

WEST DUNBARTONSHIRE COUNCIL**Report by Chief Officer (Regulatory and Regeneration)****Infrastructure Regeneration and Economic Development Committee:
6 November 2024**

Subject: Visitor Levy

1. Purpose

- 1.1** The purpose of this report is to obtain Committee approval to commence consultation to investigate the potential of implementing a visitor levy in West Dunbartonshire.

2. Recommendations

- 2.1** The Committee is invited to:

- (i) Note the update provided on the Visitor Levy Bill and;
- (ii) Approve the decision to commence consultation to investigate the potential of implementing a visitor levy in West Dunbartonshire.

3. Background

- 3.1** The Scottish Parliament passed the Visitor Levy (Scotland) Bill on 28 May 2024. The visitor levy is a local tax, which means that the Scottish Parliament has passed powers to local Councils across Scotland to decide whether to impose a levy on visitors to their area.
- 3.2** The levy would apply to overnight stays in various types of accommodation including hotels, hostels, bed and breakfasts, guest houses, self-catering units, caravan parks and campsites.
- 3.3** Local authorities can determine the percentage rate and the mechanism for its collection. The rate would be a percentage of the accommodation cost which would exclude the costs for items such as meals, drinks, parking, entertainment, or transportation to or from the accommodation.
- 3.4** The percentage rate may differ for different purposes or different geographical areas within the local authority but may not be different in relation to the varying types of overnight accommodation.
- 3.5** People in receipt of disability benefits from the UK or Scottish Governments will have an exemption from paying a visitor levy. Councils also have the discretion to determine local exemptions e.g. an exemption for small businesses which fall under the VAT threshold and/or a cap in the form of

either monetary value or a maximum number of nights on which the levy applies.

- 3.6** Funds collected from the levy can be used to develop, support, and sustain facilities and services which are substantially used by visitors for leisure and business purposes. The costs of operating the scheme can also be deducted from the income. The rationale and benefits of a visitor levy include:
- Helps diversify the income streams of the Council reducing reliance on traditional funding sources.
 - Helps address the wear and tear on local infrastructure.
 - Alleviates pressure on local communities by funding projects that improve the quality of life for residents.
 - Enhances the overall visitor experience by improving facilities and services.
- 3.7** Prior to introducing a visitor levy scheme, a local authority must consult with communities, tourism businesses, tourist organisations and anyone likely to be affected to share with them an outline of the proposed scheme, a statement detailing the objectives of the proposal and how these will be measured and reported on.
- 3.8** The challenges and considerations of introducing a visitor levy include:
- Potential resistance from the tourism and hospitality sectors concerned about the impact on visitor numbers and competitiveness.
 - Ensuring a smooth and efficient mechanism for levy collection and management to avoid administrative burdens.
 - Designing the levy to be fair and equitable taking into account different types of accommodations and visitor profiles.
 - Effectively communicating the purpose and benefits of the levy to stakeholders, including visitors and local businesses.
- 3.9** The date on which a visitor levy scheme is to come into force must be at least 18 months after the date of the local authority's decision to introduce the scheme.
- 3.10** A Visitor Levy Forum also must be established within six months of a levy scheme being introduced. The Forum will discuss and advise the Council on matters related to a levy in its area. Members of the Forum should include key stakeholders such as local authority officers and industry and tourism organisation representatives.
- 3.11** Statutory guidance has been developed by the Visitor Levy Expert Group (issued on 4th October 2024) which provides local authorities with guidance on the development and implementation of a visitor levy. The guidance document will continue to be reviewed as local authorities bring forward proposals for visitor levy schemes to reflect the complexities of certain accommodation sectors.

3.12 A national digital platform is being developed through the Improvement Service to support collection of the levy which will be accessible to any local authorities looking to implement a visitor levy.

4. Main Issues

4.1 The Visitor Levy Bill represents a significant opportunity to generate an additional income stream to sustain and support the facilities and services substantially used by visitors for leisure and business purposes within the local area.

4.2 Further analysis would need to be undertaken to accurately forecast the potential income from a visitor levy. It is difficult to determine exactly how much income the visitor levy could generate in West Dunbartonshire due to a number of factors:-

- Bed stock will have different occupancy rates
- Cost of overnight accommodation varies greatly from £44 to £600 a night
- Exemption in place for people in receipt of disability payments
- Councils have discretion to implement local exemptions e.g. to put a cap on the maximum number of nights and/or exempt small businesses who fall under the VAT threshold

4.3 The costs of operating the scheme would need to be calculated and deducted from potential income. Operating costs would include staff costs linked to project management and administration, enforcement officers, finance and legal resource and digital online platform costs.

4.4 Undertaking consultation is a requirement of the statutory guidance and an essential pre-requisite to considering whether to establish a Visitor Levy, the rate or rates for a levy and any conditions or exemptions to be applied. A report will be brought to a future meeting of the IRED committee to consider the outcome of the consultation and any recommendations following on from analysis of relevant data.

5. People Implications

5.1 Council would need to consider the staff resources required to manage and administer the scheme should a decision be taken to proceed with the implementation of a visitor levy.

6. Financial and Procurement Implications

6.1 The Visitor Levy Bill provides a significant opportunity to generate an additional recurring annual income stream to sustain and support the facilities and services substantially used by visitors for leisure and business purposes within the local area.

6.2 The up-front set-up and decision-making costs may need to be financed within existing local authority budgets. If a Visitor Levy is introduced, these will be offset by future revenues

6.3 There are no procurement issues in relation to this paper.

7. Risk Analysis

7.1 Stakeholder engagement will be crucial to help mitigate any potential future risks such as deterring tourists, negative impact on local businesses and administrative burden.

8. Environmental Sustainability

8.1 An environmental sustainability assessment screening has been completed and indicated that no strategic environmental assessment is required.

9. Equalities Impact Assessment (EIA)

9.1 An equalities impact assessment been carried out and is appended to the report. It will ensure that the consultation proposals will include consultation with all relevant stakeholders and be made available in different formats as necessary to maximise responses.

10. Consultation

10.1 It is proposed that a consultation will be undertaken with communities, tourism businesses, tourist organisations and anyone likely to be affected by the implementation of a visitor levy to share with them an outline of the proposed scheme, a statement detailing the objectives of the proposal and how these will be measured and reported on.

11. Strategic Assessment

11.1 The proposals contained within this report support the strategic priorities of the Council's Economic Development Strategy (2022-27).

- Stimulating economic investment and growing the business base;
- Establishing an inclusive economy by improving the skills of our people and supporting them into work;
- Creating a prosperous place where people choose to live, work, visit and invest;
- Addressing climate change and supporting a green recovery;
- Building stronger partnerships and new approaches to delivery.

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Date: 22/10/24

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Appendices: Appendix 1 EIA

Background Papers: None

Wards Affected: All Wards