

Visitor Levy (Scotland) Bill - Fairer Scotland Duty Summary

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Title of policy, strategy or programme

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Summary of aims and expected outcomes of strategy, proposal, programme or policy

The Bill will give local authorities the power to charge a Visitor Levy (VL) on visitors using overnight accommodation in all or part of their area. The revenue raised will be accounted for separately and can only be used for developing, supporting and sustaining facilities and services which are substantially for or used by those visiting for leisure purposes. Introducing the legislation on the levy is part of wider work to give local authorities more power as part of the fiscal framework with local government.

The power to introduce a VL will be discretionary, and it will be for each local authority to decide whether it wishes to introduce one, at what level it will be set, and other details.

The Bill will contribute to the following National Outcomes in Scotland's National Performance Framework:

- Communities: we live in communities that are inclusive, empowered, resilient and safe
- Economy: we have a globally competitive, entrepreneurial, inclusive and sustainable economy
- Environment: we value, enjoy, protect and enhance our environment
- Fair Work and Business: we have thriving and innovative businesses, with quality jobs and fair work for everyone

Summary of evidence

This Fairer Scotland Duty assessment has been developed drawing on a range of primary and secondary research, including a public consultation which took place between 9 September to 2 December 2019. The consultation sought views on the principles of a visitor levy, including: the balance between local autonomy and national consistency; the activities a visitor levy should apply to; the design of a visitor levy, including the basis of charge, rate and exemptions; administration and compliance; and local decision making. A report¹ summarising the independent analysis of the 499 responses received has been published on the Scottish Government website.

From the evidence gathered, the following groups have been identified as being affected by the Bill:

Visitors to areas applying a visitor levy

¹ [Findings from the Scottish Government's consultation on the Principles of a Local Discretionary Transient Visitor Levy or Tourist Tax](#)

The Visitor Levy Bill will directly affect visitors who stay in overnight accommodation in the area(s) where a VL is applied. There is some evidence to suggest that the extent to which visitors to different areas of Scotland using commercial accommodation are socio-economically disadvantaged is limited.

The Great Britain Visitor Survey collects data on the occupations of domestic (UK) visitors to Scotland. In 2019 over 70% of overnight trips were made by visitors in the A, B and C1 occupations and accounted for 78% of total visitor spend. Around 55% of the population are in the ABC1 group, therefore this group is disproportionately represented in visitor trip and spend numbers. The equivalent data for international visitors is not collected. In broad terms visitors to Scotland (including Scottish residents travelling to other areas of Scotland) are predominantly from better off socio-economic groups. Therefore, those from better off socio-economic groups are more likely to be affected from any increased cost incurred through staying overnight in an area where a VL is applied.

The DWP's Households below average income survey collects data on children experiencing material deprivation in terms of lacking different items and services. The 2020-21 data shows that 27% of children in the UK are in families that want but cannot afford at least one week's holiday away from home with family. Research conducted by VisitScotland in 2019 on exploring Scotland's appeal as a family holiday destination found that affordability was a primary consideration for families with young children when booking a holiday or short break.

Accommodation providers and tourism businesses in areas applying a visitor levy

In 2021 209,000 people were employed in Scotland's Sustainable Tourism Growth Sector. This represents around 8 per cent of all employment in Scotland. 44,000 of these people were employed in the accommodation sector. The sector has a notably higher proportion of part-time employment than the Scottish economy overall, with 47% of posts being part-time (compared against 27% overall for Scotland). In addition, workers in the tourism sector are far less likely to be employed in occupations that are considered 'High skill' (4% against 26% in Scotland), and are more likely to be employed in occupations that are considered 'Low skill' (43% against 11% in Scotland). The sector's workforce also has a high share of young workers, with around 59% of the workforce aged between 16 and 34.

The characteristics of employment within the sector are highly correlated with socio-economic disadvantage. Low paid workers face a much higher risk of poverty than workers who are not low paid. Low-paid workers are also more likely to work part-time (working less than 30 hours per week, 33% of low-paid workers), compared to all workers (20%).

