The results of this have shown that respondents were broadly supportive of a visitor levy and agreed that it should be spent on developing the cultural provision in Edinburgh and sustaining essential services. But most residents believed that it should benefit them more than tourists, particularly when it comes to city infrastructure.

Most responded that Edinburgh should charge along similar lines to other European cities so that the capital remains competitive as a tourist destination, and said that the charging and collection regime ought to be simple, saying a percentage charge would be preferable. More than half of those who replied to the survey felt it would be necessary to cap the number of nights when the charge would be applied.

When The Scottish Government asked for comment on the proposed legislation the council said they would like to have maximum

local discretion over the way it works and also what it will be spent on. But the council has also told the government there is no need to delay for a further 18 month period before setting the law in motion when it is eventually passed at Holyrood. The Council Leader and the leader of Highland Council both wrote to the government to justify a shorter implementation period for the new laws.

Councillors on Tuesday agreed to introduce a formal consultation process whenever the government legislation has reached an appropriate point, and hope that they will be able to do so in August this year.

Sadly there was little detailed discussion of the measures as the council's standing orders kicked in when 5pm came (the meeting had begun at 10am) after which the committee is only permitted to discuss matters on a formal basis. Nonetheless, an SNP addendum was rejected which asked for an option for spending the funds to include the possibility of distributing monies direct to community groups in a similar way to Leith Chooses – a participatory budgeting scheme voted on by local people.

Cllr Adam Nols-McVey, SNP, said: "It's fantastic to see the tourist tax continue to progress through the Scottish Parliament. But it's really disappointing that the SNP proposals to share this funding across our communities have been voted down. It's important that the whole city benefits from this funding and that local people have a say on how it's spent in their local area. There is clearly widespread support for the policy and we will continue to push for local involvement in decisions to maximise the impact of funding across all of Edinburgh."

The administration did accept the Liberal Democrat addendum which stated that the council "regrets that the government is not willing to allow discretion to local authorities over the way the monies will be spent" and also refers to an envisaged

change in business tourism. We asked the Liberal Democrats to elaborate on this but have not had any reply.

The Edinburgh Greens favour a percentage charge rather than a flat rate fee, but wanted a scoping exercise conducted to investigate what happens in Amsterdam where holiday rentals and short term lets pay 10% of turnover as an additional charge. They also refer to the possibility of spending on destination marketing and said this causes them concern.

The council estimates that it will cost around £250,000 to set up the scheme and afterwards around £500,000 to run it each year, but this will be paid for from the revenues raised. The council also noted that introducing any exemptions would complicate the running of the programme and make it more expensive.

But the council stands ready to implement the new laws and put its own scheme out to formal consultation with the public once the government legislation is in place.

Council Leader Cammy Day said: "It's great to finally see the Bill take another step through Parliament – and I welcome the continued support from MSPs across the chamber.

"In particular, I welcome the Minister's commitment to allow local flexibility in how we design the scheme – and how we invest the proceeds. And while I remain frustrated at his reluctance not to reduce the 18-month implementation period, particularly given the amount of consultation we've already done, I do acknowledge the additional time this will give the hospitality sector to prepare.

"We've repeatedly and actively engaged with industry, as well as with residents, seeking views at various stages on the type of visitor levy Edinburgh needs and, as you can see from the most recent survey results, our plans continue to enjoy strong backing.

“We’re rightly proud that Edinburgh is one of the world’s most popular visitor destinations, but we’re equally aware that this success comes at a cost. That’s why we believe it’s right to ask visitors to make a small contribution towards maintaining and improving our beautiful Capital city.”

Bill passed Stage 2 at The Scottish Parliament

On Tuesday the bill was considered by the Local Government, Housing and Planning Committee at The Scottish Parliament in a Stage 2 reading. Many amendments were proposed but Miles Briggs MSP commented afterwards that few were accepted. Mr Briggs explained he has had many discussions with Tom Arthur the Minister and will continue to do so between now and Stage 3 in June to ensure that some of the simplicity he would like included in the bill is introduced.

Mr Briggs said: “I feel it is the exemptions which need clarified particularly for business people or for example those who are visiting members of their family, whether young or old, in hospital. Also the way we will administer it is a problem. With the proposed voucher scheme for anyone who is exempt to then make a retrospective claim seems difficult. And I also think the the collection of the visitor levy is quite complex. It would be easy for hotel chains but for the sole owner of a guest house it could be more difficult. That was why I suggested a flat rate rather than a percentage. Most businesses said this would be more straightforward, but the Conservatives were the only party to make this suggestion.

“I am keen to continue to work constructively with the Minister to ensure that we limit any damage to the tourist sector with the introduction of another charge on top of the VAT already charged.”

Mr Briggs had also asked to exempt caravan parks and campsites

from the scope of the charges, to allow those trying to have a cheaper holiday because of the rise in the cost of living, but the minister did not agree to this.

Sarah Boyack MSP said: "I am glad to see the TVL is making its way through Parliament.

"A modest TVL could have a major impact in alleviating pressure Edinburgh's resources. However, we need more clarity from The Scottish Government on key parts of the bill.

"Councils and businesses are crying out for certainty on this issue.

"We have a golden opportunity to ensure Edinburgh Council has the tools it needs to reinvest in our city to continue to make it an attractive destination that will benefit tourists and communities.

"Even the First Minister has admitted the benefits this could bring to Edinburgh if we empower our councils.

"The Scottish Government must not squander this opportunity."

The Bill now moves to Stage 3 when MSPs vote on it and it is expected this will take place in June 2024. If the government insists on an 18 month implementation period this means the new tourist tax will not be available to the council until the end of 2026.



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