Agenda Item	18
Report No	HC/63/19

HIGHLAND COUNCIL

Committee:	**The Highland Council**
Date:	**9 December 2019**
Report Title:	**Transient Visitor Levy**
Report By:	**Executive Chief Officer – Transformation and Economy**

1. Purpose/Executive Summary

1.1 This Report describes for Members the findings of the recent public consultation carried out by the Council. Building on these findings the report then makes a series of recommendations on key decisions that require to be made and principles that would support Council efforts to engage with, and potentially shape, the Scottish Government's forthcoming legislation.

2. Recommendations

2.1 Members are asked to:

i. consider and homologate the written response to the Scottish Government consultation, as set out in **Appendix 4**;
ii. recognise the support for a Transient Visitor Levy in Highland evidenced in the online and face-to-face surveys, but also the observations on impact and design made across the consultation;
iii. determine whether this evidence constitutes a mandate to introduce a Highland TVL and if so, commit to further consideration of how such a scheme might be designed and implemented in order to reflect the views given in the consultation and to mitigate any potential negative impacts;
iv. incorporate the views from the Highland consultation in a series of design principles which are used in the Council response to, and subsequent engagement with the Scottish Government;
v. adopt a position that a Highland TVL should be able to be applied in ways other than just a 'bed tax' on those staying in paid overnight accommodation.
vi. adopt a position that Highland residents but not residents from other parts of Scotland should be exempted from paying a Highland TVL;
vii. continue to work with the Scottish Government wherever possible to help shape other elements of the national approach to reflect the region's needs and the results of the Highland consultation;

viii. commit to the following principles in relation to the investment of revenue from a Highland TVL scheme, if implemented:
   - ring-fencing revenue to 'tourism uses' as sought in all elements of the Consultation and outlined in the Scottish Government National Consultation;
   - acknowledging the Consultation results in relation to investing TVL revenue and use these, along with working with Scottish Government and local partners, to help determine what constitutes 'tourism uses' and how these are defined for Highland;
   - exploring how some TVL revenue might be ring-fenced for use in the area of Highland in which it is raised, including representing the need for this to Scottish Government so that legislation allows this, and investigating logistical and financial implications of different models; and

ix. agree that officers work with the Council's Tourism Working Group on the detail of a scheme with a view to producing a series of recommendations on the design of a scheme that would be brought back to a future meeting of the Council for approval.

3. Implications

3.1 There are no immediate resource implications arising directly from this report. However, the decision on whether or not to implement a Transient Visitor Levy will have implications for the funds available to the Council to invest in tourism services. In addition, there will be resource implications in terms of one-off setup costs and ongoing operational costs for any collection system. At this stage these costs have yet to be quantified.

3.2 Legal: The legislation allowing Local Authorities to introduce a Transient Visitor Levy has not yet been passed although it is anticipated that this will happen by early 2021. This will have implications for any implementation timetable should Members vote to introduce such a scheme.

3.3 There are no Community (Equality, Poverty and Rural) implications arising directly from this report. However, the decision on whether or not to introduce a Transient Visitor Levy, and in particular how revenue derived from it was used, could have both positive or negative effects on Communities. These implications would need to be considered prior to the introduction of any scheme.

3.4 There are no Climate Change / Carbon Clever implications arising directly from this report. However, the introduction of a Transient Visitor Levy and in particular how revenue derived from it was used could have either positive or negative effects on Climate Change and these implications would need to be considered prior to the introduction of any scheme.

3.5 There are no risk implications arising directly from this report.

3.6 There are no Gaelic implications arising from this report

4. Introduction

4.1 At their meeting on 8 December 2018, the Council agreed to the recommendation that further public consultation be carried out on the potential introduction of a of a Transient Visitor Levy (TVL) in Highland. This work was incorporated into the Council's Change Programme under the 'Transient Visitor Levy/ Tourism Developments' project and the consultation process began in spring 2019.

