

# Transient Visitor Levy

SUMMARY OF THE RESPONSE TO THE CITY OF EDINBURGH  
COUNCIL'S DRAFT PROPOSAL FOR A TRANSIENT VISITOR LEVY

## Executive summary

More than 2,560 individuals took part in a survey or public discussion forums as part of the Council consultation on a draft proposal for an Edinburgh Transient Visitor Levy (TVL). This report includes the feedback from the public consultation events with industry stakeholders and residents. All quantitative findings are from the survey alone.

The consultation was intended to advance a practical discussion about whether and how Edinburgh should introduce a TVL to ensure sustainable funding for the long-term success of Edinburgh and Scottish tourism and to invest in managing the impact of tourism on the city, its residents and visitors.

In summary, the results of the consultation showed that:

- 85% of all respondents expressed strong support for the introduction of a TVL in Edinburgh compared to only 9% who expressed strong opposition.
- The majority of all category stakeholders supported the introduction of a TVL in the city:
  - Edinburgh residents – 90%
  - Edinburgh businesses – 77%
  - Edinburgh tourist attractions – 67%
  - Edinburgh accommodation providers – 51%
- 67% of respondents felt Edinburgh should introduce a TVL at a rate of around £2/2% of the cost of accommodation while 18% felt this was too low.
- The majority of respondents (47%) preferred a flat £ per night per room rate but a high number of respondents (38%) wanted to see the introduction of a charge based on the percentage of the room fee.
- Respondents felt there should be no significant exemptions or variations to this rate based on quality of accommodation, time of year, type of accommodation or length of stay.
- Exceptionally, respondents wanted to see a cap on the duration of the charge of no less than seven days to help protect festival performers and other non-leisure visitors.
- Consideration should be given to how those not staying overnight could also make a fair contribution to the maintenance of Edinburgh as a major tourist destination, given that day visitors to the city significantly outnumber overnight visitors while spending less with local businesses.
- TVL should be considered alongside the rate of value-added tax applied to accommodation.
- While respondents largely supported the purpose of the TVL it was felt that a narrower set of objectives for funding should be identified and that the Council must be able to demonstrate clear outcomes and visible success in the short term. Concerns were high that TVL revenue would be reallocated to fill gaps in Council spending or be effectively removed in any Scottish Government funding settlement.
- In setting priorities for investment, respondents felt that revenue from TVL should be prioritised to street cleaning and transport in the first instance, then to parks and policing of relevant tourist areas.

## Response to the consultation

The Council received 2,560 responses to the TVL consultation through a survey, with categories of respondent shown below.

The Council also conducted public events with stakeholders to discuss and understand attitudes towards the proposed levy.

This report is based on all responses received by any method, but percentages are only shown for responses to the survey, which was hosted online, with paper copies made available in libraries and on request.

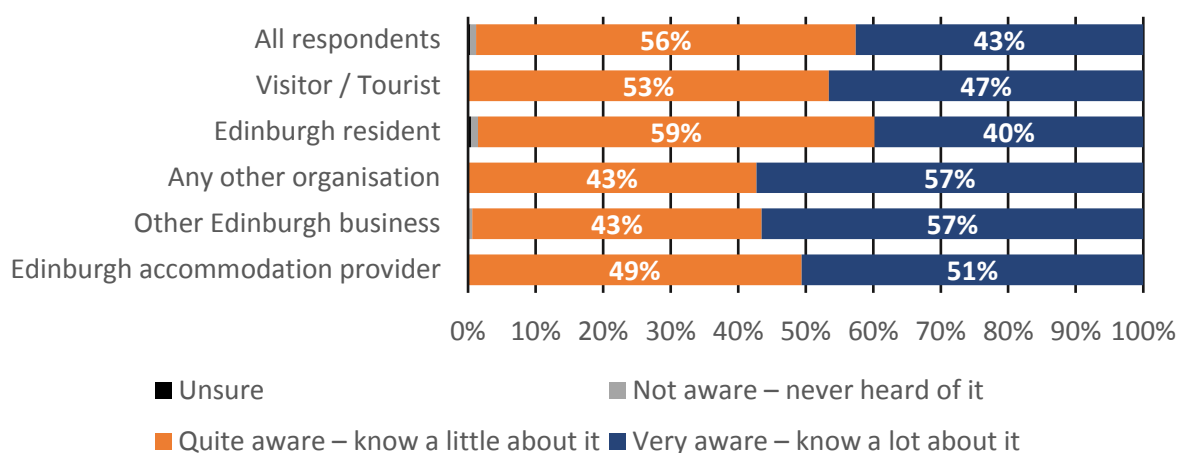
*Fig 1. Number of respondents to online survey by type*