It is recognised that should a VL be introduced by a local authority in any part of Scotland, this will potentially increase the prices faced by visitors to purchase accommodation in some areas. This could have an impact on visitor demand for accommodation, which in turn could impact people from lower socio-economic groups who are more likely to be employed in sectors with a relatively high dependence on visitor spending. However, it should be noted that tourism demand

can be affected by a wide range of factors and the relationship between a VL and the effect it has on tourism demand is not a clear one. This relationship is explored in more detail in the accompanying Business and Regulatory Impact assessment (BRIA) to the Bill.

Following due consideration we are content that there is sufficient relevant evidence available to enable local authorities to implement the levy. The Bill will provide a discretionary power for local authorities to introduce a VL scheme in their area, subject to consultation and regard to their existing statutory duties. As a local levy we believe local authorities are best placed to decide the merits and implications of a VL scheme in their areas, and to collect any additional evidence locally.

Summary of assessment findings

Exemptions

In the public consultation paper published in 2019 we asked about national and local exemptions. The consultation paper suggested some potential groups that could be covered by an exemption. These included homeless people, asylum seekers / refugees, and victims of domestic abuse placed temporarily in refuges or short term accommodation because their normal home is unsafe for them to stay in. Further engagement with stakeholders and policy officials also identified Gypsy/Traveller communities as a group which may require a specific exemption from the impact of a VL.

Reflecting on the results of the public consultation, consideration has been given on whether the Bill should include some national-level exemptions that will apply to any VL introduced by a local authority. To this end, the following actions have been taken.

Firstly, the Bill is drafted in a way that defines eligible overnight accommodation as a room, space or other accommodation at a type of premises that is provided for residential purposes otherwise than as the individual's only or usual place of residence. This wording means that in most cases it will exclude individuals who are homeless or at risk of homelessness, refuges and asylum seekers and Gypsy/Traveller communities from being liable to pay the levy. We have also excluded local authority and Registered Social Landlord Gypsy/Traveller sites from the list of eligible accommodation types.

Secondly, the Bill provides local authorities with a discretionary power to consult on and apply local exemptions to a VL, where they consider that appropriate for local circumstances. As the Bill creates a discretionary power for local authorities, the Scottish Government is committed to ensure that councils have maximum flexibility over the design of their visitor levy schemes. As local authorities will already have significant engagement with local communities and groups through their existing duties, we consider local authorities the most appropriate body to design and implement exemptions to a VL scheme. To support local authorities, we are committed to develop national guidance on the VL, with local government and industry stakeholders, which will cover exemptions.

Thirdly, the Bill also provides Scottish Ministers with regulation-making powers to make national exemptions to VL schemes, if necessary.

Conclusion

This Fairer Scotland Duty has identified that the majority of visitors to Scotland (including Scottish residents travelling to other areas of Scotland) are predominantly from better off socioeconomic groups, who are therefore more likely to be affected by the introduction of a VL. The introduction of a VL could have an impact on people from lower socio-economic groups where a VL creates a negative impact on visitor demand for accommodation. However, tourism demand can be affected by a wide range of factors and the relationship between a VL and the effect it has on tourism demand is not a clear one.

This Fairer Scotland Duty has also identified that exempting some groups from paying the levy would be beneficial, ensuring that people from particularly vulnerable groups and with very limited resources. These groups are: individuals who are homeless or at risk of homelessness; refugees and asylum seekers; and Gypsy/Traveller communities. The Bill as finalised has been drafted to define overnight accommodation as a premises that is for purposes other than a person's main or usual place of residence. For groups not covered by this definition, the Bill provides local authorities with the discretionary power to establish exemptions which they consider appropriate for local circumstances. A requirement for local authorities to consult prior to the introduction of a VL scheme will provide local authorities with room to explore and develop policy on exemptions in collaboration with relevant stakeholders. The Bill also includes a provision to give Ministers the power to make further national-level exemptions, so that they can reflect possible future needs and remove the impact of the levy on vulnerable groups identified in the future.

Sign off

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