

**Perth and Kinross Council**  
**Economy and Infrastructure Committee**

**5 February 2025**

**Perth and Kinross Visitor Levy**

**Report by Strategic Lead – Economy, Development & Planning**  
**(Report No. 25/28)**

**1. Purpose**

- 1.1 To explain how the Visitor Levy (Scotland) Act 2024 and the powers granted to local authorities could be applied within Perth and Kinross, and the process for considering this.
- 1.2 Seek committee approval to commence early engagement on a potential visitor levy scheme for Perth and Kinross, recognising the importance of tourism on the local economy and the need for engagement with interested parties.

**2. Recommendations**

- 2.1 It is recommended that the Committee:
  - Agree the approach and timeline for early engagement on a potential visitor levy scheme for Perth and Kinross set out in section 4.6.
  - Instruct the Strategic Lead - Economy, Development and Planning to report back on the results of that early engagement and produce a draft Perth and Kinross Visitor Levy Scheme to Council in December 2025, for a decision on whether to proceed to formal consultation or not.

**3. Structure of Report**

- 3.1 This report is structured over the following sections:
  - Section 4: Background/Main Issues
  - Section 5: Proposals
  - Section 6: Conclusion
  - Appendices

**4. Background / Main Issues**

- 4.1 In May 2024, MSPs backed legislation – The Visitor Levy (Scotland) Act 2024 – giving local authorities a new power to introduce a visitor levy that would raise money to be re-invested locally on facilities and services substantially for or used by visitors (leisure and business) - enhancing the visitor experience.

In October 2024, the Scottish Government approved the guidance on the visitor levy for local authorities (Appendix 1).

- 4.2 The Act gives local authorities in Scotland the power to introduce a levy for overnight accommodation based on a percentage of the cost of that accommodation. Local authorities have the power to determine the percentage rate set, the geographical area where it applies and any local exemptions. The authority can also specify a maximum number of nights to apply the levy and whether it applies to all or part(s) of its area.
- 4.3 The visitor levy does not apply to:
- Those using overnight accommodation as their only or primary residence.
  - Those staying on a dedicated gypsy/traveller site.
  - Those in receipt of specified UK disability benefits, payments or allowances.
- 4.4 At this time, the cruise market and motorhomes are not in scope. This will be reviewed nationally on an ongoing basis.
- 4.5 Local authorities that want to introduce a visitor levy are only able to do so after they have consulted local communities, businesses and the wider tourism sector, through early engagement, formal consultation and then implementation period. In total these processes would take just over 2 years to conclude if the minimum timescales were applied. For Perth and Kinross this means that the earliest date a scheme could come into effect would be Summer 2027.

### **Timeline for engagement/decision-making**

- 4.6 For a visitor levy scheme to be successfully implemented it is important that there is appropriate and effective engagement with a range of interested parties. Visitor levy guidance published by the Scottish Government (Appendix 1) clearly sets out the timescales for this process.
1. Early engagement (approximately 6-12 months) – undertake early engagement with local businesses, residents and other relevant partners to inform a draft visitor levy scheme.
  2. Forecasting - alongside early engagement undertake forecasting to assess the potential income generated from a levy.
  3. Consultation (12 weeks) – consult on the proposed visitor levy scheme.
  4. Implementation period (18 months) – following publication of decision to proceed, the implementation period is intended to allow local authorities, communities and businesses time to prepare for the introduction of the scheme.

## 5. Proposals

- 5.1 This report does not seek a decision on implementation. It sets out proposals for early engagement to allow the Council to make an informed decision on whether to introduce a local visitor levy scheme or not.
- 5.2 It is important to acknowledge that in feedback in the lead up to the national legislation coming into place, there have been reservations expressed, both locally and nationally, about the introduction of a visitor levy scheme. That is why early and ongoing engagement with those most likely to be impacted by the introduction of a scheme is a fundamental part of the proposed approach to exploring the possibility of a scheme in Perth and Kinross.
- 5.3 The visitor economy is one of the most important sectors in Perth and Kinross, supporting businesses, jobs and communities across the area. This is reflected in our Perth and Kinross Economic Action Plan and the Tay Cities Regional Prospectus for Growth. It is also one of the key action areas under the Council's Corporate Plan priority of 'developing a resilient, stronger, and greener local economy', where we commit to promoting what our city and towns have to offer to businesses, investors and tourists. Nationally, the visitor economy is also one of the Scottish Government's six key growth sectors.
- 5.4 What the visitor economy sector in Perth and Kinross looks like:
- 2.3 million visits to Perth and Kinross in 2023.
  - 2.8 nights – average length of stay.
  - Total economic impact of £641 million for local businesses and communities.
  - 8,200 full time equivalent jobs supported.
- 5.5 There are community costs to supporting visitors to our area. This has previously been recognised by Council through investment in the Visitor Ranger Scheme to promote responsible tourism and provide support and guidance to visitors to help minimise the impact visitors to popular parts of Perth and Kinross can have on year-round residents. The visitor levy could provide an opportunity to offset these costs and invest in the visitor economy sector.
- 5.6 To ensure a planned and effective approach to implementation, VisitScotland guidance on the levy recommends alignment with a local or regional tourism strategy. We are currently refreshing our Perth and Kinross Tourism Strategy and Action Plan. This will be brought to the Economy and Infrastructure Committee on 28 May 2025 and will set out a clear vision for tourism in our area and detail the types of activity that could be supported by a levy, under 4 main areas:
- Area promotion
  - Investment and infrastructure
  - Market development and internationalisation