4.2 In early 2019 the Scottish Government committed to passing enabling legislation by 2021 that would allow local authorities to implement a Transient Visitor Levy should they choose to. At this time an implementation date and details on how the arrangements would work are not yet known. During the period that the Council's consultation was live, the Scottish Government launched a National Consultation as part of their development of the legislation.

5. Scottish Government Consultation

5.1 The National Consultation seeks views on a range of issues, largely related to the design of any scheme and how these design elements might be catered for in the legislation.

The closing date for written responses was 2 December 2019 and, based on Council policy and in consultation with the Council's Tourism Working Group, the Council therefore submitted a response on 2 December. This response included objective details of responses to the consultation and Council views that reflected existing Council policy positions - for example this included that a greater degree of decision making should be taken by local authorities rather than centrally. Members are asked to consider and homologate this written submission, which is attached as **Appendix 4** to this report.

The Council has also committed to share the full results of the Consultation and the Council's decisions on the recommendations in this report, following the meeting on 9 December.

5.2 The recommendations in this report reflect this context:

Firstly, recommendations focus on key decisions and principles required to enable Highland Council – should it wish to implement a TVL scheme at any point – to clearly and effectively engage with, and potentially shape, the Scottish Government's process of legislation development in a way that reflects the Consultation and does not restrict potential future needs.

Secondly, recommendations do not focus on the details of a Highland TVL design owing to the ongoing Scottish Government's consultation, and uncertainty around how much control the Council might have over the design of a scheme.

6. Approach to the Consultation

6.1 The consultation approach involved three key stages: -

1. A "pre-consultation" stage with key tourism stakeholders
2. An online survey open to all types of stakeholder
3. A face-to-face visitor survey

Separate to the dedicated TVL consultation activity engagement with local residents and communities continues as part of the Council's ongoing programme of local engagement sessions.

6.2 "Pre-consultation"

The Council hosted a series of 6 round table events with destination organisations and tourism businesses in May/ June 2019. These were held in Kingussie, Skye, Ullapool, Fort William, Wick & Inverness. These events were primarily designed to gather feedback on the proposed questions and to inform the public consultation. This approach proved to be particularly valuable, both in confirming some of the existing plans for the consultation, but also in giving an insight into key areas that businesses would like to see covered. As an example, there were strong views that the Council should not consult solely on the idea of a "bed tax" but should include questions around other visitor types such as day visitors, cruise passengers and motorhome users. As a result, views on these elements were sought through the consultation. A full report on this process is publicly available at www.highland.gov.uk/downloads/file/21027/tvl_pre-consultation

6.3 Online survey

This survey, open to all types of stakeholders (identified primarily as being residents, businesses and visitors), was launched on 15 August 2019 and ran for nine weeks until 20 October. This period allowed the inclusion of a part of the high season for visitors, part of the shoulder season, and quieter times that made it easier for businesses to respond thereby maximising the opportunities for participation.

Profiling information was gathered from each group to enable analysis of responses from different groups where required. This allows, for example, the businesses' responses to a question to be separated from the views of residents, or for views from different areas of Highland to be identified.

During the planning of the consultation and through the pre-consultation events it was apparent that support or opposition to a TVL was not necessarily a simple choice and that, for many, their decision would be based on elements such as who might pay, how much or what the funds raised might be used for. A decision was taken, and supported in the Pre-Consultation, to ask questions relating to these factors before asking respondents to state whether they supported or opposed a Highland TVL. This ensured all respondents had considered the full range of issues prior to indicating their level of support or opposition.

6.4 Visitor survey

At the consultation planning stage, it was anticipated that much of the publicity around the consultation would be local or undertaken through corporate channels and as such would only be picked up by a limited number of visitors. The national coverage of the launch of the online survey led to a significantly larger number of visitor responses to the online survey than anticipated. Nevertheless, the dedicated face-to-face visitor surveys widened the sample to reach visitors who probably wouldn't have used the online survey.

