

### **Visitor Levy Update**

#### **Summary and Recommendations**

This paper updates the Board on the work conducted by COSLA officers associated with the proposal for a Visitor Levy for Local Government. With the successful passing of the Visitor Levy (Scotland) Bill through Stage 3 of the Parliamentary process, oversight of the implementation of the policy will be the responsibility of the Environment and Economy Board. Further reports will be brought to subsequent meetings as necessary.

The Board is invited to:

- i. Note the contents of the report and that the Visitor Levy policy will now fall within the remit of the Environment and Economy Board.
- ii. Note that future updates regarding progress on the implementation and development of local Visitor Levy schemes will be provided to the Board where appropriate.

#### **References**

Previous relevant reports include:

- COSLA Leaders November 2019 – Transient Visitor Tax Consultation Response
- COSLA Leaders – May 2022 – Transient Visitor Tax
- COSLA Leaders – Feb 2023 – Local Government Finance Update
- COSLA Leaders – April 2023 – Local Government Finance Update
- COSLA Environment and Economy Board – May 2023 – Visitor Levy Update
- COSLA Leaders – May 2023 – Local Government Finance Update
- COSLA Environment and Economy Board – June 2023 – Visitor Levy Bill
- COSLA Leaders – February 2024 – Cruise Ship Levy
- COSLA Leaders – April 2024 – Local Government Finance Update
- COSLA Leaders – May 2024 – Local Government Finance Update and Addendum

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## Visitor Levy Update

### **Purpose**

1. With the passing of the Visitor Levy (Scotland) Bill through Stage 3 of the Parliamentary process, this policy will now fall within the remit of the Environment and Economy Board.
2. This paper updates the Board on the work conducted by COSLA officers so far, and provide a high-level summary of what the powers contained in the Bill mean for Local Government and an overview of the ongoing work being conducted prior to the expected implementation of the first local Visitor Levy schemes in 2026.

### **Current COSLA Position**

3. COSLA welcomes the joint work conducted since 2018 between Local and Scottish Government on the proposal for a Visitor Levy for Local Government. The powers contained in the Visitor Levy (Scotland) Bill represent a significant milestone in the development of greater local revenue-raising powers and the empowerment of local decision-makers and communities.

### **What is Changing**

4. With the implementation of the powers contained in the Act, this item will move from the remit of COSLA's Local Government Finance team to the COSLA Environment and Economy Board.

### *The Visitor Levy (Scotland) Bill*

5. The powers contained in the Bill provide local authorities with the discretionary power to apply a percentage charge on the cost of overnight accommodation paid for by an overnight visitor to a local authority area.
6. In doing so, local authorities who wish to exercise these powers will be required to develop local Visitor Levy schemes, through consultation with key local stakeholders and local Visitor Levy Forums, setting out key information such as the proposal's objectives and proposed use of funds.
7. Local authorities retain significant flexibility and local discretion in the design of a local Visitor Levy scheme. Local authorities can choose to apply a Levy to all or part of the local authority area, have the ability to develop a system of local exemptions, decide the percentage rate and the number of nights at which this charge is set, apply a Levy at different times of the year, and have final decision-making powers on the use of funds.
8. COSLA Leaders have previously noted disappointment that, despite significant lobbying from COSLA officers, the Scottish Government chose to amend the Bill and introduce increased national direction at Stage 2 and 3. As such, Ministers have the power to place a national cap on the maximum percentage rate local authorities can set, apply a maximum national cap on the number of nights an overnight visitor can

be charged, and backed an amendment by Jeremy Balfour MSP to apply a national exemption for overnight visitors in receipt of certain disability social security allowances and payments.

9. Despite this, the contents of the Bill represent potentially significant revenue-raising powers for Local Government, with local authorities able to allocate additional investment to services and facilities based on local needs and circumstances, to the mutual benefit of residents, overnight visitors, and stakeholders associated with the local visitor economy.

#### *Ongoing Work*

10. Work remains ongoing in the development of a national digital platform to be shared by local authorities who have introduced, or are planning to introduce, local Visitor Levy schemes. COSLA officers have been working closely with the Digital Office and Improvement Service in the development of this platform.
11. COSLA officers have also been closely involved in the drafting of statutory guidance, as part of the Visitor Levy Expert Group. Chaired by Visit Scotland, this Group contains Local Government representation from SOLACE, Directors of Finance, the IRRV and officers from City of Edinburgh Council. This guidance was tested with a wider selection of Local Government representatives on Tuesday 18 June prior to expected finalisation at the end of June.
12. As agreed by COSLA Leaders in May, COSLA officers will continue to work with the Scottish Government to push for the introduction of Cruise Ship Levy powers. As a result of legislative and Parliamentary obstacles, these powers were not introduced alongside the Visitor Levy (Scotland) Bill, though COSLA welcomes the commitment from the Minister of Employment and Investment that engagement on this issue will take place with local authorities across the summer.

#### **Next Steps**

13. With the implementation of the powers contained in the Act, this item will move from the remit of the COSLA Resources Spokesperson and Local Government Finance team to the COSLA Environment and Economy Spokesperson and Board.
14. The Board will receive updates, where appropriate, on the ongoing progress of the implementation of local Visitor Levy schemes.