Respondent type	Number
Edinburgh-based accommodation provider	170
Other Edinburgh business, including visitor attractions	162
Any other organisation, including non-Edinburgh-based accommodation providers	103
Edinburgh resident	1,996
Visitor to Edinburgh / tourist	88
Not stated / prefer not to say	41
<b>Total</b>	<b>2,560</b>

### Awareness of the proposed transient visitor levy

Almost all respondents to the online survey had some level of awareness of the proposed TVL. This would suggest that the results of the survey reflect the views of a more interested and informed group of stakeholders.

*Fig 2. 'How aware are you of the concept of a 'tourist tax' or 'transient visitor levy' (TVL)?' (2,551)*



### Attitude to the proposed levy

Respondents were given two opportunities at the beginning and at the end of the consultation to register their opinion about the desirability of a TVL within Edinburgh. The answers given were consistent. All groups of respondents were supportive of introducing a TVL in Edinburgh, with 85% of all respondents saying they strongly supported the levy, compared to 9% who strongly opposed it. Edinburgh residents were the most supportive group, with 91% expressing strong support and only

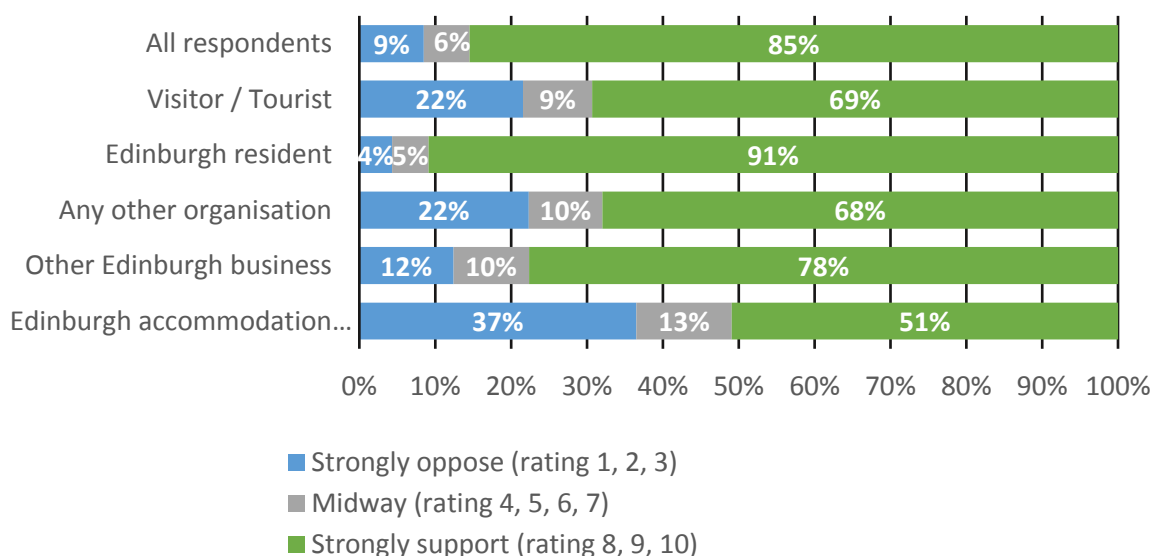
4% expressing strong opposition. The majority of Edinburgh-based accommodation providers supported the introduction of a TVL (51%) but were also most likely (37%) to oppose it.

*Fig 3. 'Overall, on a scale of 1 to 10, where 10 is totally in favour and 1 is totally against, how would you rate your general support for introducing a Transient Visitor Levy in Edinburgh?' (min 2,539)*

	Edinburgh accom. provider	Other Edinburgh business	Any other org.	Edinburgh resident	Visitor / Tourist	All
<b>Strongly support (rating 8, 9, 10)</b>	51%	78%	68%	91%	69%	85%
<b>Strongly oppose (rating 1, 2, 3)</b>	37%	12%	22%	4%	22%	9%

While the overall response is skewed by the high number of resident respondents, a majority of all Edinburgh businesses, other organisations and visitors rated their support as '10 – totally for'. Edinburgh Accommodation providers were most polarised in terms of responses with 51% strongly supporting and 37% strongly opposing a TVL.

