

28 August 2024

**Edinburgh Tourist Action Group (ETAG):**

**Business Briefing on the ‘Visitor Levy (VL) for Edinburgh Scheme’**, approved for development and consultation at the CEC Policy & Sustainability Committee on 22 August.







More about ETAG: <https://www.etag.org.uk/about-us/etag-full-group/>

Briefing led by CEC’s Elin Williamson, CEC Head of Business, Growth and Inclusion.

### Background

- Discussions calling for a VL in Edinburgh date ba to 2000s and 2010s
- Worked with COSLA in the publication of the Transient Visitor Tax report in June 2018
- Contributed towards a Parliamentary Committee study in September 2018
- Responded to a national conversation on the tourist tax in Scotland which was reported in March 2019
- Responded to a Scottish Government consultation on the new legislation for a visitor levy reported in March 2020
- Surveyed visitors and residents in November 2023
- Contribution to Expert Group – VisitScotland National Guidance
- Continued engagement with industry

### Draft Visitor Levy Scheme

-  Percentage rate: 5%
-  No Edinburgh-specific exemptions
-  Levy will only apply for the **first 7 nights’ stay**
-  Start date: **estimated July 2026**
-  **Accommodation providers are liable to make a return to the Council** each quarter, via a national online platform
-  The levy will apply to **all overnight accommodation** in all areas of Edinburgh

# Why a 5% Levy?

## Results from engagement:

- Strong preference for 5% amongst residents, and engagement with industry stakeholders indicated that the majority felt that 3-5% would be 'about right'.

## Comparable destinations with a visitor levy:

- Cities with strong cultural offering, and international visitor draw, museums/galleries and major event appeal, UNESCO heritage site, and capital city status
- Barcelona (7%), Berlin (5%), Budapest (4%), Florence (7-8%), Milan (5-6%), Porto (6-9%) and Lisbon (4-6%)

## Other factors:

- A levy rate of 5% will raise around £40m per year for Edinburgh
- Interaction with UK VAT rate

# National Exemptions & Exclusions

- Those who are homeless or at risk of homelessness
- Those whose residence is unfit for habitation
- Asylum seekers and refugees
- Members of the Gypsy/Traveller communities staying on dedicated sites
- Individuals in receipt of the following UK disability benefits, payments, or allowances:
  - Disability Living Allowance
  - Disability Assistance
  - Attendance Allowance
  - Pension Age Disability Benefit
  - Personal Independence Payment

VL Objectives by priority:

## Visitor Levy Objectives

### Scheme Aim:

To sustain Edinburgh's status as one of the world's greatest cultural and heritage cities and to ensure that the impacts of a successful visitor economy are managed effectively and in support of the priorities as set out in the Council's Business Plan.

### Objectives:

To sustain, support and develop:

- Public services, programmes and infrastructure that provide an enjoyable and safe visitor and resident experience.
- Edinburgh's culture, heritage and festivals provision to ensure it remains world-leading and competitively attractive to visitors as well as residents.
- The city's visitor economy, by fostering innovation in response to environmental and societal challenges, enhancing Edinburgh's global reputation while promoting responsible and sustainable tourism.



## Draft Spending Programmes

### City Operations & Infrastructure (55%)

- Well-Kept City Fund
- City Transformation Fund

### Culture, Heritage & Events (35%)

- Cultural Organisations: Thrive, not just survive
- Our Cultural Infrastructure

### Destination & Visitor Management (10%)

- Sustainable Tourism and Fair Work
- Destination Marketing and Management

## Draft Spending Programmes



### Administration & contingency:

- Council administration costs
- Costs for accommodation providers



### Fixed annual amount:

- Housing (£5m)
- Participatory budgeting (2%)