The Moffat Centre at Glasgow Caledonian University, an internationally recognised tourism research unit, was appointed to undertake this work in August and September 2019. To give a geographical spread, one location in each of the Council areas was included with locations also selected so as to cover both towns and more rural sites which had sufficient visitor numbers to allow an acceptable number of interviews within a reasonable time.

The locations used were: -

- Aviemore
- Inverness
- Dornoch
- Nairn
- Dunnet Head
- Portree
- Fort William
- Ullapool

6.5 Written submissions

In parallel with these surveys, selected groups – Destination Organisations, Community Councils and public sector partners with a tourism interest – were invited to submit a written response in recognition of the fact that the online survey was designed largely with the intention of gathering the views of individuals. These responses are summarised in **Appendix 3** and full responses are available for Members to consider at https://highlandcouncil1.sharepoint.com/sites/CorpChangeProgrammeMembers/SitePages/TVL-Consultation.aspx

7. Analysis

7.1 A full analysis of all responses was undertaken after the surveys closed. The results from the online survey is attached as **Appendix 1** to this report and a similar analysis of the visitor survey is attached as **Appendix 2**. Written responses from business groups, public sector partners and Community Councils are attached as **Appendix 3**.

7.2 The response rates exceeded expectations with 5,622 responses to the online survey, 950 face-to-face interviews with visitors, and 28 written responses. For ease of understanding this report follows the structure used for the online survey analysis (**Appendix 1**) but also gives comparable information from the visitor survey where appropriate (to aid analysis, questions were designed to cover similar topics to but were adapted to suit the different face-to-face methodology). Further detail is included from the individual comments made in the survey, from the written responses, and lessons from the pre-Consultation, where relevant.

7.3 The online survey and face-to-face visitor surveys were structured to firstly gather information on respondents in order to ascertain the spread of responses across different criteria and the representativeness of the sample. The surveys then sought respondents' views through three distinct themes: -

1. Design of a Highland TVL – who should pay; when; how much; how to charge.
2. Investing TVL Revenue – how might the funds raised be used and who decides.
3. Support or opposition to a Highland TVL

Each of these themes are considered in turn below.

8. Profile of respondents

8.1 In summary, responses were received from:

Consultation method→ **Respondent type↓**	**Online survey**	**Visitor survey**	**Written responses**	**Total**
Highland residents	3172	0	2	**3174**
Businesses/ organisations based in or operating in Highland	858	0	22	**888**
Visitors	1632	950	4	**2586**
Overall total				**6640**

The online survey received a good spread of both resident and business responses from across Highland. It is notable, however, that with both groups there are a disproportionately high number of responses from the Skye & Lochalsh area. This is likely to reflect both the importance of tourism to the area and the level of tourism pressures that the area has experienced in recent years.

With business responses, there was also a good spread across the different tourism (and related) sectors although the balance between serviced and self-catering accommodation disproportionately favoured the former. This could reflect the fact that many self-catering properties are owned by those outside the area who may not have been as aware of the consultation.

In terms of visitor responses, a disproportionate number of domestic visitors filled in the online survey, compared to international visitors. However, when combined with the responses to the face-to-face visitor surveys, the origin of survey respondents more closely reflects the split of domestic and international visitors to Highland.

9. Support or opposition to a Highland TVL

9.1 The question of support or opposition was asked at the end of the surveys to enable respondents to consider all the factors related to a TVL scheme before taking a position. A core purpose of the consultation was however to quantify the level of support or opposition to the introduction of a Highland TVL scheme. It is therefore more logical in this report to consider responses to this question first, before considering how responses to the other questions might influence the design of any scheme.

9.2 Both the online survey and the face-to-face visitor survey showed overall support for the introduction of a levy.

9.3 In the online survey, respondents were asked: "*On a scale of 1 to 5 – where 1 is totally against and 5 is totally in favour – how would you rate your general support for introducing a Transient Visitor Levy in Highland?*" Almost two-thirds of respondents were in favour, rating their support a 4 or 5 while about a quarter opposed a Highland TVL (rating 1 or 2); the remainder giving a neutral score of 3 (see Figure 1).