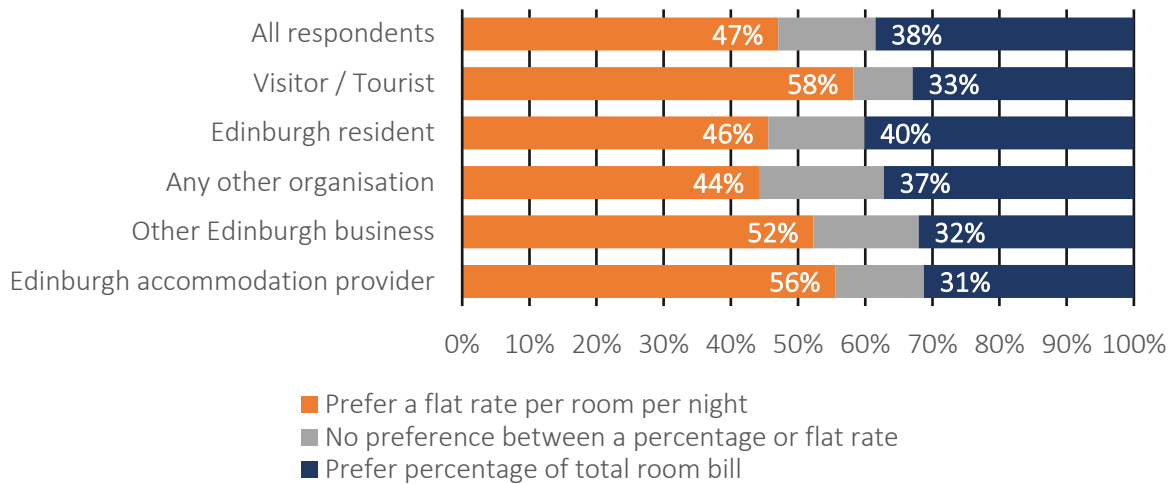
*Fig 4. 'Having considered the different aspects of the proposal, we want to check if your opinion has changed. Overall, on a scale of 1 to 10, where 10 is totally in favour and 1 is totally against, how would you rate your general support for introducing a Transient Visitor Levy in Edinburgh?' (2,539)*



### Type and level of charge

Of those who expressed an opinion on the format of a TVL, 47% felt the charge should be a flat rate, while 38% felt it should be a percentage. The flat rate was felt to be easier to understand – this feedback was noted in both market research and the consultation – and was especially favoured by accommodation providers in Edinburgh and those who described themselves as visitors to the city.

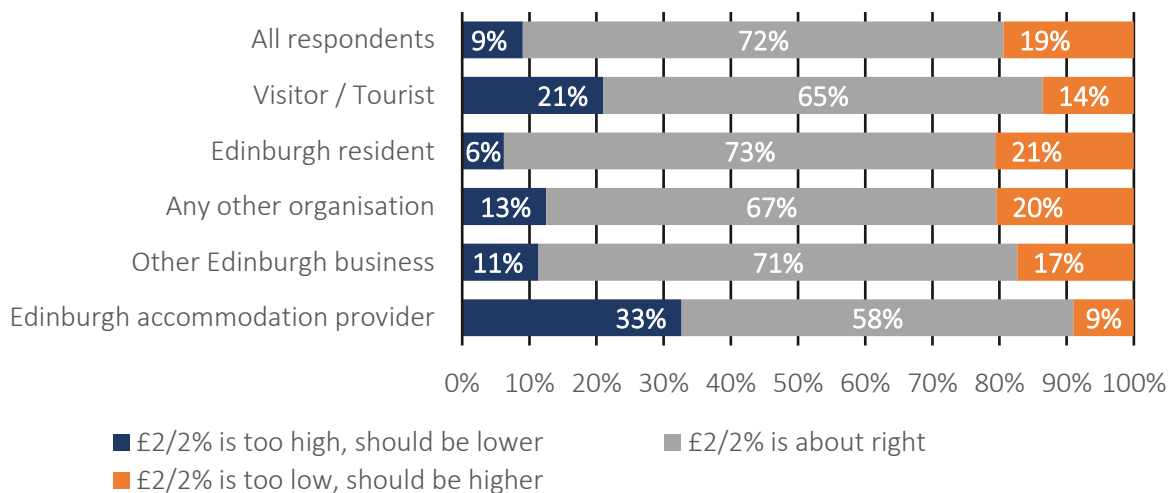
*Fig 5. 'If a transient visitor levy were to be introduced in Edinburgh, which charging mechanism would you prefer?' (2,425; excludes 'unsure')*



When asked whether luxury accommodation should pay a higher rate, 46% (base 2,523) felt that it should. While the consultation suggested that there could be a peak rate and an off-peak rate, respondents were also clear that any charge should be imposed year-round (89% supported this; base 2,539).

