
Report To:	Environment & Regeneration Committee	Date:	16 January 2020
Report By:	Corporate Director Environment, Regeneration & Resources	Report No:	ENV008/20/SA
Contact Officer:	Scott Allan	Contact No:	01475 712764
Subject:	Transient Visitor Taxes in Scotland – Consultation		

1.0 PURPOSE

- 1.1 The purpose of this report is to present to the Committee the response submitted by officers to the 'Consultation on The Principles of a Local Discretionary Transient Visitor Levy or Tourist Tax' and seek approval for the response to be confirmed as Inverclyde Council's position on this issue.

2.0 SUMMARY

- 2.1 In January 2019, the Environment & Regeneration Committee approved a consultation response on 'Transient visitor taxes in Scotland – supporting a national discussion (consultation)'. This Council's view was that a transient visitor tax should be supported. In the consultation response the Council emphasised the importance of local empowerment with regard to a potential tax given the potential to raise revenue locally to address pressures brought about by tourism. Significantly in this respect, Inverclyde is relatively unique with having a cruise ship terminal. The Council's response emphasised the importance of any proposal being developed through full and inclusive consultation with all relevant aspects of business and community at a local level.
- 2.2 The Scottish Government released a further more detailed consultation in October 2019 through their consultation online portal. The return date for the consultation was 2 December 2019. Officers have submitted a provisional return to the Scottish Government subject to the approval of the Committee. In preparing the return, officers have followed the principles of the report approved in January this year.
- 2.3 The Scottish Government position in respect of a transient visitor tax is one which is minded to consider an accommodation tax but not any other forms of taxation. Despite this, however, the consultation includes questions seeking the views of consultees on wider day visitor tax possibilities.
- 2.4 A key message in the Council's response is the potential benefits which could be gained around a tax being applied to cruise ship passengers disembarking at Greenock. Such a tax could make a considerable difference to local services in support of the tourist pressures which arise over short periods of time during cruise ships visits.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee approves the provisional response as submitted to the Scottish Government on the 'Consultation on The Principles of a Local Discretionary Transient Visitor Levy or Tourist Tax'.

Scott Allan
Corporate Director Environment, Regeneration & Resources

4.0 BACKGROUND

- 4.1 In January this year, Inverclyde Council responded to the initial consultation on transient visitor taxes in Scotland. The Council's position was supportive of the Scottish Government creating the powers to enable a local visitor tax to be applied. The Council's position was while powers should be empowering, any scheme would have to be the subject of extensive consultation amongst all affected parties. The focus of Inverclyde's interest in this regard is the high number of cruise ship passengers who disembark via Ocean Terminal. In consequence of this, Greenock and to some extent the rest of Inverclyde experiences short but intense periods of visitor activity with consequent pressures on services. The ability to raise a visitor tax if this was supported through consultation and agreed within the Council, has the potential to improve facilities for tourists and alleviate some of the pressures.
- 4.2 A fresh consultation in greater detail was commenced by the Scottish Government in October this year, titled 'Consultation on The Principles of a Local Discretionary Transient Visitor Levy or Tourist Tax'. The consultation was lodged on the Scottish Government consultation portal which involves completing question responses online with a deadline set of 2 December 2019. The consultation advises that the Scottish Government is minded to restrict any potential legislation to accommodation only. Consultation does however raise questions over the opportunities and mechanisms for imposing a day visitor tourist tax (such as embarking cruise ship passengers).
- 4.3 In preparing the consultation response and the specific answers to questions, Council officers have sought to reflect the principles agreed by the Environment & Regeneration Committee in January 2019. A copy of the response is attached to this committee report and Members are asked to endorse this as the Council's official response.
- 4.4 The key messages which the Council's provisional response seeks to make are as follows:

Inverclyde Council considers that the key role of Government should be to deliver enabling legislation whereby local authorities have flexibility and autonomy to pursue transient visitor levies or taxes as they see fit (but subject to consultation). In other words, the Council considers that legislation should not be overly proscriptive at a national level, this position reflecting the wide variety of circumstances which exist across Scotland. Scotland is a country of wide diversity and it is very likely that each Council will have a different approach towards day visitors and tourism. It is very likely that many councils will not seek to pursue a visitor tax and this is very much an issue which should be a matter for local authorities to consider
- 4.5 With regard to Inverclyde Council's response, the focus is on realising the opportunity to make a small charge for disembarking cruise ship passengers. Given the anticipated 200,000 visitors from cruise ships per year within the next few years there is significant potential to raise revenue which could support local infrastructure. Whilst there is clearly considerable consultation and debate required around this issue both amongst the business community, wider community and the Council, it is clear that a very small charge, potentially the equivalent of the cost of paying for a day's parking within a pay and display car park could make a significant impact.
- 4.6 The Council's response therefore reflects a desire to have the flexibility to promote a local transient visitor tax scheme, collect funds and invest locally in improved facilities for tourism. The nature of investment would reflect the short term pressures which are placed on Inverclyde through high numbers of passengers disembarking cruise ships over short periods.
- 4.7 The Council's response also supports the facilitation through legislation of applying a levy on accommodation. Again the Council considers that this is very much a matter for local authorities and local circumstances to consider and that any form of taxation should be simple and straightforward to apply in a similar manner to schemes which are applied in European countries. The Council's position supports that there should be a transition period of around 12 months following any decision around imposition of a transient visitor tax, this time period ensuring that both visitors and potential collectors of tax have enough time to prepare.