9.4 There are significant variations in levels of support between different types of respondents, however. Residents showed the strongest level of support with more than three-quarters of those responding to this question giving a rating of 4 or 5. Less than a fifth responded that they were against.

In addition, four Community Councils submitted written responses to the Council, with three supporting a levy and one advising that more information was required before a position could be taken.

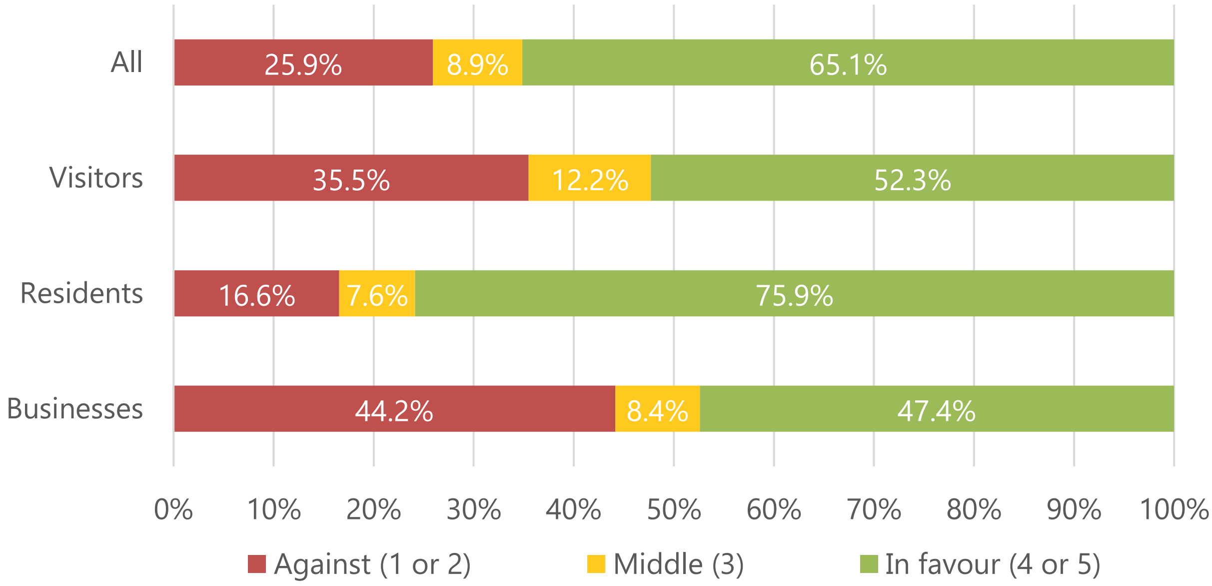

Figure 1 – Online survey responses percentage support or opposition for Highland TVL, by respondent type

Source: Q.26: On a scale of 1 to 5 – where 1 is totally against and 5 is totally in favour – how would you rate your general support for introducing a Transient Visitor Levy in Highland? (n=4,851)

9.5 With visitors, both the online survey and the face-to-face visitor surveys indicated support for a levy in Highland. Visitor responses to the online survey were more divided than resident responses with a greater proportion of neutral responses but still a small majority (52.3%) in favour, responding with a 4 or 5 rating. Just over a third of visitor responses are against a Highland TVL - see Figure 1.

The face-to-face survey offered a simple ‘yes’ or ‘no’ option as to whether visitors would be willing to contribute to a local visitor tax. Over three-quarters responded in favour and just a fifth against. Visitors from out with the UK were most likely to indicate support - almost 9 in 10 of respondents from both “Europe (out with the UK)” and from the “rest of the world” responded this way. Visitors from within Highland were split 50:50 and domestic visitors were predominantly supportive but less significantly so than international visitors. Three-quarters of respondents from the “Rest of Scotland” and two-thirds of respondents from the “Rest of the UK” responded in favour.