Amongst those who expressed an opinion about the level of the charge, 72% supported a charge that was either £2 flat rate per night or 2% of the total bill, with a majority of respondents in all groups also supporting this level of charging. 33% of Edinburgh accommodation providers felt that £2/2% was too high, however within this category 9% of respondents also felt that it was not high enough. 21% of residents felt that the charge should be higher than £2/2%.

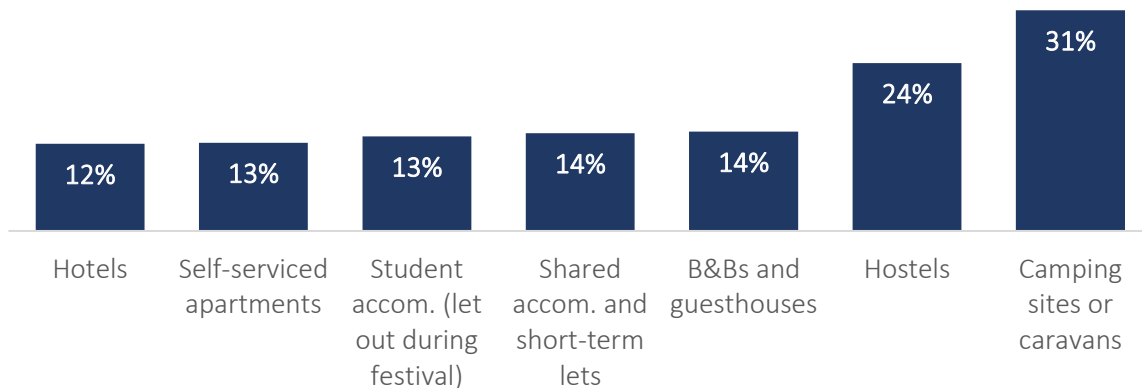
Fig 6. 'What level should the charge be?' (2,379; excludes unsure)



### Exemptions from TVL

The Council asked respondents to consider, if a TVL were introduced, should any types of accommodation be exempt from this charge. There was no majority level of support for any exemption for any accommodation type, though there was significantly more support for exempting camp sites and hostels across all categories of respondent.

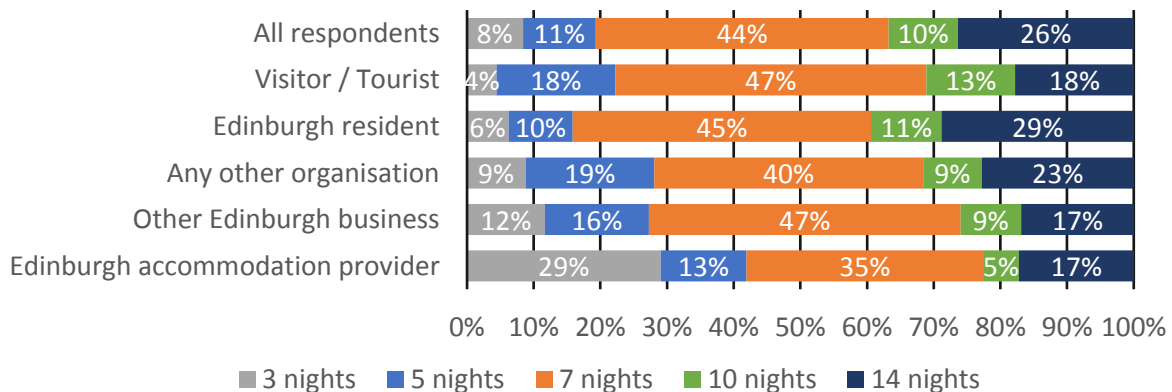
Fig 7. 'If a transient visitor levy were introduced in Edinburgh, are there any types of paid accommodation you feel should be exempted from this charge?' (2,560)



There was less support for exempting the room charges based purely on the cost of accommodation. Only 13% of all respondents felt that budget properties (those charging less than £50 per night) should be exempt. As with exemption by types of property, there was no significant variation between stakeholder groups.

