



HISTORIC  
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SCOTLAND

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Our case ID: 300040223

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## **The Scottish Government – Consultation on the Principles of a Local Discretionary Transient Visitor Levy or Tourist Tax**

Thank you for your invitation to provide our views on the Principles of a Local Discretionary Transient Visitor Levy or Tourist Tax. The following comments are provided on behalf of Historic Environment Scotland which is the lead public body established to investigate, care for and promote Scotland's historic environment.

We are a non-departmental public body with charitable status, governed by a Board of Trustees, who were appointed by Scottish Ministers. We lead and enable Scotland's first historic environment strategy [Our Place in Time](#), which, together with the [Historic Environment Policy for Scotland](#), sets out how our historic environment should be managed to ensure that it is cared for, valued and enhanced, both now and for future generations.

We are also responsible for more than 300 properties of national importance which play a key role in Scotland's tourism industry. Buildings and monuments in our care include Edinburgh Castle, Skara Brae, Fort George and numerous other sites across Scotland, which together form a key part of Scotland's tourism offer and draw more than 5 million paying visitors per year.

### **Consultation Paper**

We have provided responses to some of the questions contained within the Consultation Paper. These have been submitted online and are enclosed here for ease of reference. We have also set out below some general comments on our approach to sustainable tourism and the steps we are taking to support these objectives both within our own operations and in our capacity as lead body for the historic environment.



## General comments

Tourism is one of the most important industries in Scotland and a strong driver for inward investment – it is a hugely successful industry and as a major contributor we want to do all we can to improve and enhance Scotland's tourism offer in support of its future sustainable growth. One of the ways we do this is through our participation in the delivery of the [Tourism Scotland 2020 Strategy](#) by leading the [Our Place in Time Heritage Tourism Group](#), which helps Scotland reach tourism growth targets by setting strategic direction.

At an operational level, the sites in our care generated more than £600m for Scotland's economy in 2017 via tourism expenditure that would otherwise not have occurred. Including multiplier effects this total impact increases to over £1bn. We also estimate that the tourism expenditure generated by sites in our care supported an estimated 16,600 full time equivalent jobs, which rises to 25,500 full-time equivalent jobs including multiplier effects.

It is widely recognised that growth in visitor numbers in recent years is putting pressure on some parts of the country - upon people, places, local communities, infrastructure and our environment. As an organisation we have pledged to continue promoting sustainable tourism in our corporate plan – [Heritage for All](#) – which we published earlier this year.

We are committed to ensuring the long-term sustainability of our sites through active management of their physical condition and visitor numbers. In support of this, we will work with our partners, communities and a range of stakeholders to develop a strategic vision and supporting plans for prioritised sites that identify opportunities to improve the visitor experience while balancing heritage and conservation needs.

We recognise that there are range of views amongst the tourism industry and other stakeholders around the introduction of a discretionary visitor levy. As a major operator in the tourism sector we can see the benefits that may be realised by increased investment in the sector. However, and as highlighted in this current consultation, the [messages from the National Discussion](#) and other engagement activities have identified a number of dis-benefits and unintended consequences that may arise, particularly around the risk that it could undermine Scotland's competitiveness as a destination and act as a disincentive for visitors and investment. Should these scenarios arise, they would have an adverse impact on the commercial aspects of our activities.

In light of this, we offer a number of general considerations which we suggest should guide the introduction of a levy, many of which are already reflected in the proposals set out within the consultation paper:

- Enhancing Scotland's tourism offer should be the key driver, reflecting the fact that the sector reaches into and supports virtually every part of the country;
- It will be important to recognise that a levy will only be one aspect of a strategy for sustainable tourism;



- We suggest that the levy be set at a level which maintains the competitiveness of Scotland as a destination for visitors, artists, investors, businesses and conferences;
- The system for administering a levy should be designed in partnership with communities, the tourism industry, tourism operators and accommodation providers of all types and sizes; and
- A levy should have strong links to an agreed Local Tourism Strategy, with revenue ring-fenced for investment in both managing the impact of high levels of tourism on our cities, landscapes and communities as well as supporting improvements to Scotland's tourism offer in support of its future sustainable growth. This will also aid transparency in how funds are spent.

With these general comments in mind, we have provided our views on a number of the questions and issues raised in the consultation paper. We have not addressed those questions which we consider are most suitably considered by Local Authorities, accommodation providers and other stakeholders.

We hope this is helpful. Please feel welcome to contact us if you have any questions about this response. The officer managing this case is Alasdair McKenzie who can be contacted by phone on 0131 668 8924 or by email on [alasdair.mckenzie@hes.scot](mailto:alasdair.mckenzie@hes.scot).

