



**SCOTTISH
TOURISM
ALLIANCE**

Your voice in tourism matters

Scottish Tourism Alliance Submission (31 March 2025) Highland Council's Visitor Levy Online Consultation

About Us

The Scottish Tourism Alliance (STA) is the largest and overarching trade body for the tourism and hospitality industry in Scotland. The organisation has the greatest number of tourism and hospitality members under its umbrella, more than any other national association or trade body in Scotland.

Its core membership comprises of over 250 trade associations, tourism and hospitality facing businesses, destination groups and other business organisations with an interest in tourism, including many from the critical supply chains that support the sector, food, drink, finance, transport, and training providers.

In total, an estimated 15,000+ businesses are connected to the STA from across all regions of Scotland. This includes representing hotels, restaurants, visitor attractions, pubs and bars, tour operators, conference and event venues, and outdoor activity providers across the country.

Consultation Questions

The Scheme Area

Legislative Context

The Visitor Levy (Scotland) Act 2024 states a local authority may (a) introduce a scheme or schemes to impose the levy for all or part of its area (referred to in this Act as a "Visitor Levy Scheme").

The Highland Council's Proposed Position

The levy will apply to purchases of overnight accommodation throughout the whole of the Highland Council area.

The Highland Council's Justification

Tourism is a key industry for the Highlands, contributing significantly to the economy and filtering through all corners of the region. Whilst the Act enables a local authority to introduce a scheme or schemes to impose the levy for all or part of its area, The Highland Council proposes to introduce the levy throughout the whole of the Highland Council area.

Our visitors travel widely throughout the region which gives rise to varying pressures and opportunities. A universal scheme which applies throughout the Highland Council region will enable revenue generated from a levy to be invested in ways that help to deliver the scheme objectives throughout the region. This approach helps to ensure the scheme is as simple as possible to understand and operate for our visitors, businesses and residents in Highland.

2.1 To what extent do you agree with this proposed position?

Strongly disagree

2.2 Please use this space to provide any comments to support your response to this question:

The Scottish Tourism Alliance (STA) remains extremely concerned about the introduction of a visitor levy scheme in any local authority in Scotland in the coming period, especially in light of the economic climate we continue to find ourselves operating in.

If a decision is made to proceed with introducing a visitor levy scheme, the STA encourages all local authorities to consider how they can tactically deploy the visitor levy to better attract visitors during the low visitor season and encourage greater dispersal of visitor activity to less busier parts of their boundary to support sustainable tourism. This can help to relieve pressure on the Highlands' most popular areas and encourage visitor activity in its less visited destinations.

There is also the potential to deploy the levy to make visiting cheaper at certain times and potentially extend the visitor season.

Where island communities are part of the local authority area like the Highlands, it is particularly important to carry out detailed impact assessments and consider how the levy can be deployed differently to take into consideration the different circumstances and additional cost pressures facing island residents, businesses and their visitors.

The different application of the levy in other parts of the city and times of year would need to be accompanied by clear communication to make accommodation providers and visitors aware of any variations in how the levy is applied.

The date on which the scheme is to come into force

Legislative Context

The Act states the date on which a Visitor Levy Scheme is to come into force, must be at least 18 months after the date on which the local authority decides to implement a Visitor Levy.

The Highland Council's Proposed Position

The Visitor Levy Scheme will come into force by the Highland Council at the earliest practicable date as permitted by law, giving due regard to the Act and the Council's decision-making processes. The Council anticipates introducing the Visitor Levy Scheme in Highland by Autumn 2026.

The Highland Council's Justification

Based on the projected timeline, which takes account of the legislative requirements and necessary Council governance processes, the earliest that a levy can be introduced for the Highlands is Autumn 2026.

The Act requires local authorities to undertake a statutory consultation before introducing a Visitor Levy Scheme.

The Highland Council will be guided by best practice and is publishing this statutory consultation for a period of 12-weeks. The feedback received from respondents will be taken into account in the preparation and publication of a report to the relevant Strategic Committee/Highland Council which:

- Summarises the consultation responses received
- States whether or not the authority intends to proceed with the proposal (or the proposal as modified in light of the consultation), and
- Sets out the authority's reasons for whether or not it intends to proceed.

In addition to the statutory consultation, the Act requires that the date on which a Visitor Levy Scheme is to come into force must be at least 18 months from the date of the Highland Council's decision to introduce a Visitor Levy Scheme.

3.1 To what extent do you agree with the proposal to introduce a Visitor Levy Scheme in Highland by autumn 2026?

Strongly disagree

3.2 Please use this space to provide any comments to support your response to this question:

Introducing a successful visitor levy scheme is about the right application, right place and right time, if it is to act as a force for good that enhances our visitor offer and appeal. However, the STA believes none of these conditions of success are currently in place in the Highlands and it should not proceed with introducing a scheme at this time.

In light of the difficult economic climate and the emerging complexity of the current charging model, we would urge the Highland Council to use its time to carry out detailed economic and island impact assessments, conduct a competitor analysis, and to continue to listen to the views of its local businesses by working closely with its local chambers of commerce and destination management organisations.

A rush to introduce a visitor levy will damage the essential tourism and hospitality

businesses that local economies rely on to support jobs and attract visitors. It is our view that Autumn 2026 is far too soon to introduce a visitor levy scheme in the Highlands, if a scheme is to go ahead.

Accommodation should ideally have an 18-month lead-in period to begin charging and collecting a visitor levy, while much greater work is needed to work out the issues that the City of Edinburgh Council is now facing in implementing its own scheme and concern amongst industry that the legislation needs revisited to resolve emerging problems applying the charge in practice.

After a rocky start, the STA welcomes the open dialogue it has recently had with the Highlands Council and other key industry representatives through the Visitor Levy Reference Group, which has provided a forum for engaging on the proposed visitor levy scheme being considered by the Highland Council.

Rather than waiting for the creation of the Visitor Levy Forum set out in the Visitor Levy (Scotland) Act, the reference group has been created at an important time in helping inform plans for a potential visitor levy scheme. This is an important example for other local authorities. However, the timing of establishing the reference group would have been better before a formal consultation process was launched by the council.

As a result, we would urge the Highland Council to delay its final decision on whether to introduce a levy scheme to give time to carry out detailed impact assessments and develop a more detailed set of proposals for public consultation, including strategic deployment of the levy and how monies raised from a levy would be spent to strategically invest in developing the area's tourism ambitions and making it a world leading destination.

While time is being taken to investigate if it is in the best interests of the Highlands to introduce a visitor levy at this time, the STA stresses that this should not mean a pause on ongoing work and core investment to support the tourism and hospitality sector, including crucial infrastructure investment and delivering more affordable housing for the sector's workforce.

The scheme period

Legislative Context

The Act sets out that a scheme period should be defined and is the period of time in which a Visitor Levy Scheme will be active (which can be indefinitely).

The Highland Council's Proposed Position

Following its introduction in Highland by Autumn 2026, the Visitor Levy Scheme will remain in force until further notice (indefinitely).

The Highland Council's Justification

The Highland Council welcomes visitors to enjoy our iconic landscape, heritage and culture, ecology and our world-class produce and wide-ranging high-quality products. Our aim is to

ensure our infrastructure and services continue to deliver the best possible experience for our residents, our businesses and our visitors.

The financial pressures facing the Council means it is increasingly difficult to contribute to the visitor economy in a way that delivers positive outcomes for visitors, the environment, communities and businesses.

The Council considers the levy will form an integral, long-term source of funding for achieving the scheme objectives and help towards sustaining, supporting or developing the facilities and services used by visitors and communities in Highland.

While the Highland Council does not propose setting an end date in which the scheme will remain in force, the Council will prepare annual reports on the scheme including information about how the net proceeds have been used and the extent to which the Scheme Objectives are being met, using appropriate measurements.

In addition, the Council shall undertake a review every 3 years and report the outcome to the Council. The Council will share and seek representations from the Visitor Levy Forum about these reports and other relevant advice the Forum has on the operation of the scheme in Highland.