There was more support for any charges to be capped. 48% of all respondents felt that there should be a cap on the duration of the charge period, rising to 60% of accommodation providers. Amongst those who felt that there should be a cap, the highest level of support was for that cap to be based on a stay of seven nights (44%) followed by a stay of 14 nights (26%). While these periods also correspond to one week and two weeks, they may also have been chosen to reflect normal holiday periods – though the average overnight visitor to Edinburgh is much more likely to stay for only three nights.

Fig 8. 'If yes, after how many nights should a charge be capped?' (1,238; those who felt there should be a cap, excludes unsure about duration)



The response to both of these questions suggests that there would only be broad support for a cap which applied to a small minority of visitors, rather than one which materially impacted the average visitor in any way.

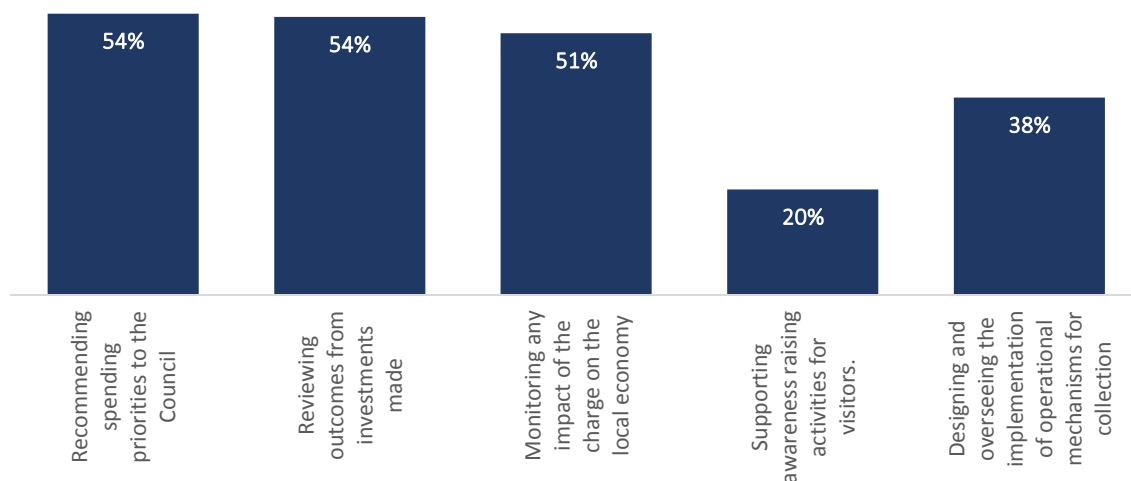
#### Administration of the TVL scheme

The Council asked for views on a number of issues in relation to how any TVL should be administered. 49% of all respondents favoured a monthly collection mechanism rather than an annual collection. But only 16% of all respondents wanted to see a portion of revenues retained by industry to pay for

the collection – amongst accommodation providers this figure was a little higher, with 21% supporting it.

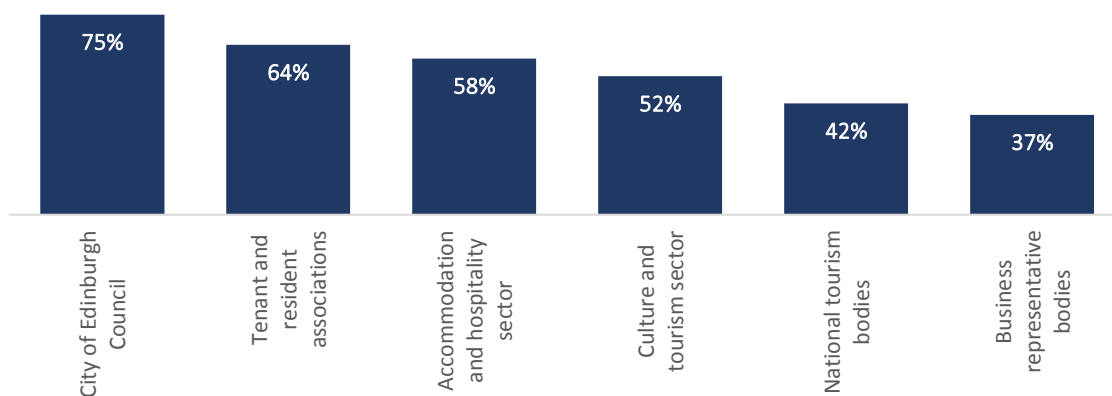
Almost a third (30%) of all respondents felt there should be an industry-led implementation process for an Edinburgh TVL. This figure did not substantially vary by stakeholder group, with 31% of accommodation providers supporting this. By contrast, 56% of all respondents agreed there should be a forum of stakeholders to help oversee TVL with a role to make spending recommendations to the Council; review investments and monitor the effects/impact of TVL on the local economy.

