
ARGYLL AND BUTE COUNCIL VISITOR LEVY

1.0 INTRODUCTION

- 1.1 The purpose of this paper is to provide elected members with an update on the progress of the Visitor Levy (Scotland) Bill, the key implications of the Bill as it now stands and the next steps the Council needs to take to implement the levy, assuming the Council takes the formal decision to introduce one.
- 1.2 The main premise of the Bill is to allow local authorities to introduce a visitor levy scheme as follows:
- the payment of a levy on the purchase of overnight stays in certain types of accommodation (see **Appendix A**);
 - the amount of the levy will be a percentage (set by each participating local authority) of the cost of the accommodation; and
 - the person liable to pay the levy is the person who provides the accommodation.
- 1.3 A key issue will be the need for the Council to declare it is intending to introduce a levy and the need for the Council to undertake a public consultation. It should be noted that Stage 3 of the Bill confirmed that the Council will not be able to introduce a levy until early autumn 2026 at the earliest, given the required 18-month lead-in time for levy implementation following confirmation by the Council that it intends to introduce a visitor levy coupled with the publication of the consultation report.
- 1.4 To take the work forward, it is proposed that a Visitor Levy Short Life Working Group (VLSLWG) is established as set out in this report. An Officers' Working Group will be established to work up a Visitor Levy proposal (to include staff from Economic Growth, Finance, Revenues and Benefits and ICT) and the formal consultation process for discussion and direction at the VLSLWG.
- 1.5 Each local authority has a statutory duty to establish a Visitor Levy Forum. Forums must be established by local authorities no later than six months after the date of the decision to introduce a visitor levy scheme. The local authority must maintain the Forum for the duration of the scheme and meets on a regular basis. It is proposed that a Shadow Visitor Levy Forum is established in Argyll and Bute to support with advisory input for the pre-consultation tasks as detailed in **Table 1** in the report.

2.0 RECOMMENDATIONS

2.1 Members are asked to:

- Consider the content of this paper including the next steps the Council needs to take summarised in **Table 1** of this report.
- Approve Argyll and Bute Council's intention to introduce a Visitor Levy and undertake a public consultation as noted in **Table 1**.
- Approve the establishment of a Visitor Levy Short Life Working Group (VLSLWG) with the terms of reference as set out at **paragraph 3.8** hereof.
- Agree the membership of the VLSLWG including the Chief Executive and two Executive Directors who shall be supported by officers as appropriate.
- Appoint a Chair and Vice Chair who shall be elected Members;
- Approve the proposal to establish a Shadow Visitor Levy Forum at the local level to provide advisory support for the pre-consultation work prior to the establishment of the formal Visitor Levy Forum as outlined in **Table 1**.

3.0 DETAIL

- 3.1 The Bill has now progressed through Stage 3 (28th May 2024) and is awaiting Royal Assent before becoming law. It is estimated Royal Assent will take place approximately one to two months after Stage 3 and then a further period to allow the Bill to be enabled as the Visitor Levy (Scotland) Act 2024. Given the Scottish Parliament's summer recess it is anticipated this will happen in September 2024. A number of amendments to the Bill have now been made and work is continuing to understand all the implications of these amendments.
- 3.2 The Bill will also be accompanied by a guidance document that has been prepared by an Expert Group, chaired by VisitScotland. It is imperative for all local authorities to adhere to the operational aspects, including statutory timelines and processes that will be outlined in the guidance, which is due to be published in late August/early September 2024 (no date confirmed at time of writing this report).
- 3.3 In developing an outline for a visitor levy scheme, a local authority should draw a clear link to the ambitions/objectives of its local tourism strategy. The [Argyll and Isles Strategic Tourism Partnership strategy](#) (AISTP: an industry led strategy) was developed with input from Argyll and Bute Council, Argyll and Isles Tourism Co-operative, Highlands and Islands Enterprise and VisitScotland. The latest strategy was published in March 2024 to address tourism specific topics and is due to be refreshed over the autumn and winter period of 2024 with a view to launching a new strategy in the spring of 2025 where it is anticipated there will be a continued focus on the current strategic priorities:

- Extending the season and spreading visitors across the destination,
 - Reaching new audiences,
 - Marine and coastal Tourism,
 - Improving the offer, and
 - The journey towards net zero.
- 3.4 The date on which a visitor levy scheme is to come into force, or on which a significant modification is to take effect, must be at least 18 months after the date on which the **local authority publishes its consultation report** stating that it intends to proceed with the original or modified proposal. At present, no local authority will be able to start the collection of the levy prior to late summer/early autumn 2026.
- 3.5 There are many factors that require reference to the detailed guidance to accompany the Act. Local authorities through Highlands and Islands Regional Economic Partnership (HIREP) Visitor Levy Officer's Working Group (chaired by the Economic Growth Manager, Argyll and Bute Council) and other bodies such as the Scottish Local Authorities Economic Development (SLAED) Tourism Group, continue to work on the implications of the introduction of a visitor levy and the best way on how to implement it.
- 3.6 Some initial **conservative estimates** of the annual income to be realised from the visitor levy based on Scottish Tourism Economic Activity Monitor (STEAM) visitor accommodation spend data (**only** includes businesses that complete STEAM returns) are as follows:
- 1% VL circa £1,877,782 of income per annum
 - 2% VL circa £3,755,563 of income per annum
 - 3% VL circa £5,633,345 of income per annum
 - 4% VL circa £7,511,126 of income per annum.
- 3.7 The Bill sets out a series of steps that a local authority must do before introducing a visitor levy. It must:
- Prepare and publicise:
 - An outline of the proposed scheme;
 - A statement about the cases and circumstances in which the levy is not payable or can be reimbursed;
 - A statement about the objectives of the proposal, including measuring and reporting on these; and
 - An assessment of the impacts of the proposed levy in the council area (for Argyll and Bute consideration needs to be given to the impact on island communities, costs of travel already high, compared with mainland accommodation providers).
 - Consult tourism businesses and organisations. It must also consult with community representatives and National Parks if it covers part or all of the local authority area.
 - Prepare and publicise a report on the responses to the consultation, which

also includes a statement on whether or not the Council wishes to proceed with introducing or modifying a visitor levy.

- Create a Visitor Levy Forum no later than six months after the date of its decision to introduce a levy. The functions of the Visitor Levy Forum are:
 - To advise and consult with the Council on any consultation from other bodies with the Forum,
 - To discuss any modifications to the scheme, and
 - To consult, but not decide, on the use of the net proceeds of the visitor levy.
- The Visitor Levy Forum is to consist of a reasonable balance of members and the Council may **not** form a majority of the Forum.

3.8 Given the amount of preparatory work which will be required to develop proposals and the timescales involved, particularly for consultation, a mechanism needs to be put in place to move matters forward in a flexible and agile manner which would facilitate the submission of a further report to the Council in November this year. It is proposed that this should be done by establishing a Short Life Working Group which is permissible in terms of the Council's Political Management Arrangements (Constitution, Part C, para 2.6).

The Terms of Reference should include:

The purpose of the VLSLWG to undertake the development of a draft Visitor Levy Scheme, to include, among other things;

- clear objectives for that scheme;
- proposals for the use of the proceeds of that scheme; and
- a Consultation / Engagement Strategy and all while having regard to the impact statements to be developed and provided by officers.

The agreed membership of the VLSLWG complete with the roles and responsibilities of each of the members, including the appointment of a Chair and Vice Chair who shall be elected Members.

An agreed series of VLSLWG meetings and reporting requirements as follows:

- report to Council in November 2024 on all matters encompassed within the terms of reference.
- engage with officers, Visitor Levy Shadow Forum and others in regard to findings from the Consultation / Engagement Strategy and submit a further report with analysis / recommendations to Council in March 2025.

3.9 **Table 1** below outlines an **indicative** timeline for the establishment and implementation of a visitor levy including the key Council meetings. **(Please note the timescale may change, subject to that to be presented in the final guidance document to be published in late August/early September 2024).**

Table 1: Indicative Timeline of Visitor Levy (VL) Implementation Requirements		
Indicative Timeline	Activity	Statutory Requirement
Pre-consultation work		
Ongoing	Councils to engage with stakeholders to determine proposal (to take place across the development of a VL Scheme).	√
July 2024	Establish an internal VL Officers' Working Group (OWG) as approved by ELT on 2 nd July 2024.	
Aug 2024	Paper to a Special Council meeting on 15th August to seek approval for the establishment of a VL Short Life Working (VL SLWG) Group and a Shadow VL Forum.	
Aug/Sept 2024	Publication of finalised visitor levy guidance by VisitScotland.	
Aug to Sep 2024	Objectives of visitor levy scheme (aligned to the AISTP strategy) to be developed by VL OWG in liaison the VL SLWG and Shadow VL Forum.	√
Sep to Oct 2024	Impact studies to be completed as required by VL OWG working with the VL SLWG.	√
Oct 2024	Design of a Visitor Levy scheme proposed.	
Oct 2024	Plans for use of net proceeds of the scheme to be developed (link to Use of Funds section of the VL guidance).	
Nov 2024	Agreement of VL scheme, consultation content and process by Argyll and Bute Council at the full Council meeting on 21st November 2024.	
Formal Consultation		
Nov 2024 – end Jan 2025	Public consultation on visitor levy proposal	√
Feb 2025	VL OWG analyse findings working with the VL SLWG and input from the Shadow VL Forum, as appropriate.	
Mar 2025	Report to a Special Council meeting in March 2025.	
Governance Requirements		
Mar/Apr 2025	Formal public announcement of decision to introduce a visitor levy (include visitor levy start date in 2026).	√
Apr 2025	Scottish Ministers to be notified of decision to introduce a visitor levy across Argyll and Bute.	√
Date in Apr 2025	18-month minimum lead-in time begins.	√
Apr 2025	Establish the formal Visitor Levy Forum (advisory function) to be maintained for the duration of the scheme (meet at least two times per calendar year).	√
Apr 25 – Oct 2026	Lead-in time takes place.	√
May 2025	Councils to advise businesses of their liability and prepared administration of visitor levy scheme.	
Oct 2026	Visitor levy is collected from visitors who stay overnight as described in month 18.	√

3.10 A local authority operating the visitor levy must prepare annual reports that:

- Detail the amount of money collected,
- How the proceeds have been used,
- The performance of the scheme in relation to the local authority's original statement of intent, and
- The report must be reviewed by the Visitor Levy Forum.