- 4.8 Officers will keep the Committee informed of progress of the consultation on visitor tax as the Scottish Government considers the consultation responses across Scotland.

5.0 IMPLICATIONS

5.1 Finance

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

5.2 Legal

N/A.

5.3 Human Resources

N/A.

5.4 Equalities

Equalities

- (a) Has an Equality Impact Assessment been carried out?

	YES
✓	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required

- (b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
✓	NO

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

✓

YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.

NO

5.5 Repopulation

Facilitating legislation to implement a Transient Visitor Tax has the potential to improve visitor experience in support of economic regeneration.

6.0 CONSULTATIONS

6.1 N/A.

7.0 BACKGROUND PAPERS

7.1 N/A.

Submitted to **Consultation on The Principles of a Local Discretionary Transient Visitor Levy or Tourist Tax**
Submitted on 2019-12-02 17:22:24

Ministerial Foreword

3. The Balance between Local Autonomy and National Consistency

1 Do you think that the design of a visitor levy should be set out:

c) mostly at local level with some overarching national principles

Please provide a reason (or reasons) for your answer::

Forward - please note that this consultation response is provisional pending approval at Committee on 16th Jan 2020.

There will be unique circumstances across Scotland depending on the location and nature of the local economy. It likely that any tourism tax will be reflective of local circumstances, agreed through local consultation and approved at local government level. A national framework would be restrictive in this respect. For Inverclyde Council there is potential to consider a tax on cruise ship passengers, this being an option only open to very few local authorities.

4. What Activity Should A Visitor Levy Apply To?

2 Is an overnight stay in commercially let accommodation an appropriate basis for applying a levy on visitors?

Yes

Please provide a reason (or reasons) for your answer::

Applying a tax on overnight accommodation may be appropriate in certain locations and circumstances but it would not be appropriate to have a national 'principal' in respect of this. This should be a matter for local authorities to consider. It would be important however that the powers to apply a levy on overnight accommodation are available.

3 Which of the following activities do you think a visitor levy could be robustly applied to and enforced, and how?

Day visitors not staying overnight - Day visitors not staying overnight:

apply

Please explain how a visitor levy could be applied and enforced on day visitors::

For Inverclyde Council this is a fundamental issue. The Councils new Cruise Ship Terminal will handle over 200,000 passengers a year in the next few years. Subject to proper consultation and agreement within the Council may consider applying levies on disembarking passengers. The amount of levy would be a matter for consideration but would typically be very small, equivalent for instance to a parking charge. It is considered that charge of £1 per passenger for example would be easily collected (through the cruise ship company) and would make a significant difference to maintaining the local infrastructure which is stretched during periods of high pedestrian volumes in Greenock.

Cruise ship passengers who disembark for a day before re-joining the vessel - Cruise ship passengers who disembark for a day before re-joining the vessel:

apply

Please explain how a visitor levy could be applied and enforced on cruise ship passengers::

Through collection by the cruise ship operator to disembarking passengers or by the Port Operator who manages passenger security.

Wild or rough camping, including in motorhomes and camper vans - Wild or rough camping, including in motorhomes and camper vans:

Please explain how a visitor levy could be applied and enforced on rough camping, including motorhomes and camper vans::

Inverclyde does not have a position on this issue.

4 Please tick which one you think would work best in Scotland?

Flat rate per person per night

Please provide a reason (or reasons) for your answer::

It is anticipated that any charge agreed by a local authority will be low and should be simple to collect. A flat rate suits this criteria best.

5a What are the considerations for accommodation users, accommodation providers and local authorities for the option 'flat rate per person per night'?

Flat rate per person per night - Implications for accommodation users::

Accommodation users would be required to make payment to the facility they are staying in. Payment would thereafter be transferred to the Local Authority as is common in many European locations.

Flat rate per person per night - Implications for accommodation providers::

Accommodation providers would have a simple flat rate to apply to a users bill. This could be collected in advance if required given that most bookings are online.

Flat rate per person per night - Implications for local authorities::

Flat rate collection is easy to Administer and Audit.