Fig 9. 'If a forum were established, what role should it have? (Please tick all that apply)' (2,560)



The Council sought views about membership of such a forum, with majority support amongst all respondents for involvement of the Council, tenant and resident associations, the accommodation and hospitality sector, and the culture and tourism sector. These views were broadly consistent across stakeholder groups. There was less support for the inclusion of national tourism bodies and other representative business groups. Even amongst accommodation providers, support for these members was 46% and 45% respectively.

Fig 10. 'If a TVL forum were established, who should be involved? (Please tick all that apply)' (2,560)

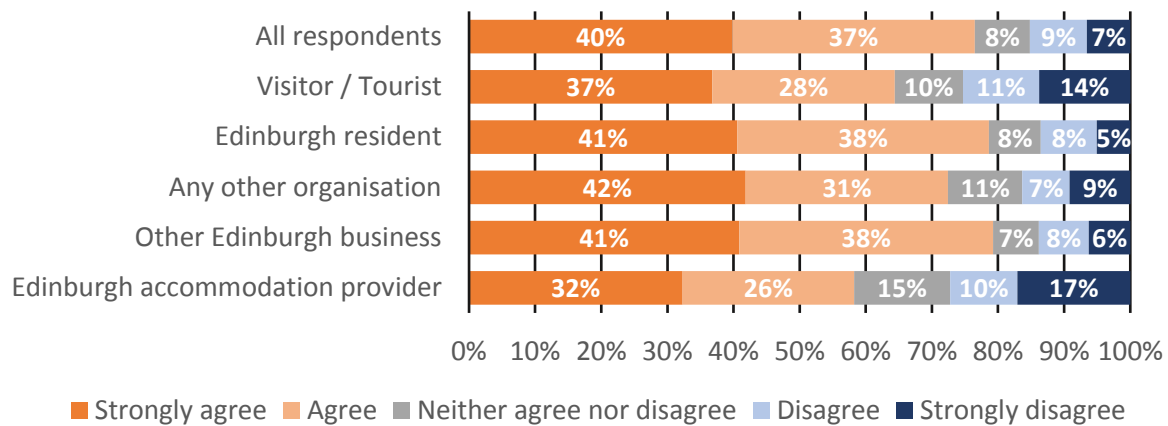


### How revenues should be invested

The Council set out a list of priorities for the TVL. Respondents were asked the extent to which they agreed or disagreed that the priorities were correct – 76% of respondents (base 2,499) agreed or strongly agreed, while only 15% disagreed or strongly disagreed.

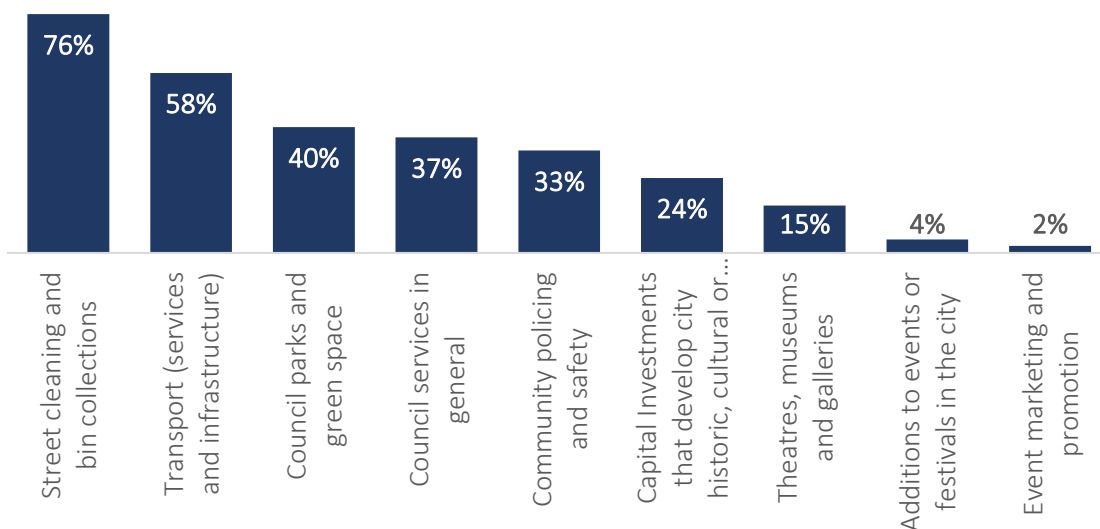
There was broad support for the priorities amongst all stakeholder groups, with the lowest level of agreement (58%) amongst accommodation providers, while the highest was residents and other Edinburgh businesses (both 79%).