4.1 To what extent do you agree with this proposed position to operate the scheme indefinitely?

Strongly disagree

4.2 Please use this space to provide any comments to support your response to this question:

The STA would urge caution concerning the Highland Council's position that the visitor levy scheme should operate indefinitely.

In addition to the Council's plans to produce annual reports on how the net proceeds have been used and how the scheme's objectives have been met, along with a review every three years, we would propose that the Council and Visitor Levy Forum work together on a regular six-month basis during its first 18 months to monitor if a scheme is causing any damage to the sector and its businesses.

After being in place for a year, a topline review is needed in conjunction with industry to gauge whether the scheme should remain in place, while the three-year scheme review period is another opportunity to evaluate this decision.

We strongly recommend that all local authorities should continue to be open to the possibility that they may want to withdraw a visitor levy scheme if it's not working effectively for their area, local businesses and the wider tourism sector, ensuring there are mechanisms in place to pause or end its scheme.

When will the levy apply

Legislative Context

The Act gives a local authority the power to determine when a purchase of overnight accommodation results in a levy being applied, which may be at all times of the year.

The Highland Council's Proposed Position

The Visitor Levy will apply every day of the year without variation.

The Highland Council's Justification

The Council has considered the operational application of having a levy for some or part of the year, or alternatively for a levy to be applied every day throughout the year.

Applying the levy throughout every day of the year ensures administrative costs are appropriate for the scheme. The Council considers this approach is important as it will provide the maximum amount of revenue generated from the levy for sustaining, supporting or developing our infrastructure and the wider objectives of the levy scheme.

The Highland Council is also committed to ensuring that the operation of a levy scheme is kept as simple as possible to minimise the administrative burden on businesses.

5.1 To what extent do you agree with this proposed position to apply the levy every day of the year?

Strongly disagree

5.2 Please use this space to provide any comments to support your response to this question:

Please refer back to answer to Q2.2. There is an opportunity in the Highlands area to not apply the visitor levy at different points of the year to extend the visitor season and attract more visitors during the off-peak visitor season.

This will be particularly beneficial for smaller accommodation businesses that are at risk of going over the £90,000 VAT threshold. Not applying the visitor levy during the off-peak season will help some of these businesses from being pushed over this threshold.

The rate of the levy

Legislative Context

The Act gives local authorities the power to set the percentage rate to use for the calculation of the levy.

The Act sets out that the amount of levy chargeable is calculated by:

- Taking the accommodation portion of the transaction, and

- Multiplying that amount by the percentage rate set by the local authority.

The “accommodation portion” means the amount that is attributable to the provision of overnight accommodation. This does not include any amount reasonably attributable to the provision of:

- Meals or drinks
- Parking of a motor vehicle, (other than a parking area provided as overnight accommodation in respect of the transaction).
- Laundry facilities or services
- Entertainment
- Transportation to or from the accommodation.

A percentage rate was decided by the Scottish Parliament as it was considered to better ‘future proof’ the levy, removing the need to amend the rate by inflation and to keep the administrative burden to a minimum. A percentage rate also allows for the levy to be proportionate to the overnight accommodation choices of those staying overnight.

The Highland Council’s Proposed Position

The levy rate will be 5% in respect of the accommodation portion of the chargeable transaction.

The Highland Council’s Justification

The Highland Council considers that a 5% rate is appropriate as it has the potential to generate a meaningful amount of income to deliver the Council’s key objectives to support tourism, our business and leisure visitors, our communities and our businesses.

Noting that the forecasting of such a levy has its challenges and limitations, the Council’s analysis has shown that a 5% levy rate could generate around £10m each year. The Council’s administrative and operating costs of the Visitor Levy Scheme are estimated to be around £550k annually, which will be deducted from the total income generated from a visitor levy.

The net income will be used to sustain, support or develop our infrastructure and wider objectives.

6.1 To what extent do you agree with the proposal to set the levy rate at 5%?

Strongly disagree

6.2 Please use this space to provide any comments to support your response to this question:

The STA continues to make the case that in the interests of simplicity, transparency and competitiveness the legislation should be altered to replace the percentage charging model with a banded fixed fee approach.

As local authorities begin consultation on levy implementation, it is evident that the existing percentage model introduces significant complexities, administrative burdens, and risk of inaccuracies.

We encourage the Highlands Council and other councils to make a clear case to the Scottish Government about why a banded fixed fee approach would be their preferred option.

The Council aims to strike the right balance when setting the levy rate. The proposed rate of 5% will clearly generate significant income, however, the Council could set a higher rate to be able to deliver a more ambitious investment programme. The Council would be interested to receive comments from businesses, visitors and residents on whether they feel that the proposed levy rate is appropriate or whether it should be higher than 5%.

6.3 If the Council does not agree a rate of 5%, what rate would you consider is appropriate?

The STA remains opposed to the introduction of a visitor levy in the Highlands at this time. We are concerned that setting the percentage rate any higher than 5% risks causing substantial damage to the tourism and hospitality sector in the Highlands and wider Scotland. It's important to keep in mind that 20% VAT will be applied on top of the visitor levy charge, increasing a 5% visitor levy to effectively 6%.

6.4 Please use this space to provide any comments to support your response to this question:

There is a tipping point that visitors will be unwilling to pay. We're now at a pivotal place where the prospect of prices rising even further is not acceptable for consumers or businesses any time in the near future, which will further exacerbate the decline we are experiencing in domestic visitors and the ability of those on lower incomes to take breaks.

The UK is already one of the least competitive destinations on price when it comes to VAT and Air Passenger Duty, resulting in the UK already being ranked 116th out of 117 countries in the world as most expensive.

We continue to hear concerns that the quality of our product offer does not meet the prices being charged and remain worried about the detrimental impact a visitor levy will have on the competitiveness of inbound tourism, with the Highlands a key part of that offer. There is genuine concern that we are on the cusp of being too expensive to visit compared to other destinations.

We must also keep in mind that in Manchester hotel guests are charged a £1 per room, per night visitor fee, which is only charged by hotels with a rateable value of £75,000 or more, within Manchester city centre and a small adjoining part of Salford.

Under Welsh Government proposals, there will be a £0.75 per person, per night fee for those staying at campsites (pitches) and hostels, and a £1.25 per person, per night charge for those staying in all other visitor accommodation types.

It is in the interests of the Highlands to be competitive on price, along with taking into consideration the impact that a visitor levy in other areas such as Edinburgh will have on cost and attractiveness of inbound tourism packages that include the Highlands.

There are concerns among the Highland business community that the introduction of a visitor levy will lead to reduced occupancy, with recent survey activity predicting that a 5% levy could result in a 5% drop in occupancy. Raise the percentage any further and that will lead to an even bigger drop in occupancy.

However, we understand that the percentage rate charged must be balanced with raising a substantial amount of money that can be effectively invested in strategically enhancing and developing the area's tourism and hospitality offer.

It is crucial that industry and local authorities work closely together to implement a charging model that balances raising a substantial enough amount of money to invest in improving the sector and avoiding causing unnecessary harm to accommodation businesses and the competitiveness of the Highlands and wider Scotland.

The scheme's objectives

Legislative Context

The Act states that the objectives of the Scheme must relate to sustaining, supporting or developing facilities or services which are substantially for or used by those visiting the scheme area for leisure or business purposes (or both).

The Highland Council's Proposed Position

The aim of the introduction of a Visitor Levy Scheme in Highland is to sustainably manage the visitor economy and the movement of visitors through the maximisation of co-investment opportunities that sustain, support or develop facilities or services which are substantially used by those visiting for leisure or business purposes.

The Visitor Levy Scheme Objectives are to:

- SUSTAIN public services and infrastructure used by businesses, communities and visitors to ensure the impacts of visitors are strategically and sustainably managed.
- SUPPORT the delivery of a thriving tourism sector offering a wide range of visitor experiences by working together, in partnership, with businesses, visitors and communities.
- DEVELOP innovative approaches to balance strategic demands and opportunities ensuring that Highland achieves its full potential as a highly positioned destination for visitors.

The Visitor Levy Scheme Objectives together with the Council's Sustainable Tourism Strategy will provide the strategic direction for making those decisions.

The Council will engage with the Visitor Levy Forum to help inform a Delivery Programme, setting out the necessary investment plans and actions to deliver the Scheme's objectives to

sustain, support or develop, facilities and services which are substantially for or used by persons visiting the local authority area for leisure or business purposes.

As part of the Highland Council area is designated within the Cairngorm National Park, the Council will regularly engage with the Cairngorm National Park Authority and have regard to the Cairngorm National Park Partnership Plan.

The Highland Council's Justification

The Visitor Levy Scheme objectives are closely linked to The Highland Council's recently prepared Sustainable Tourism Strategy for Highland. The Sustainable Tourism Strategy establishes the Council's ambition, including the vision for sustainable tourism by 2035 of a thriving industry which is effectively managed, delivers positive impacts for our communities and environment and offers the best possible visitor experience. The Sustainable Tourism Strategy makes references to monitoring and evaluation of the outcomes.

The priority outcomes, as outlined in the Sustainable Tourism Strategy, which the Council seeks to help achieve include:

- **Communities** – tourism must be a force for good for all Highland communities and a means to improve our quality of life, enhance our culture and heritage, provide high quality job opportunities for Highland people and address demographic challenges.
- **Environment** – Highland to be a leading example of a climate-resilient tourism destination, which has taken responsibility for and the necessary actions to ensure tourism enhances the natural environment while, addressing the risks and impacts of climate change.
- **Economy** – a vibrant, dynamic and resilient industry that develops attractive careers and job opportunities, has year-round appeal, is spread evenly across the region and contributes towards a greener future.
- **Visitors** – visitors embrace slow tourism, are conscious of and act responsibly towards our local heritage, communities and the environment, have exceptional and authentic experiences across Highland and are met with a warm Highland welcome.

Although the Sustainable Tourism Strategy has a central focus on the role of the Council, success demands a positive and effective relationship between communities, visitors, businesses and the environment.

7.1 To what extent do you agree or disagree with the Visitor Levy Scheme objectives?

Disagree

7.2 Please use this space to provide any comments to support your response to this question:

The STA has continued to have concerns raised with them from Highland tourism businesses about the level of engagement there was on the council's Sustainable Tourism Strategy for Highland, particularly around the level of vision it sets out to be 21st century leader in world tourism.

We would urge the council to ensure that the visitor levy scheme's emphasis is on being ambitious and strategic about enhancing and investing the area's tourism and hospitality offer, rather than focusing any narrative on addressing the issues caused by overtourism.

With mounting financial pressure on local authorities, the industry continues to be vigilant about whether the monies raised will be treated as incremental income and strategically invested to enhance the visitor destination, or will disappear into funding routine council services like waste collection.

For businesses and visitors to see a recognisable benefit of collecting and paying a visitor levy, we would urge the Highlands Council to ensure the monies raised are spent on enhancing and investing in the area, for example through infrastructure projects, directly supporting tourism and hospitality businesses to progress their journey to net zero and meeting sector skills shortages through training opportunities, and protecting destination management and marketing activities.

We welcome that the use of the net proceeds is focused on communities, environment, economy and visitors – all pillar stones of the national tourism strategy, Scotland Outlook 2030 – but find it difficult to properly comment at this stage in the absence of detailed proposals set out in the consultation on how the revenue raised will be invested, particularly concerning how the money will both fairly and tactically distributed across such a vast size of area as the Highlands.

It feels like there is still a lot of work to do in this area and we would welcome the opportunity at a later point to comment on a more detailed set out proposals for how the revenue raised from the levy would be used.

Review of the Council's decisions relating to the Visitor Levy Scheme

Legislative Context

The Act sets out that a local authority operating a Visitor Levy Scheme must review the scheme:

- before the end of the period of 3 years beginning with the date on which the scheme came into force, and
- before the end of each subsequent period of 3 years. The local authority must publish a report setting out its findings
- the local authority must provide a copy of the published report to the Visitor Levy forum for that scheme

The Highland Council's Proposed Position

Annual reports will be prepared for the Visitor Levy Scheme and will include a range of information, for example, how the net proceeds have been used and progress on achieving the Scheme objectives. These reports will be presented to the relevant Strategic Committee or a meeting of the Highland Council.

At least every 3 years a review of the Scheme will be undertaken, and a report of the findings will be presented to the relevant Strategic Committee or a meeting of the Highland Council.

The Council will share and engage with the Visitor Levy Forum regarding these reports and will seek advice from the Forum on relevant matters, including operation of the Visitor Levy Scheme in Highland.

The Highland Council's Justification

The Act requires the Council to undertake such reviews. To comply with this requirement the Council shall follow its governance arrangements for considering such matters at both Strategic Committees and meetings of the Highland Council. All reports and minutes are published on the Council's website for 6 years and retained permanently. All meetings of strategic committees and the Highland Council are webcast to ensure public access to decision making.

8.1 To what extent do you agree or disagree with the review of decisions related to the levy scheme?

Neither agree nor disagree

8.2 Please use this space to provide any comments to support your response to this question:

Please see answers to Qs 4.2 and 12.2.

Local Exemptions

Legislative Context

The Act enables local authorities to include local exemptions within their individual schemes. Where a local authority considers a local exemption should apply, this will be in addition to the national exemptions which are detailed within the Act as determined by the Scottish Parliament.

Any amount charged by an accommodation provider for the visitor levy will be included in their turnover, which is used to determine if they need to register for VAT. It is at the discretion of the local authority to include or exclude businesses that fall below the VAT threshold from a Visitor Levy scheme.

The Highland Council's Proposed Position

To ensure the administration of the Scheme is kept to a minimum, and to maximise the revenues generated to sustain, support and develop the visitor economy, the Council will not exercise its discretion to apply local exemptions.

The Visitor Levy Scheme will be payable by all accommodation businesses, including those which have an annual turnover below the VAT threshold.

The Highland Council's Justification

When considering whether local exemptions should apply, the Highland Council has considered a range of factors. These are:

- Administrative burden on accommodation providers.
- Local authority administrative costs.
- Digital solution to ease administrative burdens and reimbursement.
- Enforcement, compliance and notification.
- Purpose and rationale
- Scope and eligibility.
- Unintended consequences and mitigation.

Industry feedback has been to minimise any Scheme variations, as these add complexity for both business and visitors.

9.1 To what extent do you agree or disagree with this position local exemptions?

Neither agree nor disagree

9.2 Please use this space to provide any comments to support your response to this question:

Islands and remote, rural areas:

The introduction of local exemptions continues to be a contentious issue, given the need to balance the potential administrative burden of managing any exemptions and the need to consider the individual circumstances in any given area.

Given that the Highlands also includes islands and remote, rural areas, careful consideration is needed about the impact of a visitor levy charge on residents and businesses that may need to stay overnight in other parts of the local authority area for medical appointments and treatments, business appointments, etc. or those who visit island communities for work and leisure purposes and must stay longer due to weather or ferry reliability issues.

Businesses below VAT threshold:

We would also strongly urge the Highland Council to revisit the provision set out in the legislation to exempt accommodation businesses operating below the £90,000 VAT threshold from collecting a visitor levy. Since the visitor levy is treated as revenue, there is the potential that small businesses in the area will be pushed above the VAT threshold, along with facing an additional cost burden that includes credit card fees and online travel agent (OTA) commissions.

Many businesses in rural parts of the Highlands already work hard to keep themselves below the VAT threshold, often closing for periods of time or reducing operation hours during the winter off-peak period already to avoid reaching this ceiling. As a result, there is a risk some

small businesses will have to close for even longer and open later in the visitor season, or close altogether if it no longer becomes financially viable to keep operating.

Charities and overnight stays for charitable purposes:

The Highlands Council may also want to consider similar measures to the City of Edinburgh Council and introduce a discretionary site exemption for properties occupied by a charity or trustee of a charity, and overnight stays for charitable purposes. For example, Hostelling Scotland, a registered charity, is offering free stays for disadvantaged young people and their families across its 29 youth hostels and 24 affiliate hostels across the country between September 2025 and June 2026.

Motorhomes and wild camping:

We continue to have concerns that without measures to tackle the impact of motorhomes and people wild camping irresponsibly in the Highlands, adding an additional visitor levy charge on using an official registered site to stay overnight will exacerbate the issue. It is already the case that people are using these site services (e.g. washing facilities) without paying for the privilege.

We are hearing from businesses and residents that the impact of motorhomes and irresponsible wild camping is causing far greater pressure on the local area and council services than other types of visitors.

Urgent action is needed to ensure that visitors wild camping and staying in motorhomes (off-site) are captured by a visitor levy to ensure a level playing field, while the Highland Council needs to revisit its decision to open up its car parks to motorhomes, which have facilities not consistent with regulatory requirements.

Charging a voluntary rather than compulsory charge to stay in these car parks acts as a further disincentive to stay overnight at official sites, which will have to charge a visitor levy if a scheme is introduced in the Highlands.

The Highlands Council should first and foremost be promoting and encouraging the use of official sites for those camping and travelling in motorhomes.

Reimbursement Arrangements for Administration of National Exemptions and Exclusions

Legislative Context

Arrangements for evidence gathering and reimbursement of the levy (or a sum equivalent to the levy) for eligible visitors

The Highland Council's Proposed Position

The Highland Council will adopt the National Digital Portal being developed for the visitor levy in Scotland. This National Digital Portal is being designed to:

- Enable accommodation providers to remit collected levies to their local authority.

- For eligible visitors to claim reimbursement where a national exemption applies, for example, those in receipt of benefits, payments or allowances for a disability as prescribed within the Act.
- For eligible visitors to provide evidence to support their claim for reimbursement.
- For local authorities to verify and decide claims for national exemptions and to reimburse levies for eligible visitors.
- For local authorities to administer and manage collections of the levies.

The Highland Council's Justification

It is important to protect the relationship between accommodation providers and their guests, and to ensure the dignity of visitors who are entitled to an exemption. Local authorities have the skill set to verify and award exemptions and a key design principle for the levy is to ensure the administrative burden for accommodation providers is kept to a minimum.

For these reasons, accommodation providers will be responsible for collecting levies from visitors.

Once levies have been paid by visitors, the Highland Council will have arrangements in place to enable eligible visitors to claim their exemptions and to be reimbursed by the Council. Visitors will claim their exemptions and provide evidence using the National Digital Portal, which will be adopted by the Council.

11.1 To what extent do you agree or disagree with this position in relation to the administration of reimbursement for national exemptions?

Strongly agree

11.2 Please use this space to provide any comments to support your response to this question:

The STA welcomes the approach being taken by the Highland Council to protect the relationship between accommodation providers and their guests, by putting in place arrangements for reimbursement of the levy by the council using the National Digital Portal.

This should be clearly communicated to visitors in advance by the local authority to avoid any confusion or disputes for accommodation providers and their staff at the time of paying the visitor levy.

How the Highland Council will make decisions on the net proceeds

Legislative Context

The Act sets out that a local authority operating a Visitor Levy Scheme must use the net proceeds of the scheme for the purposes of facilitating the achievement of the scheme's objectives, and so far as not needed for the achievement of the scheme's objectives

otherwise sustaining, supporting or developing facilities and services which are substantially for or used by persons visiting the area of the local authority for leisure or business purposes (or both).

The Highland Council's Proposed Position

The Highland Council will establish a Visitor Levy Forum within 6-months of deciding to implement a Visitor Levy Scheme, with representation from Highland tourism businesses, communities and relevant tourism organisations. The Forum will have an important role in considering and advising on the use of the net proceeds. The Forum will be advisory, and its purpose will be to provide advice to the Council in a number of areas relating to the operation of a Visitor Levy Scheme.

The Council's governance arrangements for decision-making will be used to make the decisions on the use of the net proceeds from the scheme. These decisions will be made by Strategic Committees or at meetings of the Highland Council.