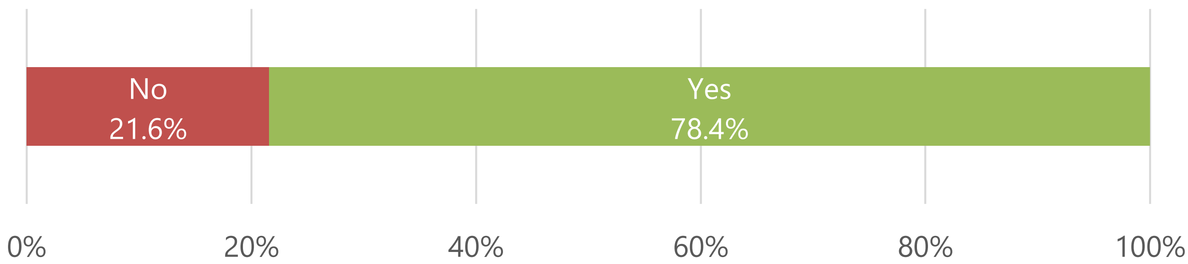

Figure 2 – Face-to-face Visitor Survey support and opposition to a Highland TVL

Source: *Q2.2. Given the potential uses, would you be willing to contribute to a local visitor tax? (n=950)*

9.6 The face-to-face survey also questioned visitors as to whether the introduction of a TVL would influence their behaviour. Over 8 in 10 respondents indicated that a TVL scheme would not influence their decision to visit Highland. Those who did indicate that a Highland TVL would influence their decision were subsequently asked how it would change their behaviour. Half of the respondents to this question (155 of the 950 survey participants as those saying they would not be influenced by a TVL were excluded) selected "Go elsewhere", while others were for changing their overall spend length of stay.

9.7 Businesses/ organisations were significantly more divided in opinion with roughly a third totally against and a third totally in favour. Amongst business respondents there was no outright majority either for or against a Highland TVL – 47.4% of business respondents giving a rating of 4 or 5 (in favour or totally in favour) and 44.2% giving a rating of 1 or 2 (against or totally against) - see Figure 1.

A range of businesses and business groups also submitted written responses. The majority (4 businesses and 8 business groups) strongly opposed a Highland TVL, while 1 business group did not disclose a position. These responses are summarised in **Appendix 3** and the responses from all 9 business groups are available in full at https://highlandcouncil1.sharepoint.com/sites/CorpChangeProgrammeMembers/SitePages/TVL-Consultation.aspx

9.8 One criticism that did emerge in comments and written responses was that there was a lack of opportunity for respondents to provide qualitative reasons for or against a TVL. This decision was made as the online consultation is not the sole method the Council has used to explore this issue. The reasons for and against a TVL scheme, and specifically in Highland, are well known and have been described in previous reports to this Council, having been well-represented and understood through several other forums – research, industry pre-consultation, community and business engagement, and written submissions (summarised in **Appendix 3**). Not collecting these views in a quantitative survey does not mean that the reasons for and against a Highland TVL have not been considered.

9.9 There is clear evidence from the consultation of a spread of opinions on the introduction of a TVL in Highland.

Across the online survey and face-to-face visitor surveys, more of every group – businesses, residents and visitors – were in favour than were against, albeit to varying degrees. It is reasonable to conclude that, based on these consultation responses, there is overall support for the principle of introducing a Transient Visitor Levy in Highland.

A number of observations were also made across the surveys, submissions, pre-consultation and wider research about potential impacts and designs.

As a result, it is recommended that the Council:

- Recognise the support for a Transient Visitor Levy in Highland evidenced in the online and face-to-face surveys, but also the observations on impact and design.

- Determine whether this evidence constitutes a mandate to introduce a Highland TVL.

- If so, commit to further consideration of how such a scheme might be designed and implemented in order to reflect the views given in the consultation and to mitigate any potential negative impacts.

10. Design of a potential Highland TVL

10.1 The online survey also asked a number of questions related to the potential design of a Highland scheme, were one to be implemented. Considerations included areas such as who should pay, levy rates, exemptions, caps and seasonality.