Yours faithfully,

**Historic Environment Scotland**



**Historic Environment Scotland response to selected questions within the consultation paper**

**Q1. Do you think that the design of a visitor levy should be set out:**

- a) wholly in a national framework
- b) mostly at a national level with some local discretion
- c) mostly at local level with some overarching national principles.

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

c) mostly at a local level with some overarching national principles.

While we suggest that it is important that there are some clear national principles guiding the design and implementation of a visitor levy and there is a degree of consistency across the country, we propose that Local Authorities should be empowered to determine how this can be designed and applied in their areas in order to best respond to local needs and circumstances.

**Q2: Is an overnight stay in commercially let accommodation an appropriate basis for applying a levy on visitors?**

- Yes
- No
- Don't know

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

Yes.

We note that various alternatives set out in the consultation paper have been explored, some of which would seek to apply a levy in those circumstances where tourists are having an impact but are not resident within commercially let accommodation in that local authority area. This certainly impacts directly on a number of our own sites. However, we recognise that applying the levy in relation to commercially let accommodation providers will allow for a relatively simple and targeted way of capturing revenue at a wide scale which can be reinvested in tourism related needs and enhancements.

**Q6: 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?**

**Select one:**

- Set out in a national framework
- Decided by local authorities
- Don't know

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

Set out in a national framework.

In line with our response to Q1, we suggest the basis of the charge should be determined at the local level following principles set out in a national framework.



**Q7: 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?**

**Select one:**

- **Set out at national level**
- **Decided by local authorities**
- **Don't know**

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

Decided by local authorities.

We suggest that the rate should be set locally within a national framework, but as noted in our general comments, set at a level which is not prohibitive and maintains the competitiveness of Scotland as a destination for visitors, artists, investors, businesses and conferences.

**Q8: What factors should be considered to ensure the rate of the visitor levy is appropriate? Please provide a reason (or reasons) for your answer:**

The general comments set out earlier in our response refers to this. In addition, we suggest that an objective should be that any visitor levy captures more revenue than it costs to administer and enforce. In setting the rate, both Scottish Government and Local Authorities may also wish to take into account the elasticity of demand across different parts of Scotland and the need for the levy to not only produce a surplus, but sufficient income to provide substantial benefit in terms of infrastructure and other improvements.

Local Authorities should develop terms of reference for how any levy is to be developed, applied and spent, with clear reporting on its performance.

**Q9: 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?**

**Select one:**

- **Set out at a national level**
- **Decided by local authorities**
- **Don't know**

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

Set out at a national level.

While we propose that the Scottish Government has a role to play in setting an upper limit, we consider local authorities are best placed to assess local circumstances and needs and in the most appropriate position to determine the rate for their areas. However, as noted above, we suggest the rate should be set at a level which is not prohibitive and maintains the competitiveness of Scotland as a destination.



**Q10: Do you think that all exemptions should be the same across Scotland and therefore set out in the national legislation, or should local authorities have scope to select some exemptions?**

**Select one:**

- **All exemptions should be the same across Scotland and local authorities should not have any discretion.**
- **Some exemptions should be set at national level, and some should be at the local authority's discretion**

For consistency and certainty for all visitors, we believe the various exemptions should be the same across Scotland, achieving a balance between consistency and local empowerment.

**Q19. A list of requirements that local authorities could be expected to meet before being able to introduce a visitor levy is summarised below. Do you agree or disagree with these options? If you have any other suggestion for requirements, then please add them in the box below together with your reasons.**

We agree that all items listed in this section should be met before a visitor levy is introduced. Any consultation on the introduction of a visitor levy, while focused upon local communities, should also engage with regional and national service providers (e.g. transport services) and tourism operators (e.g. The National Trust for Scotland and Historic Environment Scotland) to ensure that views from all key stakeholders are taken into consideration.

In addition to those items listed in the consultation paper, we also suggest that the Local Authority should have prepared, consulted upon and adopted a Local Tourism Strategy which would describe the key challenges that visitor levy revenue could help address together with opportunities for enhancement (see also our response to Q24). This would also support efforts for monitoring the spend of any revenue and related reporting requirements

**Q20: Should Scottish Government be able to prevent a local authority from applying a visitor levy?**

- **Yes**
- **No**
- **Don't Know**

Don't know.

**Q21: Under what circumstances should Scottish Government be able to do this? Please provide a reason (or reasons) for your answer:**

While we do not have a view on whether The Scottish Government should be able to prevent a Local Authority from applying a visitor levy, we do suggest that some minimum requirements should be met which would otherwise prevent the application of a levy, including reference to a Local Tourism Strategy ( see our responses throughout ) . We



would also expect periods of review (in addition to any regular reporting) to be built into the structure of any visitor levy to ensure it is performing as intended and not causing unintended operational issues or impacts.

