

**To: Local Government, Housing and Planning Committee, Scottish Parliament**  
**From: Festivals Edinburgh**  
**Subject: Stage 1 Consultation on Visitor Levy Bill**  
**Date: 08 September 2023**

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**Q1) What are your views on whether local authorities should have a power to place a levy (a type of additional charge or fee) on top of the price charged for overnight accommodation in their area?**

Festivals Edinburgh supports local authorities having a power to place a levy on overnight accommodation in their area - provided that any scheme is structured to support those who benefit the sustainable visitor economy, and that governance and reporting are transparent.

Collectively, Edinburgh's Festivals brought additional local economic impact of £407m to the city's businesses, employees and sole traders in 2022, a return of over £37 for every £1 of public grant. The impact achieved in 2022 had gone up by nearly 20% in real terms after inflation since the previous study in 2015, with around half of the increase accounted for by accommodation prices. This study and other market research suggests that post-Covid, audiences will save to prioritise unique 'must see' live experiences despite price inflation.

This positive impact is great news for the people of our city - and needs sustained investment to ensure that our post-Covid economic recovery is built on a solid foundation of good responsible growth, looking after our people, our place and our planet. However, the economic benefit is primarily felt by the tourism and hospitality sectors, not by the festivals themselves and the people who make them happen – in fact, their unique cultural programmes are hanging each year by a precarious financial thread, damaged by Covid lockdowns and over 15 years of declining investment. This is why we believe the Visitor Levy is an important mechanism essential to reinvest in Edinburgh as a year-round cultural capital and world leading festival city, including helping the Edinburgh Festivals remain a crucial economic powerhouse for people's jobs and livelihoods locally, regionally and nationally.

**Q2) Given that the Bill is likely to result in different councils introducing a visitor levy in different ways or not doing so at all, what impact do you think the Bill will have in your area and across different parts of Scotland? For example, this could include any impact (positive or negative) on local authority finances, local accountability and flexibility, businesses, or on numbers of overnight visitors.**

Scotland's capital drives the largest share of visitor numbers across Scotland as a motor for successful regional and national visitor economies, so it is of national importance that the quality of experience is sustained. Visitors' desire for unique and authentic experiences is a key long-term trend for attracting more highly engaged, higher value visitors who are central to city and national strategies.

Edinburgh's rich offer of culture, heritage and festivals all year round are the most important reasons for leisure visitors to choose the city. So there are strategically important positive impacts to be gained from re-investing in supporting the resilience and sustainable development of these sectors, which have a long road to recovery after the pandemic; and a risk of major negative impacts if these assets are not adequately supported.

Given the importance of culture, heritage and festivals to the success of Edinburgh's visitor economy, we argue that a clear majority of the proceeds of any Levy should be allocated to benefit the future of these sectors. The objectives of using the proceeds of a Levy should be around mitigating the pressures of visitation where necessary, but primarily stimulating sustainable future visitor

economies through product development.

**Q3) Do you agree with the Bill's definitions of a "chargeable transaction" and of "overnight accommodation"? If not, what definitions do you think would be better?**

Nothing to add.

**Q4) What are your views on the Bill's proposal to allow councils to set the levy as a percentage of the chargeable transaction? Are there any other arrangements that you think might be better? If so, please give examples and a short description of the reasons why.**

Festivals Edinburgh is supportive of the Bill's proposal to allow councils to set the levy as a percentage of the chargeable transaction, with a proviso. This is that there must be adequate provisions at national and local levels to create exemptions, rebates or caps in order not to dissuade beneficial longer-stay business visitors where there may be market failures - such as touring cultural workers including musicians, performing arts companies and festival casts and crew.

**Q5) What are your views on the absence of an upper limit to the percentage rate (which would be for councils to decide) and that it could be different for different purposes or different areas within the local authority area, but not for different types of accommodation?**

Festivals Edinburgh believes that caps to charges should be for individual councils to decide, as circumstances differ within and between local authorities.

**Q6) The Bill would allow councils to apply local exemptions and rebates to some types of guests if they choose to. It also allows the Scottish Government to set exemptions and rebates on a national basis where it considers it appropriate. What are your views on the Bill's proposals in relation to exemptions and rebates?**

We are concerned about negative impacts on those cultural workers who travel to local authority areas as business visitors, and enhance the appeal of Scottish destinations with increasingly constrained budgets.

The importance of their cultural offerings can be seen from VisitScotland research showing that culture and history are among the top reasons to visit the country, along with scenery and landscape. Yet unlike the certified professions which are the main focus of business tourism, the cultural sector does not have a high average wage and these workers are travelling in order to contribute to the leisure and visitor economy at their destination.