10.2 Crucially, responses to these questions cannot be interpreted as overall support for a Highland TVL. The survey was specifically and explicitly designed to enable those that did not support a Highland TVL still to influence how it may be designed, if it is implemented.

10.3 The Scottish Government's National Consultation seeks views on elements of the design of a TVL scheme. It also has a strong focus on determining the 'balance between Local autonomy and national consistency'. It is therefore unknown how much responsibility for the design of the visitor levy will sit at the local level and how much will be set nationally. There are likely to be limits to how much control the Council will have over design.

As a result, this section does not focus on detail, but these findings are available in Appendices 1 and 2. The section instead focusses on key design principles from the consultation findings that would, if agreed, be important to share with the Scottish Government with a view to shaping the national approach.

10.4 During the pre-consultation events, many of the strongest opinions were in relation to which types of visitors would pay a visitor levy, were one implemented. The message was almost universal: in order to address, and reflect, the challenges the region faces, any Highland TVL should not solely levy visitors staying in paid overnight accommodation.

Responses to the online survey mirrored this contention. In particular, the majority of respondents to this question selected that motorhome users not staying in paid accommodation and cruise visitors should be levied. Fewer respondents selected to levy day visitors.

Respondents were asked the reasons for their selection. These typically referred to three key considerations: fairness, the impact of different visitor types and their perceived contribution to the local economy.

The face-to-face visitor survey similarly found that respondents felt a levy, if applied, should apply to visitor types in addition to a traditional 'Bed Tax'.

Some written responses and comments in the surveys recognised the difficulty of applying such levies and questioned the potential compounding and duplicating effects of having multiple types of levy.

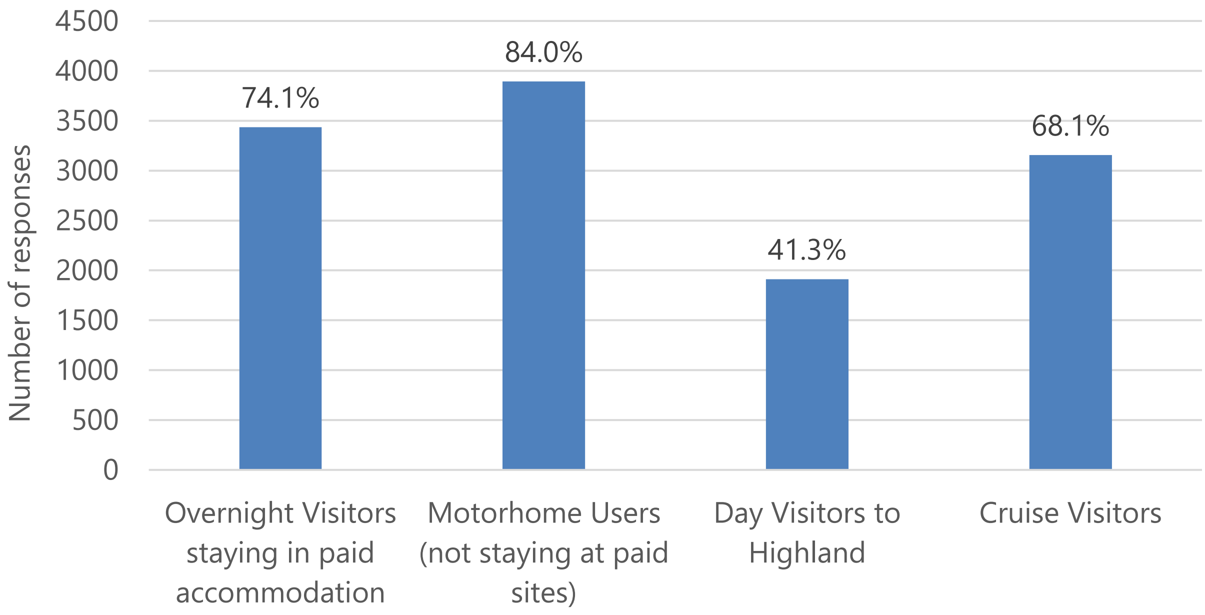

Figure 3 – Online survey responses on which visitors should contribute to a visitor levy