- Industry growth and resilience
- 5.7 Consultation on the Perth and Kinross Tourism Strategy and Action Plan, developed by Perthshire Tourism Partnership, is currently underway. This activity is being carried out with support from VisitScotland, ensuring local, regional and national alignment.
- 5.8 Through early feedback from this activity, as well as nationally through bodies such as the Scottish Tourism Alliance, concerns have been expressed that with financial pressure on local authorities, the income received from any visitor levy will be used to offset general budget pressures rather than enhancing the visitor offer. Demonstrating the alignment between the Tourism Strategy objectives and the investment of any visitor levy income will be a key part of addressing these concerns as part of our early engagement process.

### **Factors to be taken into consideration when developing a scheme**

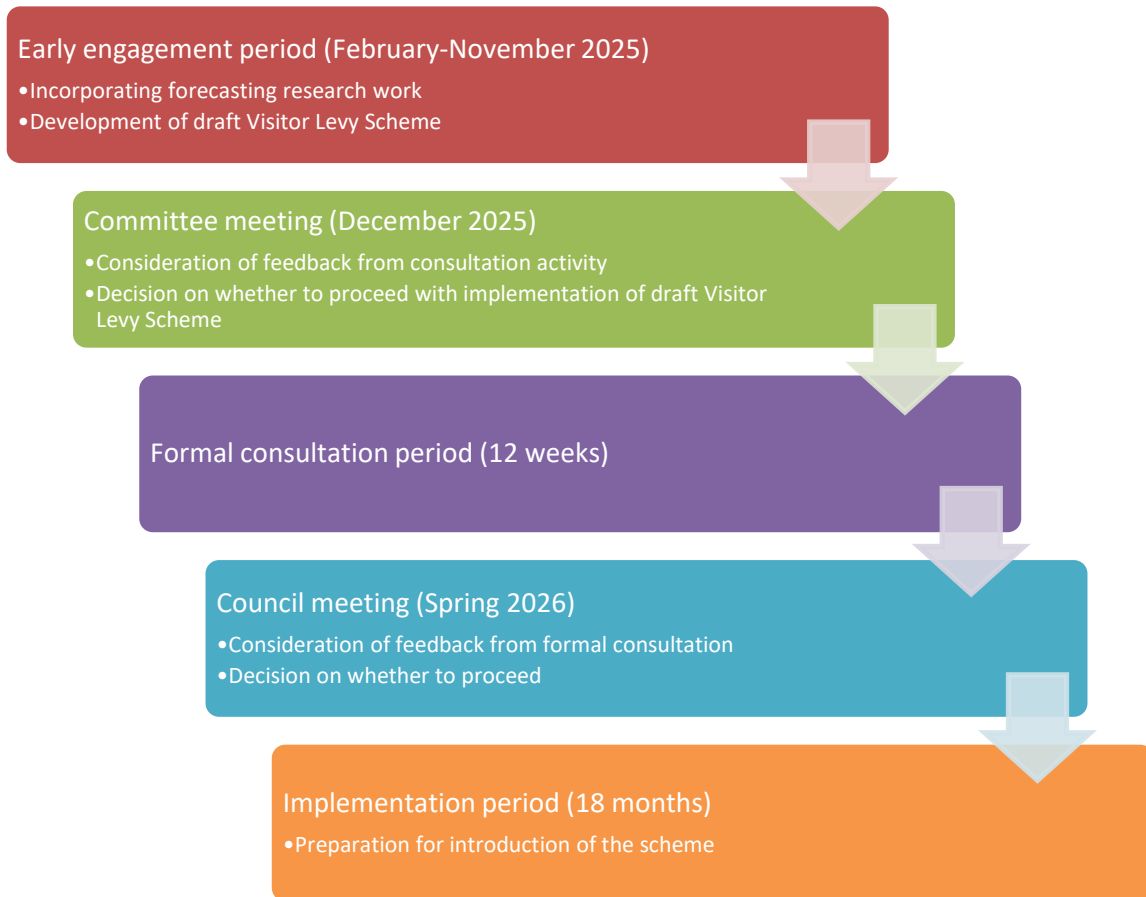
- 5.9 The Visitor Levy Guidance (Appendix 1) details a number of issues local authorities should take into account when developing proposals for a local scheme.
- 5.10 As part of this there is a requirement for local authorities to state whether they will exempt businesses below VAT threshold. This needs to be taken into account at a local level, reflecting the make-up of the sector as there is a potential for small businesses potentially being pushed into a higher tax threshold through the collection of the levy.
- 5.11 The scheme must specify, among other factors, the area of operation, the percentage rate chargeable and the objectives of the scheme.
- 5.12 In order to calculate potential revenue for Perth and Kinross, we have commissioned The Moffat Centre, a leading consultancy and research body in the tourism and travel market, to carry out a full assessment of potential income based on overnight stays and any other relevant measures. This is being done in partnership regionally with other authorities as part of the Tay Cities Regional Economic Partnership. Discussions on a levy are also taking place as part of this partnership to determine any potential collaboration, shared opportunities and challenges.
- 5.13 It is important that any scheme considers an areas price competitiveness and considers the point beyond which visitors may be unwilling to pay for accommodation. This will be considered when drafting the scheme, in partnership with VisitScotland and specialist expertise where appropriate.
- 5.14 Although there is no requirement for a local authority to provide assistance to liable persons (businesses), local authorities are encouraged to be mindful of the costs incurred by accommodation providers.