5b What are the considerations for accommodation users, accommodation providers and local authorities for the option 'flat rate per room'?

Flat rate per room - Implications for accommodation users::

N/A

Flat rate per room - Implications for accommodation providers::

N/A

Flat rate per room - Implications for local authorities::

N/A

5c What are the considerations for accommodation users, accommodation providers and local authorities for the option 'a percentage of total accommodation charge'?

A percentage of total accommodation charge - Implications for accommodation users::

N/A

A percentage of total accommodation charge - Implications for accommodation providers::

N/A

A percentage of total accommodation charge - Implications for local authorities::

N/A

5d What are the considerations for accommodation users, accommodation providers and local authorities for the option 'flat rate per night dependant on the quality of accommodation'?

Flat rate per night dependant on the quality of accommodation - Implications for accommodation users::

N/A

Flat rate per night dependant on the quality of accommodation - Implications for accommodation providers::

N/A

Flat rate per night dependant on the quality of accommodation - Implications for local authorities::

N/A

6 Do you think that the basis of the charge should be set out in a national framework, or be for a local authority to decide?

Decided by local authorities

Please provide a reason (or reasons) for your answer::

Circumstances across Scotland vary significantly both in respect of the impact of tourism and the costs of accommodation. It should be for local Authorities to set charges based on local circumstances, mindful of the need to encourage tourism but reflective of the pressures on local services.

7 Do you think that the rate of the visitor levy should be set out in a national framework or should it be for the local authority to decide?

Decided by local authorities

Please provide a reason (or reasons) for your answer::

Local circumstances will vary widely across Scotland and it should be for Local Authorities to determine.

8 What factors should be considered to ensure the rate of the visitor levy is appropriate?

Please provide a reason (or reasons) for your answer::

Scottish local Authorities already work collaboratively across many agendas and through COSLA at a national level. It is considered that Local Authorities will act responsibly with respect to a visitor levy and consult other local authorities as appropriate.

9 If the rate of the visitor levy were to be set by individual local authorities, should an upper limit or cap be set at a national level?

Decided by local authorities

Please provide a reason (or reasons) for your answer::

Local Authorities remain best placed to decide levies based on their local circumstances.

10 The Scottish Government is of the opinion that there are some groups that it would be unacceptable to impose a visitor levy on under any circumstances. These include:

Some exemptions should be set at national level, and some should be at the local authority's discretion

11 Which additional exemptions from the list below do you think should be applied to a visitor levy?

12 Are there any other exemptions that you think should apply?

Please list together with reasons below::

This question does not provide the option of responding that there should be no national exemptions. The simplest way to progress a visitor levy is to allow local authorities to deal with exemptions at a local level. Otherwise legislation will become overly bureaucratic and restrictive at a national level. The powers around facilitating a visitor levy need to be empowering and local authorities need to be trusted around the fairness of delivery.

13 What is your view of the proposal that accommodation providers should be ultimately responsible for the collection and remittance to the appropriate local authority, even if the tax is collected by a third party booking agent or platform?

Agree

Please explain and provide any other comments on this proposal::

The clearest way to deliver on collection is to rest responsibility with the accommodation provider. In all cases the accommodation provider will already have some form of relationship with the Local Authority.

14 If accommodation providers were required to remit visitor levies after the overnight stays to which they relate (even if the payment was made well in advance) how frequently should the levies collected be required to be remitted to the levying local authority?

Annually

Please provide a reason (or reasons) for your answer::

The burden on administration to accommodation providers should be minimised. Recognising that income to a local authority from a levy is likely to be low, an annual payment in arrears would seem appropriate. It is recognised however that this issue may be considered differently across Scotland.

15 What information should an accommodation provider be required to collect and retain to ensure compliance?

a) flat rate per person per night:

An audit statement of room or accommodation occupation with levy collected. This data is held by accommodation providers in any event and could be scrutinised as a check if required.

b) flat rate per room per night:

N/A

c) percentage of total accommodation charge:

N/A

d) flat rate per night dependent on the quality of accommodation :

N/A

16 How can a local authority choosing to apply a visitor levy ensure it has a comprehensive list of all those providing overnight accommodation on a commercial basis in their local authority area?

Please provide a reason (or reasons) for your answer: :

Providers would be required to advise the Local Authority for the service they offer. It would be helpful if the legislation allowed the Local Authority to apply a penalty to providers avoiding compliance.

17 What enforcement powers should a local authority have to ensure compliance and prevent avoidance and evasion by accommodation providers?

Please provide a reason (or reasons) for your answer::

Preferably the application of a penalty.

18 Should non-compliance by an accommodation provider be subject to a civil penalty (i.e a fine) and if so, what would be the appropriate level be?

Yes

Please state level of civil penalty (fine) (in £ pounds sterling) that you think is appropriate?:

The level of penalty would need to be appropriate to the levy and set by the local authority.