In the case of Edinburgh, this category includes the casts and crews who deliver Edinburgh's Festivals, of whom an estimated 17,000 require accommodation. Of course it also applies much more widely across the whole of Scotland year-round, for example to touring musicians and performing companies.

We therefore welcome the inclusion in the Bill of Section 10 where Scottish Ministers may by regulations specify the cases or circumstances in which the Levy is not payable or may be reimbursed. We will make representations at national and local levels about the importance of identifying cultural business visitors who should be exempted or reimbursed, so they are not being priced out of the places they are supporting by their presence.

**Q7) Do you agree with the Bill's requirements around the introduction and administration of a visitor levy scheme, including those relating to consultation, content, and publicity (Sections 11 to 15)? Are there any other requirements you think should be met before any introduction of the levy in a given area?**

Festivals Edinburgh supports the position of the City of Edinburgh that the additional revenue is needed sooner than 2026. While the Council agrees that a notice period is required, to mandate this to be 18 months is, in the Council's opinion, unnecessarily excessive. They are therefore asking for the 18-month implementation period to be reviewed and replaced with a recommendation for a notice period provided as non-statutory guidance, the length of which should not be defined in the legislation but decided by the local authority in consultation with the providers who would be collecting the levy from visitors.

**Q8) What are your views on the Bill's requirements for local authorities in respect of records keeping, reporting, and reviewing? (Sections 16, 18 and 19)**

Accountability in governance and reporting are critical in order to retain support for the Visitor Levy, so we welcome the requirements for transparent record keeping, reporting and reviewing.

**Q9) The Bill requires that net proceeds of the scheme should only be used to "achieve the scheme's objectives" and for "developing, supporting, and sustaining facilities and services which are substantially for or used by persons visiting the area of the local authority for leisure purposes." Do you agree with how the Bill proposes net proceeds should be used and if not, how do you think net proceeds should be used?**

We are concerned that negative impacts could result from local authorities feeling compelled to use the proceeds of a Visitor Levy to substitute for reduced funding elsewhere. So we think it is important that there is clarity in Section 12, Subsection 2 of the Visitor Levy Bill that proceeds are not to be used to deliver general core services; except in instances where there are additional impacts from servicing increased needs due to the visitor economy. (For example, the reported £1m cost of additional cleaning and waste management during the peak summer season in Edinburgh.) A sustainable visitor economy will be one of genuine experiences rooted in authenticity, and Scotland's national tourism strategy 2030 highlights that residents have now become as important to a destination as visitors. So residents as well as visitors must benefit from facilities and services that serve their cultural needs and preferences.

We are concerned that the current wording specifying the purposes of a local authority scheme could be too narrowly interpreted, as applying only to facilities and services which are already substantially used by visitors. It is important that net proceeds should be able to support local creatives and local cultures who can develop a thriving scene that will in time attract visitors as well as locals. We consider that this long-term development strategy would be best served by adding the underlined text to the wording, that the scheme objectives must relate to 'developing, supporting or sustaining facilities or services which are substantially for or to be used by persons visiting the scheme area for leisure purposes'.

We also agree with the position of City of Edinburgh Council, that Section 12, Subsection 2 should be widened to include business visitors. That is, to add the further underlined text specifying that the objectives of a local authority's proposed scheme 'must relate to developing, supporting or sustaining facilities or services which are substantially for or to be used by persons visiting the scheme area for leisure or business purposes'. For example, the casts and crews who make Edinburgh's Festivals happen across all four seasons are business visitors, and should not be ruled out from support to mitigate the fast increasing costs especially for artists taking their own financial risks on self-producing their work.

**Q10) What are your views on the Bill's requirements for accommodation providers to identify the chargeable part of their overnight rates, keep records, make returns, and make payments to relevant local authorities? Are there any other arrangements that you think would be better, for example, by reducing any "administrative burden" for accommodation providers?**

Nothing to add.

**Q11) Do you have any comments on Part 5 of the Bill (Enforcement and Penalties and Appeals)? Are there any other arrangements that you think might be more appropriate in ensuring compliance and reducing the risk of avoidance?**

Nothing to add.

**Q12) Do you have any comments on the issues that the Scottish Government proposes to deal with in regulations after the Bill has been passed? (Set out in the Delegated Powers Memorandum) Are there any that you think should be included in the Bill itself rather than being dealt with by regulations and if so, why?**

Nothing to add.

**Q13) Do you have any comments on the accuracy of the estimated costs for the Scottish Government, local authorities, accommodation providers and others as set out in the Financial Memorandum and Business and Regulatory Impact Assessment (BRIA)?**

Nothing to add.

Festivals Edinburgh  
8 September 2023