- 5.15 In managing visitor levy income local authorities are required to maintain separate accounts for any net proceeds of a scheme, meaning funds should not be incorporated into a council's 'general fund'. However, the visitor levy generates a revenue income which can be used to finance capital borrowing for relevant capital investment.
- 5.16 While legislation is still relatively new and most other areas considering a scheme are at a similar stage to Perth and Kinross, there are opportunities to learn from other areas. Edinburgh was the first area to go through a process of formal consultation. This ran until the end of December 2024 and full results and a decision have now been taken. The City of Edinburgh Council are proposing a percentage rate of 5% on the first 5 nights of overnight stay. The estimated levels of income are £50 million per annum, starting in July 2026 – subject to council approval of a scheme. The proposed use of funds include:
- Administration and contingency costs
  - City operations and infrastructure (55%)
  - Culture, heritage and events (35%)
  - Destination management (10%)
  - Fixed annual amount:
    - Housing and tourism mitigation (£5 million)
    - Participatory budgeting (2%)

### **Early engagement process**

- 5.17 In order to introduce a scheme we are required to, through early engagement with industry and residents, produce a draft scheme. This process is likely to take around 10 months to ensure effective consultation, representation and input from all parties.
- 5.18 Led by the Council's Economic Development Team, and supported by a range of internal and external partners, we will:
- Carry out an extensive programme of early engagement with local businesses, residents and any other relevant partners to draft a Perth and Kinross Visitor Levy Scheme, in compliance with legislative requirements.
  - Forecast potential income from a visitor levy.
  - Gather further feedback on the proposed visitor levy scheme.
  - Provide regular updates to elected members on progress.
  - Bring a full report to Council in December 2025, seeking a decision on whether to progress to statutory consultation on the scheme or not.
- 5.19 If elected members agree to progress, there would then be a formal 12 week consultation period, after which the proposed scheme would be brought back for final approval from Council. As per the legislation, if final approval is given there would then be an implementation period of at least 18 months. The implementation period is intended to allow local authorities, communities, and businesses to prepare for the introduction of a visitor levy scheme.

## Decision-making timeline for Perth and Kinross



5.20 Engagement and communication would continue throughout the progress to implementation with a number of opportunities for elected members to consider feedback and whether to progress to the next stage. Even if there is a final decision to implement, a successful visitor levy scheme will require meaningful and sustained engagement throughout its lifetime. For this reason Visitor Levy Forums (“advisory bodies”) need to be set up within 6 months of formal announcement of a scheme. This should include the local authority, industry and tourism sector representatives. This will be progressed if the final decision of Council is to implement a local Visitor Levy Scheme.

## 6. Conclusion

6.1 A visitor levy could provide indefinite annual funding allowing multi-year investment for transformational and impactful projects over the short, medium and long term, and the ability to leverage additional funds. A local scheme could create significant opportunities for Perth and Kinross.

6.2 Officers therefore recommend that committee approves work to explore a potential Perth and Kinross Visitor Levy Scheme, commencing early engagement to ensure that the views of local businesses, residents and other relevant partners are incorporated in the development of a draft scheme, and brings a report back in December 2025 for a decision on whether to progress.

**Author**

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**Approved**

<b>Name</b>	<b>Designation</b>	<b>Date</b>
Serge Merone	Strategic Lead – Economy, Development and Planning	29 January 2025

**APPENDICES**

Appendix 1 – Guidance on the Visitor Levy for local authorities (Scottish Government – October 2024).

