

Transient Visitor Levy

City of Edinburgh Council

15 March 2012

1 Purpose of report

To submit recommendations, in terms of Standing Order 53, on proposals for a Transient Visitor Levy.

2 Background

The Policy and Strategy Committee had approved an amended motion by Councillor Burgess calling for a report setting out the legal position of the potential introduction of a Transient Visitor Levy (TVL) and on the potential for a voluntary or statutory levy to be introduced.

3 Main Report

3.1 On 28 February 2012, the Policy and Strategy Committee considered the attached report by the Director of City Development on the legal position of the potential introduction of a TVL and the potential for its introduction. The preliminary view was that there were no existing powers for a local authority to introduce a TVL in Scotland.

3.2 Motion

- a) To note the findings of the report by the Director of City Development in relation to alternative funding scheme legislation.
- b) To discharge the motion on Transient Visitor Levy approved by the Policy and Strategy Committee on 6 December 2012.
- c) To instruct the Head of Economic Development to investigate the potential to establish a Tourism sector BID, with findings being brought back to the Policy and Strategy Committee in two cycles.

- moved by Councillor Dawe, seconded by Councillor Cardownie.

3.3 Amendment

- a) To note the findings of the report by the Director of City Development in relation to alternative funding scheme legislation.
- b) To instruct the Head of Economic Development to investigate the potential to establish a Tourism sector BID, with findings being brought back to the Policy and Strategy Committee in two cycles.
- c) To request a cross-party delegation to meet with Scottish Ministers to discuss the principle of Transient Visitor Levy and the potential for enabling legislation.

- moved by Councillor Burgess, seconded by Councillor Burns.

3.4 Voting

The voting was as follows

For the motion	–	12 votes
For the amendment	–	4 votes

3.5 Decision

- (a) To approve the motion by Councillor Dawe.
- (b) **In terms of Standing Order 53, the requisite number of members required that the decision be referred to the Council as a recommendation.**

Carol Campbell
Acting Head of Legal and Administrative Services

Appendices	Report by the Director of City Development
Contact/tel	Graeme Rigg, Tel: 529 3183 e-mail: Graeme.rigg@edinburgh.gov.uk
Wards affected	
Background Papers	Minutes of the Policy and Strategy Committee of 24 January and 28 February 2012.

Transient Visitor Levy

Policy and Strategy Committee

28 February 2012

1 Purpose of report

- 1.1 The Policy and Strategy Committee approved an amended motion on 6 December 2011 in relation to Transient Visitor Levy (TVL). The motion called for a report setting out the legal position of the potential introduction of a TVL and of the potential for a voluntary or statutory levy to be introduced.

2 Main Report

- 2.1 Advice has been sought from Legal and Administrative Services. Their preliminary view is that there are no existing powers for a local authority to introduce a TVL in Scotland.
- 2.2 In reaching this view, the various pieces of legislation pertaining to local authorities have been considered. None appear to give local authorities powers to raise taxes other than Council tax and rates. As such, their view is that new legislation would be required. It is not entirely clear whether or not such legislation would be within the remit of the Scottish Parliament. Although fiscal, economic and monetary policy is a matter generally reserved to the Westminster Parliament, there is an exception in the Scotland Act 1998 which allows the Scottish Parliament to legislate in the area of 'local taxes to fund local expenditure'. The definition of 'local taxes' is not wholly clear and would require QC opinion. It should be noted, however, that the ability to obtain such powers would be subject to approval by the relevant government. In relation to this point the responsible Minister in the Scottish Parliament Fergus Ewing effectively ruled out any move by the Scottish Parliament to legislate for a transient visitor levy or 'bed tax' in a response that he gave to a Parliamentary Question on 6 December 2011. Mr Ewing stated that the government had "no plans to introduce a bed tax and there are no existing powers for local authorities to levy a bed tax or tourism tax."
- 2.3 In terms of other funding models for tourism, events and destination marketing there are several options in use in other countries such as a local sales tax and air passenger arrival or departure fee. However, In the UK VAT and air passenger duty are matters administered nationally via the Westminster Government.

- 2.4 There are also voluntary business subscription schemes such as the membership levy previously paid to Area Tourism Boards in Scotland and voluntary schemes for tourists to contribute towards specific projects such as those of an environment or heritage nature.
- 2.5 Within the current legislation the only potential opportunity to achieve the aims of a TVL scheme would be to develop a Tourism sector Business Improvement District (BID). Existing legislation is in place under “The Planning etc. (Scotland) Act 2006 (Business Improvement Districts Levy) Order 2007”. This legislation allows a significant amount of flexibility on how BIDs are set up and subsequently operate. A Tourism orientated BID could potentially cover any defined geographic area and include a range of types of businesses, with BID charges based e.g. on turnover, number of bookings, number of admissions or rateable value etc.
- 2.6 BIDs require a majority of in scope businesses to vote to set up the bid and agree the levy regime. They also operate through a Board structure in which levy payers are represented in key spending decisions.
- 2.7 In order for a Tourism BID to be potentially introduced in Edinburgh, work would need to be undertaken on potential uses of funds and costs to contributing businesses. It is recommended that initial work is progressed with findings being brought back to this committee.
- 2.8 The private sector would need to be actively involved in proposals, be convinced of the merits of a scheme and vote in favour of its introduction.

3 Financial Implications

- 3.1 There are no financial implications for the City of Edinburgh Council arising directly from this report.

4 Environmental Impact

- 4.1 There is no environmental impact resulting from this report.

5 Equalities Impact

- 5.1 There is no equalities impact resulting from this report.

6 Recommendations

- a) To note the findings of this report in relation to alternative funding scheme legislation
- b) To discharge the motion on Transient Visitor Levy approved by this committee on 6 December 2011
- c) To instruct the Head of Economic Development to investigate the potential to establish a Tourism sector BID, with findings being brought back to this Committee in two cycles.

Dave Anderson
Director of City Development

Appendices	None
Contact/tel/Email	Graeme Rigg / 529 3183 / Graeme.rigg@edinburgh.gov.uk
Wards affected	City-wide
Single Outcome Agreement	None
Background Papers	None