**Q22: 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:**

Some minimum engagement requirements (e.g. engagement with Community Councils and similar citizen representative groups) could be set out at the national level, potentially through legislation. However, Local Authorities would be best placed to determine the most effective ways of gathering views and encouraging engagement in their areas.

As noted below (Q23) we also suggest that the revenue should be ring-fenced for tourism purposes – both managing the impact of tourism on our cities, landscapes and communities as well as providing enhancements to Scotland’s tourism offer in support of its future sustainable growth.

**Q23: How might this engagement be best achieved? Please provide a reason (or reasons) for your answer:**

Our view is that engagement activities should be focused around the creation and delivery of a Local Tourism Strategy and any associated action plans which would go on to direct how visitor levy revenue should be deployed. Other engagement mechanisms could include steering or review groups comprising capital investment, planning and infrastructure bodies, visitor attraction representative groups and community representatives.

**Q24: Should revenues from a visitor levy be allocated to priorities articulated through local tourism strategies, where they exist?**

- Yes
- No
- Don't Know

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

Yes.

As set out in answer to Q19, Local Tourism Strategies could provide an important framework within which to identify priorities for investment which could be supported through visitor levy revenue. We recognise that not all Local Authorities have a local tourism strategy and that there are some resourcing pressures which have limited their uptake. However, a commitment to sustainable tourism through a Local Tourism Strategy, which would explore the tensions between tourism growth and environmental capacity and social impacts, would provide more confidence for both the tourism industry, visitors and local communities. In light of this, we suggest the introduction of a



visitor levy should be conditional on the existence of an up to date Local Tourism Strategy.

Where Local Tourism Strategies are brought forward, close collaboration with neighbouring authorities will be crucial in tackling some of the impacts and investment needs that can only be realised through partnership working.

It is also important to note that Local Tourism Strategies provide an important opportunity to test priorities through the various impact assessments that are often required to be undertaken in support of their preparation – such as Equality Impact Assessment and Strategic Environmental Assessment.

**Q25: 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:**

To provide confidence and support transparency, it will be important for there to be reporting requirements around the expenditure of receipts from a visitor levy, with adherence to some standard indicators across Scotland for wider monitoring purposes – helping to inform any reviews on whether the levy is operating as intended or needs to be amended.

**Q26: 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?**

- Yes
- No
- Don't Know

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

Yes.

We suggest it is important that revenue should generally be spent in the area that it is raised. However, we recognise that there may be compelling reasons for distributing revenue more widely within a Local Authority area, or potentially pooling revenue with neighbouring authorities depending on the type of impacts that are being experienced and the investment decisions required to tackle these, together with developing proposals around the enhancement of visitor experience.

**Q27: Is the name 'visitor levy' appropriate for the new powers proposed in the consultation document?**

- Yes
- No
- Don't Know

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

No.



While we recognise that ‘visitor tax’ or ‘visitor levy’ might be a clear expression of what this is, including providing clarity that it would not be optional, there is perhaps an opportunity to name the visitor levy with reference to what it is seeking to achieve or to provide an additional brief narrative about what the levy is seeking to achieve in terms of mitigating impacts and supporting enhancements.

**Q32: Our partial BRIA indicates that the main groups that will be affected by a visitor levy are:**

- **Visitors (both domestic and international)**
- **Tourism accommodation providers and their employees**
- **Other tourism businesses and wider economy**
- **Local residents and general public**
- **Local Authorities**

**In addition to what is set out in our draft BRIA are you aware of any additional impacts the visitor levy will have for any of these groups? Please specify group and additional impact.**

The partial Business and Regulatory Impact Assessment (BRIA) provides a helpful overview of the various benefits and costs associated with the introduction of a visitor levy.

As highlighted under scenario 1 (with broadly similar findings for the sub-options), the wider business community could be negatively affected through reduced levels of turnover, should the visitor levy result in reduced ancillary spending by visitors or reduced visitor numbers. Residents, especially in areas with a high dependence on tourism for employment could also be negatively affected if falls in visitor spend fed through to less employment locally. As a key tourism operator across almost all parts of Scotland, this reflects our experience regarding the seasonal and sometime fragile nature of Scotland’s tourism industry. This seasonality and fragility can be seen more acutely in some specific areas at certain points in the year.

As noted in section 4.2.12, at a Scotland level, some of these impacts may in part be displaced if, for example, visitors chose to spend money in other areas of Scotland where a visitor levy is not introduced, and we welcome that indirect effects such as these will be taken into account as firmer proposals emerge.

Finally, we agree that that benefits for visitors from a visitor levy will depend upon how Local Authorities choose to invest the revenues raised which is why we suggest Local Tourism Strategies play such an instrumental role in identifying and driving forward interventions that not only mitigate impacts but continue to enhance Scotland’s strong and successful tourism offer.

**Historic Environment Scotland  
2 December 2019**