3.11 Argyll and Bute Council (Revenues and Benefits Manager and colleagues) along with the City of Edinburgh Council and The Highland Council, is working closely with the Digital Office and Improvement Service on the requirement for establishing a standard digital platform for a standard visitor levy collection process across Scotland. The proposal is for these three early adopter local authorities (possibly City of Glasgow too) to contribute to the build costs of circa £557k which will be recouped from one-off payments made by other councils that join later. It is anticipated that through discussions with COSLA, the Scottish Government will be approached to provide a contribution to fund the required digital platform.

4.0 CONCLUSION

4.1 Stage 3 of the Visitor Levy Bill has passed through the Scottish Parliament with a number of amendments to the original Bill that officers are still examining to determine any further implications for the Council.

4.2 The Bill is awaiting Royal Assent and it is estimated that this will take place approximately one to two months after Stage 3 and then a further period to allow the Bill to be enabled as the Visitor Levy (Scotland) Act 2024. Given the Scottish Parliament's summer recess it is anticipated this will happen in September 2024.

4.3 The key statutory and non-statutory activities to be undertaken by the Council and the proposed VLOWG, VLSLWG and Shadow VL Forum are outlined in **Table 1** of this report with indicative timelines. Further detailed Scottish Government guidance (prepared by VisitScotland) is awaited on the process and any amendments will be shared with the VLSLWG and Shadow VL Forum in the first instance.

4.4 Officers will continue to work with the likes of the Improvement Service, other councils and HIREP to ensure the visitor levy is implemented as efficiently as possible subject to Argyll and Bute Council approval.

5.0 IMPLICATIONS

5.1 Policy: the visitor levy will become law following Royal Assent of the Visitor Levy (Scotland) Bill. Argyll and Bute Council will need to agree to implement a visitor levy.

- 5.2 Financial: as an early adopter, the Council will be required to make an initial contribution to the build costs for the proposed digital platform, which will be recouped. The implementation of the levy could generate a substantial yearly income for Argyll and Bute Council subject to scrutiny from the Visitor Levy Forum. Some initial **conservative estimates** of the annual income to be realised from the levy range from circa £1.9m per annum for a 1% visitor levy to £7.5m per annum if a 4% visitor levy on accommodation was introduced.
- 5.3 Legal: all appropriate legal implications will be taken into consideration.
- 5.4 HR: the VLSLWG once formed will be supported by officers and members of the Shadow VL Forum.
- 5.5 Fairer Scotland Duty: the Fairer Scotland Duty, Part 1 of the Equality Act 2010, came into force in April 2018. The duty places a legal responsibility on particular public bodies in Scotland, such as Argyll and Bute Council, to pay due regard to (actively consider) how they can reduce inequalities of outcome, caused by socio-economic disadvantage, when making strategic decisions and how this has been implemented.
- 5.5.1 Equalities: none.
- 5.5.2 Socio-economic Duty: none.
- 5.5.3 Islands; the same visitor levy scheme, with the same percentage rate charged for overnight accommodation will cover the whole of Argyll and Bute, including accommodation providers on the islands. It is anticipated that this nominal rate will not disproportionately impact island accommodation providers any more than those based on the mainland throughout the region.
- 5.6 Climate Change: none.
- 5.7 Risk: there is a risk that the Council does not implement the visitor levy process in adherence to the Scottish Government timelines which could delay implementation.
- 5.8 Customer Service: there is a need to implement an efficient visitor levy process that is transparent and easy to use by our customers.
- 5.9 The Rights of the Child (UNCRC): none.

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APPENDICES

Appendix A: Types of Accommodation

APPENDIX A: TYPES OF ACCOMMODATION

The types of accommodation included within in the scope of the legislation are as follows:

- Hotels
- Hostels
- Guest houses
- Bed and breakfast accommodation
- Self-catering accommodation
- Camping sites
- Caravan parks
- Accommodation in a vehicle, or on board a vessel, which is permanently or predominantly situated in one place.
- Any other place at which a room or area is offered by the occupier for residential purposes otherwise than as a visitor's only or usual place of residence.

The definition does not include local authority gypsy/traveller sites, registered social landlord gypsy/traveller sites or accommodation in a vehicle, on board a vessel that is undertaking a journey involving one or more overnight stops.

Scottish Government Ministers may amend the Act to change the type of accommodation covered, vary the description of the accommodation type, or remove a type of accommodation. Before making any of these changes, Ministers must consult:

- Local authorities
- Representatives of communities, businesses engaged in tourism and tourist organisations.
- Other persons they consider appropriate.

Any changes proposed to accommodation types by Ministers would need to be approved by the Scottish Parliament.