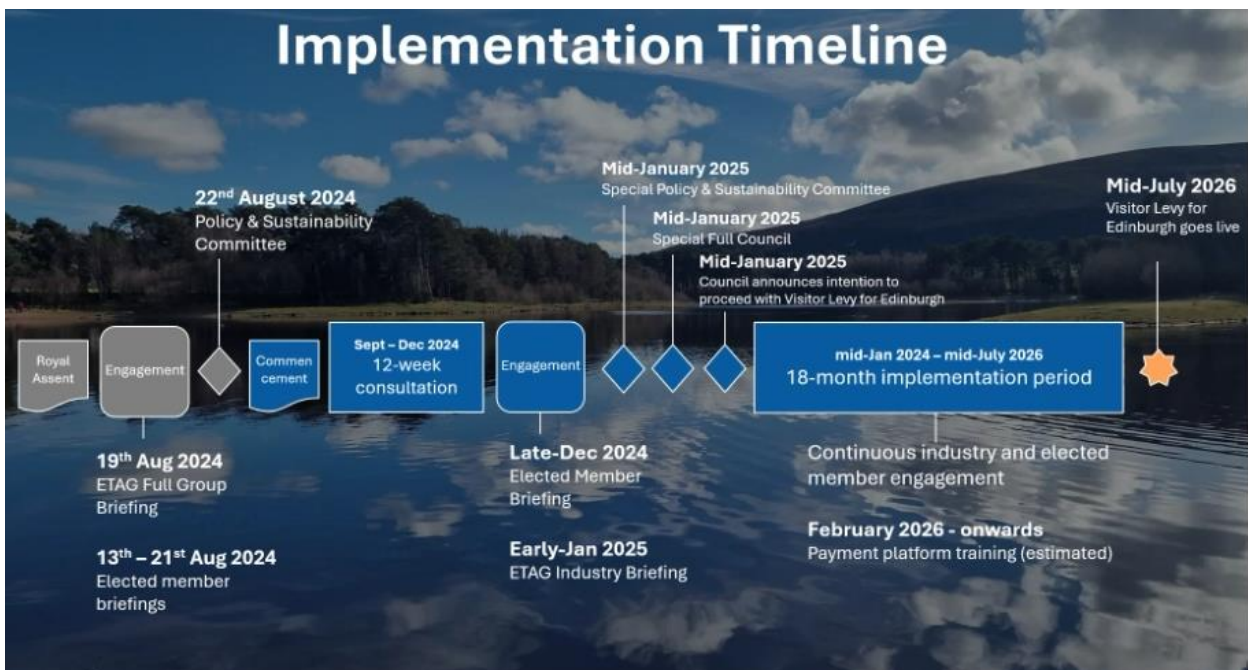
### Remaining funds:

- City Operations and Infrastructure (55%)
- Culture, Heritage and Events (35%)
- Destination and Visitor Management (10%)

Anticipated £5m pa directed to debt repayment and interest costs of £70m loan assumed by CEC and directed at provision of affordable and social housing. Likely 25-year term. Boost for local community Participatory Budgeting; early indication is that the community 'spend' would have to be on projects which have a clear element of 'local area visitor experience enhancement' to them.

Visitor Levy Forum:  
Independent Chair.

Note the formal place for EACC: How should that be filled?



Notes:

VL Application:

5%, on room only; VAT will be added to the levy.

Camp and caravan sites excluded.

Small guest houses included.

Obligation to pay arises on check-in.

Likely to apply to the timeline: 12 noon to 12 noon to include midnight occupancy for a min 6 hours.

CEC collection quarterly in arrears. Imposition and admin costs at c. £1m pa.

CEC will have powers to challenge accommodation providers to demonstrate compliance.

Scheme Structure:

Legislation for scheme as a whole renewable every 3 years.

Any move to 'tighter terms' would require long consultation and 18-month implementation.

Edinburgh, Highland and Argyll & Bute Councils setting up a shared admin and collection infrastructure at the outset. Other councils will join as they set up their own VL and will contribute to development costs.

Visit Scotland to prepare a 'National Guidance' best practice framework for new participants.

Downsides:

Across the many urban centres worldwide carrying a VL, including the aggressive pricing of Venice and Amsterdam, no evidence of any 'visitor numbers downturn' in the wake of introduction.

End/KR