Fig 11. 'To what extent do you agree or disagree with the priorities as set out above?' (2,499; excludes unsure)



There was strong consensus around the priorities for investing any revenue generated by TVL. 76% of all respondents cited street cleaning as their priority for spending. This was the number one ranked priority for all stakeholder groups, followed by transport (58%), which was also the second priority for all stakeholders. The least preferred choices for all groups were additional events (4% overall) and promotions (2% overall). Additional priorities for funding included public toilets, access to drinking water, and improving disabled access to historic buildings and festival venues.

Fig 12. 'If a transient visitor levy were introduced, which three areas would you prioritise to receive funding from the revenue raised? (Choose up to three options)' (2,560)



While the survey identified a substantial minority (37%) who were in favour of the TVL revenue being used to fund Council services in general, feedback from others – particularly industry stakeholders – indicated strong opposition towards this idea.



## Roundtable feedback

The Council arranged and facilitated 7 roundtable events across the City during the consultation period. Roundtable discussions ranged from small meetings of 3-4 to larger meetings of 10-15 participants with individual residents, business people, organisations and membership bodies and groups in attendance. To ensure the same anonymity provided by the survey, the feedback has been compiled as a single report. Attribution is made to stakeholder groups and not to individuals or organisations.

### *Support for TVL*

It was generally acknowledged by residents and industry participants that Edinburgh would benefit from additional funding to support its tourist sector and manage the consequences of a thriving tourism economy on the city and its residents.

Recognising the need for additional funding, all groups stressed the importance of tourism to the Edinburgh economy. It was generally well-understood that the City enjoys enormous economic benefits from tourism and has an important national role in the tourism sector. However, this should not be interpreted as absolute endorsement of tourism in the City, resident attendees expressed a feeling that the growth in visitor numbers, hotels and short-term lets is to the detriment of residents and some communities. For example, Old Town residents report that year-round tourism has a significant negative impact on their quality of life as well as the quality of their local environment.

Overall opinions of an Edinburgh TVL were mixed across the group sessions. Residents, local businesses and event/visitor stakeholders offered most support, while Industry attendees were most likely to be strongly opposed - although this opposition was sometimes in principle, it was also often caveated dependent upon whether the revenue raised would be additional and ringfenced to support tourism.

Industry opposition to an Edinburgh TVL reflected a concern about the overall burden of taxation on businesses and providers, competitiveness with other tourist destinations and the practicalities and cost of implementation. Industry stakeholders spoke against the idea that tourism is booming in Edinburgh and Scotland; participants felt that large tourism sector businesses were 'struggling to maintain profits' with concerns raised about future prosperity – particularly in respect of conference and business visitors.

While some attendees held firmly entrenched views that they would not support a TVL under any circumstances, most expressed targeted concerns about how a TVL would operate cost effectively and how resources would be invested.

Not including alternative methods of raising revenue as part of the consultation raised specific criticism from some stakeholders that the Council had "already made up its mind" and was focused on one option to the exclusion of others.

### *Overnight and Day visitors*

A number of participants at the public events observed that day visitors significantly outnumber overnight visitors – and that cruise ship and coach party visitors make as much use of the infrastructure in the City as overnight visitors while spending relatively little.

Though it was acknowledged that charging day visitors was more difficult without also penalising residents, it was otherwise seen as a large potential revenue source left untapped by an overnight TVL

with the total burden of a levy falling on overnight visitors. Accommodation providers in particular felt this should be further explored citing Hoi-An in Vietnam as an example.

