

Agreed Position January 2025

We strongly urge the City of Edinburgh Council (CEC) to work cooperatively with impacted businesses across the city on implementation of the Levy, including them in the decision making process and acting on their legitimate concerns and suggestions. We welcomed the inclusion in the Scottish Government framework legislation that revenue must be used “to develop, support or sustain facilities or services substantially for or used by business and leisure visitors”, and will aim to hold CEC to account on this. We also welcome the Edinburgh scheme’s 5 night cap, and the extension of the transition period to 1st October. However we have concerns that the budget for destination management is insufficient, and that calculating this budget as a percentage of the revenue generated will make it difficult to run a sustainable operation. We look forward to working with CEC on ensuring the revenue is used to support the sector and our visitor offering, and ensuring that implementation guidance for accommodation providers is clear and provided with sufficient time to enable businesses to properly implement the Levy.

Context

The Visitor Levy (Scotland) Act in 2024 gave Local Authorities the power to tax overnight accommodation if they wish to do so. The City of Edinburgh Council scheme will come into force 24th July 2026, with a 5% Levy, capped at 5 nights. The scheme has three objectives, focused on sustaining, supporting and developing: public services, programmes and infrastructure; Edinburgh’s culture, heritage and festivals provision; and fostering innovation in response to environmental and societal challenges. Detailed proposals for investment of Levy revenue are still to be developed, and a Visitor Levy Forum will be set up to provide oversight and advice for the scheme.

Rationale

- This is an opportunity to increase investment in a sustainable and resilient visitor economy and our world-class offering, as long as revenue is reinvested in alignment with the framework legislation, and in agreement with industry.
- The 5 night cap will protect festival performers and other seasonal workers

Key Policy Maker and Stakeholder Position

UK Govt. – not currently considering implementing a Visitor Levy in England, but some regions and cities have introduced levies (or are considering it) through BIDs
 CEC – see the Levy as an opportunity to generate tens of millions of pounds a year to reinvest in the city’s infrastructure and sustainable tourism

Data: Evidence Gathered

Edinburgh Chamber survey 2018	<ul style="list-style-type: none"> • 69% of businesses would support the introduction of a Levy, rising to 79% in support if the funds were ring-fenced for infrastructure investment in Edinburgh • Support varied by sector - from 50% from hospitality to 81% from financial services • 87% would like the option to review the Levy after a set period of time
CEC survey Nov '23-Jan '24	<ul style="list-style-type: none"> • 85% supported introducing a Levy, favouring a charge level between 3-5% • Almost all respondents ranked the ‘city infrastructure’ in their top three priorities for Levy investment, followed closely by ‘city services’, then ‘culture, heritage and festivals’
Edinburgh Hotels Association	<ul style="list-style-type: none"> • Implementation costs estimated to be between £0-£1,000 depending on their existing systems and contracts with providers

Data: Evidence Required

- Ongoing assessment of the impact on tourism demand and the impact on business – City of Edinburgh Council and Scottish Govt.
- Local consultation including robust engagement with businesses – CEC should work with Edinburgh Tourism Action Group and others

Chamber Asks

- Regular and robust consultation with businesses on implementation
- Levy collection must not be overly burdensome on businesses
- Revenue should go back into the industry, and towards making Edinburgh an attractive and sustainable destination
- Review the Levy regularly to gauge impact