

Agenda Item	10
Report No	ECI/07/2023

HIGHLAND COUNCIL

Committee: Economy and Infrastructure

Date: 2 February 2023

Report Title: Local Visitor Levy – Current Progress and Next Steps

Report By: Executive Chief Officer Infrastructure, Environment & Economy

1 Purpose/Executive Summary

- 1.1 This report describes the current position in relation to the Scottish Government's commitment to introduce discretionary powers for a Local Visitor Levy and the implications for its introduction in Highland.

2 Recommendations

- 2.1 Members are asked to:-
- i. **Note** the legislative process for the Local Visitor Levy Bill, the likely timescales for its passage through Parliament and implications for its introduction in Highland; and
 - ii. **Agree** the Council's proposed next steps, which include an offer to provide verbal and written evidence to Parliamentary Committee(s).

3 Implications

- 3.1 **Resource** – The resources required to carry out further engagement will be met from the Service's budget. The implementation of a Local Visitor Levy will require a registration and collection system which will have resource implications for the Council and further consideration from the relevant Services will be needed.

- 3.2 **Legal** – The introduction of a Local Visitor Levy requires the passing of legislation by the Scottish Government which will have implications for how the Council implements the scheme in Highland.
- 3.3 **Community (Equality, Poverty, Rural and Island)** – It is anticipated that the use of levy income raised will bring a range of benefits to communities and create a more sustainable tourism industry.
- 3.4 **Climate Change / Carbon Clever** – The extent to which the levy income raised will have a positive impact on addressing climate change will depend on the nature of the activities and investments supported.
- 3.5 **Risk** – None at this stage.
- 3.6 **Gaelic** – Gaelic will be included into all relevant projects and communications in line with Council policy.

4 Background

- 4.1 The Scottish Government has committed to create a discretionary power for local authorities to apply a levy, in all or part of their area, on overnight visitor stays in accommodation to help fund relevant local activities and services. The Scottish Government ran a national consultation on the principles of a Local Visitor Levy (also known as the ‘transient visitor levy’ and ‘tourist tax’) in 2019 to help shape the legislative framework.
- 4.2 At that time to inform its submission, the Council undertook an extensive consultation between June and October 2019. In total, 6,600 responses were received from residents, businesses and visitors to the region who provided views on whether a levy scheme should be introduced in Highland and if so, how it might be designed. Overall, respondents were supportive of the levy being introduced in Highland, albeit that there were notable variations in the levels of support between the residents, businesses and visitors. An assessment was also carried out in 2018 which estimated that between £5 and £10m could be generated annually from a levy in Highland which could then be reinvested in tourism related activities. Following this, the Council voted in favour of the principle of introducing a Local Visitor Levy at Committee on 9 December 2019.
- 4.3 Unfortunately, the Scottish Government had to halt work on the design and introduction of the levy in 2020 as a result of the Covid-19 pandemic. However, in the Scottish Budget 2022-23 it was confirmed that work on the levy would recommence, though a careful review of the work done to date, and that further engagement with stakeholders would take place as a result of the ongoing impact of the pandemic on the tourism sector in Scotland.

5 Legislative process

- 5.1 The Scottish Government has committed to introducing legislation for the Local Visitor Levy within their 'Programme for Government 2022-23'. It is understood that they are working towards a provisional date of Spring 2023 for the commencement of the Scottish Parliament's 3-stage process for Government bills, which includes:-
- **Stage One** – general principles are examined by the lead Committee with input from any other relevant Committee, followed by plenary vote on the Bill by the Parliament as a whole;
 - **Stage Two** – consideration at Committee level, including any suggested amendments; and
 - **Stage Three** – plenary debate on the Bill by the Parliament as whole, including consideration of any further amendments

Following approval by Parliament, the Bill will then be sent for Royal Assent before coming into law.

- 5.2 The proposed timescales for the Bill will only be presented when the Bill is introduced to Parliament, which is expected to be Spring 2023. The timescales will be set by the Presiding Officer, Parliamentary Bureau and Committee Chairs respectively. On average, a Government Bill usually passes through the Parliament within 12-14 months. Royal Assent is usually given 4 weeks after completion of Stage 3, though this can be longer depending on the time of year. If passed by Parliament, it is expected that the Bill's provisions to come into force as soon as is practicable and reasonable to do so.
- 5.3 The Bill proposes that local authorities will need to consult local communities and businesses and give significant notice, before a visitor levy can apply. The detail of these requirements will be set out in the Bill and only finalised at the end of Stage 3. Taking into account the expected time for Parliamentary scrutiny, and the need for consultation and engagement by a local authority before introducing the levy, the Government currently anticipate that a visitor levy may be operational sometime in 2026 at the earliest.
- 5.4 It is anticipated that a key issue during the Parliamentary scrutiny and subsequently at a local level, will be the use to which any levy collected should be spent. The Council's Strategic Tourism Infrastructure Development Plan (2022), which sets out key priorities for tourism infrastructure over the medium term, and the proposed new 5-year Visitor Management Plan may provide at least an initial framework for decision making. This will be considered further as the legislative process moves forward and will be informed by the results of further consultation with stakeholders.

6 Next steps for the Council

- 6.1 The Parliamentary process will allow opportunity for relevant bodies, including The Highland Council, to present verbal and written evidence to influence the outcome of the Bill. It is expected that this Council will have a more prominent role given our current position on its introduction and the significance of the tourism industry in Highland.

This will provide an important opportunity to highlight certain priorities, including points raised during the consultation undertaken in 2019, such as in terms of fairness and flexibility. To ensure this happens it is proposed to formally write to the respective Parliamentary Committee Chairs and offer to provide verbal and written evidence.

- 6.2 In addition, to ensure that the detail of the proposed legislation fully aligns with the ambitions and distinct pressures facing the Highland region, it is proposed that officers continue to assist the Scottish Government's Local Taxation team in preparing the Bill.
- 6.3 When the Bill is introduced to Parliament and timetabling has been agreed (currently expected in Spring 2023), a further report will be presented to the Economy and Infrastructure Committee to update Members.

Designation: Executive Chief Officer Infrastructure, Environment & Economy

Date: 9 January 2023

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