All respondents suggested that a small charge on tourist attractions where an entry fee is already requested should be explored. An additional charge on all festival tickets was also suggested although how this was targeted towards tourists without also encompassing city residents was an identified concern.

### *Setting a charge*

Fairness was considered important in setting the charge, and it was not clear that stakeholders necessarily considered a flat rate to be the fairest outcome. It was observed that Edinburgh's hotel prices in key locations can multiply between peak and off-peak seasons and that a flat rate might be 'too much' during the off-peak period as well as 'too little' when Edinburgh is at its busiest. It was also suggested that a flat rate might have a disproportionate impact on budget providers and budget tourists.

Attendees suggested that a percentage of the total bill might be the fairest way of deciding the charge. This, it was felt, would take reasonable account of variations in quality of accommodation and demand for accommodation across the year and inflation on an ongoing basis.

However, simplicity of administration was also a major concern for industry and all accommodation types who attended felt that a flat rate would be easier to administer and be simpler to understand. Concerns about the administrative burden of the system of charging also meant any scheme of in-year variation was seen as less workable and less desirable regardless of whether a variation had some merit.

Criticism of a flat rate system was around the potential administrative implication of having to set a fee each year that would take account of inflation.

### *Level of charge*

Attendees, that discussed the level of charge, felt that whatever level was set needed to raise an 'impactful' amount of resources. Residents questioned whether an annual return of (the estimated) £11m to £13m was enough to achieve a meaningful impact in the City.

By contrast, accommodation providers and businesses focused on how the resource would be spent. In terms of the level of the charge accommodation providers focused on consideration of the overall tax burden rather than seeing the TVL as 'stand alone'. It was suggested that if TVL were introduced, there should be some reduction in the VAT rate on accommodation.

### *Use of resource raised*

While there was agreement that the Council's proposed priorities were important and welcome, stakeholders expressed a range of points on how resources should be invested. The priorities were seen as reasonable for a local authority to have, but were felt to be too broad for a TVL to fund.

The priorities were viewed to be focused on tourism from the Council's perspective - providing a financial buffer for the Council to make choices about commercialisation of the city space and not necessarily reflecting the concerns of residents – such as addressing issues of quality of life .

As presented, respondents felt that the draft priorities were worded to enable the Council to spend the money raised in any way it wanted. Further prioritisation and specific investment proposals were

sought and a stakeholder group looking at this in more detail was strongly supported by industry and resident attendees alike.

There was broad concern across stakeholder groups that the resources raised

- Would be spread too thinly across a large number of priorities to be felt to make an impact.
- That in 'pleasing everyone' the scheme would impact no one.
- That the Council would absorb the TVL to meet its wider funding pressures.
- That any revenue raised by Edinburgh through a TVL would simply be removed in the funding settlement from Scottish Government, creating effort and raising expectations but resulting in little improvement.

Industry respondents in particular were looking for mechanisms and guarantees from the Council that would ensure resources raised would be spent to support tourism. It was also accepted that using the resources to manage the impact of tourism in the city would be positive for visitors and residents alike. Industry attendees suggested assurances such as these would increase levels of support for the TVL.

### *Exemptions*

The impact of charging on different customer groups (and price elasticity) was, understandably, a larger concern to accommodation providers. While it was acknowledged that leisure travellers would be largely unaffected by a modest charge, the cumulative effect on corporate customers could be more noticeable. Bulk bookings for businesses and conferences would result in noticeably higher total bills that could impact on demand. Part of the reason for the higher level of support for a cap appears to be due to how uncapped charges would impact on non-leisure visitors. For example, international businesses often use hotel accommodation for extended stays for staff based in other countries, and the Edinburgh festivals (notably the Fringe) require four weeks of accommodation for many performers and other essential staff.

Finally, self-catering accommodation providers, residents and other accommodation providers expressed similar concerns about the relationship between the TVL and the council position on short term lets. Other accommodation providers and residents welcomed the potential requirement for short term lets to register and be visibly contributing to the sustainable future of the City's tourism while self-catering accommodation providers felt that the TVL would disproportionately impact upon them and have a greater administrative and financial burden than on larger, established businesses.

### Next Steps

The responses to this consultation will be used to inform further council consideration of a TVL in Edinburgh, its design and implementation. The findings will also be submitted to the Scottish Government National Conversation on Tourist Tax/Transient Visitor Levy.