5. Local Decision Making

19 A list of requirements that local authorities could be expected to meet before being able to introduce a visitor levy is summarised below.

19 - Produce an initial statement of intention to consider introducing a visitor levy:

Agree

19 - A timeframe for introduction of at least one financial year following conclusion of consultation and engagement activities:

Agree

19 - Have held a consultation in their local area to gather views from all those who will be affected by the visitor levy:

Agree

19 - Have conducted required impact assessments:

Agree

19 - Have assessed the administrative burden on businesses and taken steps to minimise this:

Agree

19 - If the legislation allows the rate to be set locally the local authority has demonstrated why the chosen rate of the visitor levy is optimal for that area:

Agree

19 - Have appropriate mechanisms in place to allow visitor levies collected to be remitted to the local authority:

Agree

19 - Have made information about the visitor levy and how to pay it available and in the public domain, for both business and visitors:

Agree

19 - The approach to collaborative decision making on revenue spending is set out in the public domain:

Agree

19 - Establish an approach to monitoring and publically reporting revenues raised and their expenditure on an annual basis:

Agree

19 - The approach to monitoring and reporting on the impact of the visitor levy on an annual basis, is clearly set out in the public domain:

Agree

19 - Establish an approach to evaluating and publically reporting, the impact of the visitor levy, within a reasonable period after introduction:

Agree

Please add any other comments on the requirements listed above :

Please list any other requirements you think might be necessary, together with reasons below::

20 Should Scottish Government be able to prevent a local authority from applying a visitor levy?

No

21 Under what circumstances should Scottish Government be able to do this?

Please provide a reason (or reasons) for your answer::

22 What requirements might be placed on local authorities to engage with local stakeholders to determine how revenues are spent?

Please provide a reason (or reasons) for your answer::

This should be a matter for Local Authorities.

23 How might this engagement be best achieved?

Please provide a reason (or reasons) for your answer::

24 Should revenues from a visitor levy be allocated to priorities articulated through local tourism strategies, where they exist?

No

Please provide a reason (or reasons) for your answer::

This should be a matter for local authorities to determine.

25 What reporting arrangements might be required of local authorities to account for the expenditure of receipts from a visitor levy?

Please provide a reason (or reasons) for your answer::

Reporting should be through local authorities existing governance and accountability structures to ensure local accountability and transparency.

26 If a local authority was to impose a visitor levy on a specific area within the authority, should any revenue raised have to be spent only in that area?

No

Please provide a reason (or reasons) for your answer::

This should be a matter for the local authority to decide.

6. Further Considerations

27 Is the name 'visitor levy' appropriate for the new powers proposed in the consultation document?

Yes

Please provide a reason (or reasons) for your answer::

28 If not, what do you consider to be a better alternative and why?

Please provide a reason (or reasons) for your answer::

29 What requirements should apply to ensure accommodation prices transparently display a visitor levy?

Please provide a reason (or reasons) for your answer::

All providers should ensure that their pricing structures include a separate statement on visitor levies.

30 What, if any, transition arrangements should apply when accommodation is reserved and paid for in advance of a local authority choosing to impose, or subsequently vary, a visitor levy for the period the accommodation is let?

Please provide a reason (or reasons) for your answer::

From an Inverclyde Council perspective we would wish a transient period of around 12 months. This would give sufficient warning for instance to a cruise ship passenger due to arrive the following year that they may be required to pay a levy. If Inverclyde was to agree to introduce a levy and this is by no mean certain and would be the subject of extensive consultation, we would not anticipate the levy to be significant. A years notice of this would not be inconsistent for example of advance notification of introducing parking charges.

31 Should these transition arrangements be set out in a national framework or be decided by local authorities?

Decided by local authorities

Please provide a reason (or reasons) for your answer::

In view of the different circumstances across Scotland, this should be a matter for local Authorities.

32 Our partial BRIA indicates that the main groups that will be affected by a visitor levy are:

Please specify group and additional impact.:

33 Are there any other groups not listed here that should be given attention in the impact assessments?

Please list and state how they will be affected.:

About you

What is your name?

Name:

Scott Allan

What is your email address?

Email:

scott.allan@inverclyde.gov.uk

Are you responding as an individual or an organisation?

Organisation

What is your organisation?

Organisation:

Inverclyde Council

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

Publish response only (without name)

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Yes

Evaluation

Please help us improve our consultations by answering the questions below. (Responses to the evaluation will not be published.)

Matrix 1 - How satisfied were you with this consultation?:

Neither satisfied nor dissatisfied

Please enter comments here.:

Matrix 1 - How would you rate your satisfaction with using this platform (Citizen Space) to respond to this consultation?:

Slightly satisfied

Please enter comments here.: