Scottish Tourism Alliance Submission
Glasgow Visitor Levy Scheme – Formal Consultation

1. Which category best describes you as a respondent to this consultation.

- I am a Glasgow resident
- I run, or am responding on behalf of, a business that provides accommodation in Glasgow
- I run, or I am responding on behalf of, a business in Glasgow (not accommodation provider)
- I'm part of a representative group for business or tourism
- I invest or own property in Glasgow, but don't live there
- I'm a visitor to Glasgow from elsewhere in the UK
- I'm a visitor to Glasgow from overseas
- Other (please specify): **X** *The Scottish Tourism Alliance (STA) is the largest and overarching trade body for the tourism and hospitality industry in Scotland.*

2. Were you aware that Glasgow is planning to introduce a Visitor Levy Scheme?

- Yes **X**
- No
- Don't know

3. How much, if anything, do you feel you know about Glasgow's proposed Visitor Levy Scheme?

- A great deal
- A fair amount **X**
- Not very much
- Nothing at all
- Don't know/No opinion

4. The proposed Visitor Levy Scheme would come into force in Glasgow around 18 months after the council has approved and published the final scheme.

To what extent do you agree or disagree with the council introducing the scheme 18 months after approval?

- Strongly agree
- Tend to agree
- Neither agree nor disagree

- Tend to disagree
- Strongly disagree **X**
- Don't know

Please provide any additional 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 Glasgow or any local authority in Scotland, and it should not proceed with introducing a scheme at this time.

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.

The STA has asked for the Scottish Government to pause the implementation of the Visitor Levy (Scotland) Act 2024 for six months to give critical time and space for industry and local authorities to consider and consult on replacing the current percentage model with a flat fee banded approach, along with proposals for a national QR code-based digital platform for payment of the levy, which would take away the burden and responsibility for collecting the charge from accommodation providers.

Ahead of a formal response from the Scottish Government, we encourage all local authorities considering adopting a visitor levy scheme to pause their current activities to give time for discussion and any necessary reform to be meaningfully explored or adopted.

We believe these proposals set out an evidence-based, pragmatic, and future-ready approach that supports tourism recovery, fairness, and a forward-thinking approach to administrative workability and optimal efficiency.

As the City of Edinburgh Council looks to implement its approved visitor levy scheme in practice, it is already experiencing legal and administrative challenges based on the percentage model.

Challenges with the percentage-based model include:

- *Administrative complexity when it comes to accommodation providers having to strip the accommodation cost from the total stay charge to determine the levy, creating unnecessary administrative burdens and potential for inaccuracy and misinterpretation.*
- *Online Travel Agents (OTAs) and booking platforms face significant challenges in automating levy collection under the current percentage-based system, which require bespoke technical solutions.*
- *UK Digital Markets, Competition, and Consumers Act 2024 and Price Marking Order 2024 require clear price displays, which a percentage-based model operationally complicates.*
- *Destination Management Companies (DMCs) and travel trade operators face difficulties incorporating an unclear and variable percentage levy into*

packaged prices. Contractual agreements with suppliers in some cases prohibit disclosure of the naked rate.
- *Percentage-based pricing could distort competitive pricing strategies and create inconsistencies between accommodation providers and travel trade operators.*
- *There is uncertainty regarding who is responsible for calculating and collecting the levy when intermediaries are involved.*
- *Local authorities struggle to predict net revenue under a fluctuating percentage-based system, increasing the risk of shortfalls in anticipated funding.*

We have heard from several local authorities already that their preference would be to instead have a fixed, banded visitor levy model, and we would encourage Glasgow City Council to make its own representations to the Scottish Government if it also favours this model.

Considering the difficult economic climate and the emerging complexity of the current charging model, we would urge Glasgow City Council to take a pause and instead use this time wisely to carry out a detailed economic and impact assessment, conduct a competitor analysis, and to continue to listen to the views of its local businesses by working closely with its destination management organisations, chambers of commerce and industry organisations.

Rather than waiting for the creation of the Visitor Levy Forum set out in the Visitor Levy (Scotland) Act, we would urge Glasgow City Council to create a Visitor Levy Reference Group that includes key industry representatives to help inform plans for a potential visitor levy scheme, which is the approach recently adopted by the Highland Council.

While time is being taken to investigate if it is in the best interests of Glasgow 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.

If Glasgow City Council decides to proceed with introducing a visitor levy, we would urge it to give businesses the full 18-month lead-in period to start collecting a visitor levy, as was the original intention in the legislation.

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 leisure and business travel trade.

5. To what extent do you agree or disagree with the proposal to set the visitor levy rate at 5%?

- Strongly agree
- Tend to agree
- Neither agree nor disagree **X**

- Tend to disagree
- Strongly disagree
- Don't know

Please provide any additional comments to support your response to this question.

The STA remains opposed to the introduction of a visitor levy in Glasgow at this time and does not the support a percentage-based visitor levy charge, as outlined in our answer to Question 4.

Setting the percentage rate any higher than 5% risks causing substantial damage to the tourism and hospitality sector in the area and wider Scotland. It is 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%.

There is a tipping point that visitors will be unwilling to pay. We're now at a pivotal stage 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.

There are early warning signs that inbound demand for the UK is set to decline due to current global economic circumstances, with a sharp drop in visitors from the lucrative US market expected over the coming period (source: Forge Holiday Group).

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. 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 the rest of the UK, Manchester hotel guests are charged just a £1 per room, per night visitor fee. While under Welsh Government proposals, there will be a fixed £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. Most UK competitors currently charge no visitor levy at all.

It is in the interests of Glasgow to be competitive on price, ensuring that it remains an affordable destination to stay when it comes to attracting and hosting major events and convention bureaus.

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 Glasgow and wider Scotland.

6. To what extent do you agree or disagree with the Levy rate being applied to overnight accommodation across the whole boundary area of Glasgow City Council?

- Strongly agree
- Tend to agree
- Neither agree nor disagree
- Tend to disagree **X**
- Strongly disagree
- Don't know

Please provide any additional comments to support your response to this question.

Glasgow City Council should consider whether to apply a visitor levy at different times of the year or in just certain parts of the local authority boundary to tactically deploy it to attract visitors during the low visitor season and encourage greater dispersal of visitor activity outside the city centre to less busier parts of their boundary to support sustainable tourism.

There is the potential to not apply the levy to make visiting cheaper at certain times to potentially extend the visitor season.

Not applying the levy all year or in less visited parts of the local authority area will also help support some small accommodation businesses to not go over the £90,000 VAT threshold.

However, it is important to note that different application of the levy may be complicated to apply in practice when it comes to online booking platforms and communicating these variations to businesses and consumers.

7. It is proposed that the Levy is applied for the entire length of a stay.

To what extent do you agree or disagree with this proposal?

Strongly agree
Tend to agree
Neither agree nor disagree
Tend to disagree
Strongly disagree
Don't know **X**

Please provide any additional comments to support your response to this question.

The introduction of a cap on the number of nights of accommodation has both pros and cons.

Pros: A cap helps to reduce the costs facing festivals and major events being hosted across a longer period, ensuring performers, sports people, technicians, etc. do not face additional costs when there are already pressures concerning the price and availability of accommodation during busier visitor periods. It also supports television and film opportunities in the local area, reducing the production cost-burden of hosting actors and crew in local accommodation.

A cap on the number of nights that the levy applies has the potential to encourage people to stay longer if the charge is applied on a limited number of nights.

Cons: We are hearing from online booking platforms that the application of a cap on the number of nights the levy applies in Edinburgh is a logistical challenge for developers and a solution is still being sought how to resolve this issue. We would urge Glasgow City Council to closely follow how this issue plays out in Edinburgh to inform a decision on introducing a cap.

Greater efforts would also be needed around communication of a cap, including that a stay in the local area would need to be across a continual period and would not apply if staying overnight outside the local authority at points during a trip.

8. The Levy Scheme will be applied indefinitely and subject to regular review.

To what extent do you agree or disagree with this approach?
Strongly agree
Tend to agree
Neither agree nor disagree
Tend to disagree
Strongly disagree **X**
Don't know
Please provide any additional comments to support your response to this question.

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

In addition to producing 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 is 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.*

9. The overarching aim of the scheme is to grow the value of tourism in Glasgow by delivering for our visitors, our businesses, our communities and the environment. The scheme will align with a variety of city strategies such as the Glasgow 2030 Tourism Strategy, the City Centre Strategy 2024 - 2030, Culture Strategy 2024 - 2030, and Events Strategy 2035.

To what extent do you agree or disagree with the objectives of the scheme sustaining, supporting and developing the following?

Public services, programmes and infrastructure that provide a positive experience for visitors and citizens *Tend to agree*
Glasgow's culture and events portfolio, to ensure they remain world class, attractive and accessible to visitors and residents *Strongly agree*
Our key markets to ensure visibility and drive the value of tourism to Glasgow's economy *Strongly agree*
The experiences that we offer to visitors and residents, such as events and bookable products to drive additional spending *Strongly agree*
Vibrant places across the city by working with local businesses and

communities, supporting the case for investment in key assets and creating more reasons for residents and visitors to the city
Strongly agree

Valued jobs for Glasgow's people from the tourism sector
Strongly agree

Tourism to be delivered in a sustainable and inclusive way
Strongly agree

Please provide any additional comments to support your response to this question

The STA welcomes the objectives set out in the proposed scheme, which complement the priorities of the national tourism strategy, Scotland Outlook 2030, and our ambition to be a world leader in 21st century tourism.

We recommend that an additional objective be created that captures supporting tourism and hospitality businesses to be resilient, thrive and grow. Sector businesses should be supported to embrace innovation and technology, ensuring that they are enabled to deliver better visitor experiences in line with the changing landscape and consumer behaviour.

The number one, overarching scheme objective must be economic growth.

10. It is proposed that accommodation providers would be reimbursed 1.5% of the levy collected to cover any costs they might incur as a direct result of the Levy Scheme (Visitors will pay for the levy at the point that they pay for their accommodation in a single transaction).

To what extent do you agree or disagree with this proposal?

- Strongly agree **X**
- Tend to agree
- Neither agree nor disagree
- Tend to disagree
- Strongly disagree
- Don't know

Please provide any additional comments to support your response to this question.

The STA strongly agrees that accommodation providers should be reimbursed to help cover at least some of the additional costs they will incur from collecting a visitor levy on behalf of the local authority, and welcome that business cost recovery is factored into Glasgow City Council's plans.

However, we would encourage the Council to go further and 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.

The Council should also undertake a detailed assessment to ascertain whether to exempt accommodation providers below the VAT threshold from having to collect a levy.

11. A number of groups do not fall within the scope of the Act and are therefore not liable to pay the levy. These groups are not considered visitors. Glasgow does not propose any further groups be added to this.

These include those who are using overnight accommodation as their only or primary residence, which could be due to:

- **Being homeless or at risk of homelessness**
- **Very poor housing conditions such as overcrowding or disrepair**
- **Experiencing domestic abuse or other forms of violence**
- **Being an asylum seeker or refugee**

In addition, the levy does not apply to:

- **Someone staying on a gypsy/traveller site**
- **Those in receipt of specific disability benefits – Disability Living Allowance; Disability Assistance, Attendance Allowance; Pension Age Disability Benefit; and Personal Independence Payment. These visitors would pay the levy to the accommodation provider then, with proof of overnight stay and benefit entitlement, would apply to have the charge reimbursed by the council.**

To what extent do you agree or disagree with this proposal?

- Strongly agree
- Tend to agree
- Neither agree nor disagree **X**
- Tend to disagree
- Strongly disagree
- Don't know
-

Please provide any additional comments to support your response to this question.

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 to consider the individual circumstances in any given area.

However, we believe there are a number of key areas that need more detailed impact assessment work undertaken to make an evidenced decision about whether certain local exemptions should be adopted under a Glasgow visitor levy scheme.

Businesses below VAT threshold: We would strongly urge Glasgow City 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 over the VAT threshold, along with facing an additional cost burden that includes credit card fees and online travel agent (OTA) commissions.

Many small accommodation providers already work hard to keep themselves below this threshold, often closing for periods of time or reducing operation hours during the winter off-peak season 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. This would have a knock-on impact on availability of visitor accommodation, which has already reduced since the introduction of the Short-Term Lets Licensing Scheme.

Charities and overnight stays for charitable purposes: Glasgow City 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.

12. The Visitor Levy (Scotland Act) stipulates that the net proceeds of the Visitor Levy must be spent on facilitating the achievement of the scheme's objectives and "developing, supporting and sustaining facilities and services which are substantially for or used by persons visiting (overnight) for leisure or business purposes (or both)".

To what extent do you agree or disagree, that after costs, the remaining funds are split across the following investment areas?

Strongly agree Tend to agree Neither agree nor disagree Tend to disagree Strongly disagree Don't know

City Operations and Infrastructure – The look and feel of the city significantly contributes to the overall visitor experience. Investment in the built and natural environment and infrastructure will support the tourism aspirations of the city
Tend to agree

Culture and Events – Culture and Events are a key driver of the city's visitor economy, as well as an important tool in the positive positioning of Glasgow both national and internationally
Strongly agree

Destination Marketing and Management – Destination marketing initiatives will grow Glasgow's market share of leisure visitors coming to Scotland and the UK
Strongly agree

Please provide any additional comments to support your response to this question.

The STA welcomes that 'Destination Marketing and Management' is set out as one of the key investment areas. To successfully grow and manage visitors in our destinations, it is vital that we continue to support the activities for our destination management organisations, who have a crucial role in delivering the national tourism strategy, Scotland Outlook 2030, and other key government strategies on the ground.

We also welcome that the role of culture and events to drive visitor activity is recognised as one of the headline investment areas.

The STA would also encourage Glasgow City Council to consider how any levy money raised could go towards directly supporting and growing local tourism and hospitality businesses, e.g. to progress their journey to net zero, helping to meet sector skills shortages through training opportunities.

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. 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.

As a result, we would seek further details about how Glasgow City Council plans to allocate funding for 'City Operations and Infrastructure' to ensure that it is used to enhance and invest in the area, rather than sustaining current public services. Funding new, ambitious infrastructure projects is a key part of developing the city's visitor offer, benefiting visitors, businesses and local communities alike.

It is important that businesses and visitors can see a recognisable benefit of collecting and paying a visitor levy. The Greater Glasgow Hotels Association, in conjunction with Edinburgh Hotels Association and Aberdeen City and Shires Hotel Association, have written to the STA to voice the need for the Visitor Levy Forum established to be given greater decision-making powers concerning how any levy revenue raised is spent to safeguard that it will lead to a positive economic growth impact, with recognisable positive outcomes for the city's local visitor economy and offer.

To ensure these forums "have teeth", we support their recommendation that the terms of reference for the forum give weight to the advice given by the Visitor Levy Forum when it comes to levy resource decisions, ensuring that there is buy-in from industry and local communities.

We welcome the objectives of the proposed scheme and now seek further details on how they will support these key investment areas.