If you or someone you know would like a copy of this document in another language or format, (on occasion, only a summary of the document will be provided in translation), this can be arranged by contacting the Customer Service Centre on 01738 475000.

You can also send us a text message on 07824 498145.

All Council Services can offer a telephone translation facility.

## 1. Implications, Assessments, Consultation and Communication

<b>Strategic Implications</b>	<b>Yes / None</b>
Community Plan / Single Outcome Agreement	<b>Yes</b>
Corporate Plan	<b>Yes</b>
<b>Resource Implications</b>	
Financial	<b>Yes</b>
Workforce	<b>Yes</b>
Asset Management (land, property, IST)	<b>Yes</b>
<b>Assessments</b>	
Equality Impact Assessment	<b>Yes</b>
Strategic Environmental Assessment	<b>Yes</b>
Sustainability (community, economic, environmental)	<b>Yes</b>
Legal and Governance	<b>Yes</b>
Risk	<b>Yes</b>
<b>Consultation</b>	
Internal	<b>Yes</b>
External	<b>Yes</b>
<b>Communication</b>	
Communications Plan	<b>Yes</b>

### 1. Strategic Implications

#### Community Plan/Single Outcome Agreement

1.1 This report supports all of the priorities within the Community Plan 2022-27.

- (i) Reducing Poverty (including child poverty, fuel poverty and food poverty)
- (ii) Mental and physical wellbeing
- (iii) Digital participation
- (iv) Skills, learning and development
- (v) Employability

#### Corporate Plan

1.2 This report supports the objectives within the Corporate Plan:-

- (i) Children and young people grow up safe, respected, well-educated, and confident in their ability to realise their full potential;
- (ii) People and businesses are increasingly able to prosper in a local economy which support low carbon ambitions and offers opportunities for all;
- (iii) People can achieve their best physical and mental health and have access to quality care and support when they need it;
- (iv) Communities are resilient and physically, digital and socially connected;



- (v) Perth and Kinross is a safe and vibrant place, mitigating the impact of climate and environmental change for this and future generations.

## **2. Resource Implications**

### **Financial**

- 2.1 The recommendations in this report do not have direct financial implications.
- 2.2 Existing Economic Development budgets will be used to progress the work. For example, we have made a contribution at a regional level for The Moffat Centre to carry out an assessment of the levels of revenue that could be generated.
- 2.3 We will also look for external funding to bring in additional resource if and when required.

### **Workforce**

- 2.4 The recommendations in this report do not have any direct implications for the Council's workforce. The project will be led and delivered by Perth and Kinross Council Economic Development – Business, Place and Investment Service.

### **Asset Management (land, property, IT)**

- 2.5 There are no direct Asset Management implications arising from this report.

## **3. Assessments**

### **Equality Impact Assessment**

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

This section should reflect that the proposals have been considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:

- (i) Assessed as **not relevant** for the purposes of EqIA

### **Strategic Environmental Assessment**

- 3.2 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.

No further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

### **Sustainability**

3.3 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. Under the Climate Change (Scotland) Act 2009 the Council also has a duty relating to climate change and, in exercising its functions must act:

- in the way best calculated to delivery of the Act's emissions reduction targets;
- in the way best calculated to deliver any statutory adaptation programmes; and
- in a way that it considers most sustainable.

### **Legal and Governance**

3.4 The Visitor Levy (Scotland) Act 2024 (the act) gives local authorities the power to impose a levy in respect of persons staying in certain types of accommodation overnight.

### **Risk**

3.5 Delaying progress on exploring a local visitor levy risks not maximising potential revenue – due to the long timescales involved.

3.6 A lack of meaningful and comprehensive engagement and consultation risks a lack of industry and resident support for a potential scheme.

3.7 A full risk register will be produced for the full report, including mitigations.

## **4. Consultation**

### **Internal**

4.1 The following have been consulted at an early stage.

- Economy, Development and Planning
- Local Taxes
- Convenor, Vice Convenor (Economy and Infrastructure Committee), Council Leader

### **External**

4.2 The following have been consulted at an early stage.

- VisitScotland
- Perth and Kinross Tourism Partnership

- Perth and Kinross Business Tourism Partnership

## **5. Communication**

5.1 In order to engage and consult on this project, we will communicate with a wide range of stakeholders. A full communication plan will be drafted and implemented at the outset of the project. Those to be communicated to include:

- Relevant Perth and Kinross Council Services
- VisitScotland
- Perth and Kinross Tourism Partnership
- Perth and Kinross Business Tourism Partnership
- Local Tourism Partnerships
- Tourism businesses and those in associated sectors
- Community Councils

## **2. BACKGROUND PAPERS**

2.1 None.