The Scheme objectives together with the Council's Sustainable Tourism Strategy will provide the strategic direction for making those decisions.

The Highland Council's Justification

This Highland Council welcomes the requirement to establish a Visitor Levy Forum. Given the representative views of the Forum, it will, for example, provide feedback on the Council's Annual Report, which shall set-out information including net proceeds and performance of the Scheme.

The Highland Council will use its existing democratic decision-making governance arrangements and structures to make decisions about the use of net proceeds. These established democratic arrangements provide an inclusive, transparent, flexible and robust process for decision-making on the use of net proceeds.

12.1 To what extent do you agree or disagree with this position on how we will make decisions on the net proceeds from a Visitor Levy?

Disagree

12.2 Please use this space to provide any comments to support your response to this question:

The STA is glad that the Highland Council welcomes the requirements set out in the legislation to establish a visitor levy, along with its decision to create a Levy Reference Group early on to engage on its proposed levy scheme.

However, we remain concerned that the consultation proposals set out that the Forum will only have an advisory role and that at the end of the day decisions on the use of the net proceeds from the scheme will still be decided using existing council governance arrangements.

The STA appreciates that these decision-making processes exist across all local authorities. However, we believe that there should be greater involvement of the Visitor Levy Forum in informing the final decisions made about how the levy is spent and reviewing the scheme, as a crucial check that it is used as the legislation intends to be reinvested in services and facilities largely used by tourists and business visitors.

We would also be looking for a clearer answer concerning what Strategic Committee will lead on these decisions to be able to comment on if the decisions are being made by the best placed committee to support the interests of the tourism and hospitality sector.

We continue to have concerns that the money raised will be swallowed up by holes in local authority budgets, rather than treated as incremental money to be tactically invested in giving the area a competitive edge. The Visitor Levy Forum is there to act as a crucial safeguard that the levy money raised is spent as the legislation intends and that benefits the businesses who have the burden of collecting the charge.

Additional information

13.1 Thank you for completing our consultation regarding a Visitor Levy for Highland. Having considered the proposed content for the Visitor Levy Scheme, and provided your responses to the questions asked, please use the space below if you wish to provide any further comments about the proposed scheme.

The expansiveness and geography of the Highlands has begun to bring to the forefront the challenges of introducing a visitor levy scheme that includes some of our most remote and rural destinations, with its own unique circumstances and challenges compared to city counterparts.

The STA urges the Highlands Council to take its time getting its visitor levy scheme right if it decides to go down this path at this time. Carrying out an update to economic impact assessment is integral to this work, rather than continuing to use the last analysis undertaken pre-COVID in 2019 or using the Scottish Government's Business and Regulatory Impact Assessment (BRIA), which the STA has previously raised concerns about when it was published.

The STA also urges the Highland Council to follow the City of Edinburgh Council's lead in factoring in business cost recovery as part of its plans for the use of the net proceeds raised by the levy. This will help to mitigate the financial burden of the visitor levy on accommodation businesses, including factoring in OTA commissions, credit card fees, and in some instances the costs of establishing new collection systems and training staff.

To decide on the level of reimbursement of remitted funds to accommodation providers, we would encourage the council to carry out a detailed cost estimate for accommodation providers setting up and administering the visitor scheme to gauge an appropriate amount to help meet the additional costs they will face from collecting a levy on the council's behalf.

The STA welcomes initial comments that the Highland Council recognises the importance of giving businesses an 18-month lead-in time to prepare for collecting a visitor levy if the scheme is passed. We strongly hope this continues to be the case given the emerging complexities in Edinburgh and its lack of readiness to start charging a levy from this autumn for July 2026 bookings when the scheme goes live.

We cannot emphasise enough that accommodation businesses, along with destination management companies, tour operators and booking platforms need as much time as possible to successfully begin collecting a levy and for there to be enough time to publicise its introduction to visitors.

If the Highlands Council decides to proceed with a visitor levy scheme, then this should be accompanied from the outset by a clear timeline setting out dates for businesses to begin transitioning to collecting a visitor levy, including factoring in the lead-in times for the travel trade.