Source: Q10. If a Highland Transient Visitor Levy was introduced, who do you think should pay it? Please tick all that apply (n=4634)

In relation to this issue, the Scottish Government advises that:

> *At this time the Scottish Government is not minded to expand the visitor levy beyond overnight stays. There would be significant practical difficulties with the application and implementation of this, and potentially a number of challenges to enabling it within the legislation.*

10.5 The Scottish Government has, in their consultation brief, stipulated that a number of exemptions should apply. Specifically, this refers to individuals or groups such as homeless people, asylum seekers/ refugees or victims of domestic abuse who may be housed in temporary or “safe” accommodation and travelling communities using caravan parks and campsites where this is their primary residence. While the Council consultation did not receive feedback specifically regarding these exemptions, these purposes are not considered to be tourism-related and are necessary elements of delivering on wider policies and as such it is recommended that the Council support these exemptions.

10.6 Respondents to the online survey were asked whether a levy, if implemented, should include any reductions or exemptions. Responses suggested a variety of different groups who might be exempted.

Most notable, however, was support for the exemption of Highland residents from paying any levy. Of all the survey results, this question was the one that received the strongest views with more than 9 in 10 respondents selecting that Highland residents should receive an exemption or reduction.

Particularly in view of the fact that Highland residents will sometimes be obliged to use overnight accommodation in order to access services that are not available more locally, there is a strong argument for the Council to consider such exemptions. It is, however, also worth noting that the Scottish Government are consulting on whether all exemptions should be set nationally and the same across Scotland, or some should be at the local authority’s discretion. This may influence the Council’s ability to introduce this type of exemption.

10.7 There is uncertainty over how much control the Council may have over the design of any scheme, and this is reflected in the recommendations. It is also advised, however, that the strongest findings from the Consultation are acknowledged by the Council and subsequently represented to the Scottish Government so as not to restrict legislation that Highland Council may wish to utilise. As a result, it is recommended that the Council:

- incorporate the views from the Highland consultation in a series of design principles which are used in the Council response to, and subsequent engagement with the Scottish Government;

- adopts a position that a Highland TVL should be able to be applied in ways other than just a 'bed tax' on those staying in paid overnight accommodation;

- adopts a position that Highland residents but not residents from other parts of Scotland should be exempted from paying a Highland TVL; and

- continues to work with the Scottish Government wherever possible to help shape other elements of the national approach to reflect the region's needs and the results of the Highland consultation.

11. Investing potential TVL Revenue

11.1 How and where revenue derived from a Highland TVL would be spent, and who would decide, was one of the topics prompting the most discussion during the Industry Pre-Consultation. As a result, the online survey and face-to-face visitor surveys included several questions related to the use of any TVL revenues.

A strong message that came through was a wish to see the revenues raised from a Highland TVL, were it introduced, used for tourism purposes – more than 7 in 10 respondents selected this option. Businesses, residents and visitors expressed similar views with businesses/ organisations particularly keen to see revenues ring fenced for tourism uses (83.3%).

This approach was also regularly raised in the Pre-Consultation and in the submissions of businesses, business groups and residents alike.

In practice, the Scottish Government proposals published alongside the National Consultation stipulate that "receipts should be spent on tourism related activities including responding to tourism pressures" and their study does not consult on this topic.

Figure 4 – Online survey responses in relation to ring-fencing of TVL revenue, if introduced

Q22. Should any revenue raised by a TVL be ring-fenced as a separate fund for tourism or added to the general Council Budget? (n=4584)

11.2 The Council's online survey sought views on whether there should be any form of geographical ring-fencing at a sub-Highland level. Three options were presented (see Figure 4). Responses to this question were mixed, with no majority response. For all three main response groups – businesses, visitors and residents – the option with the greatest number of responses was a "A mix - some revenue ring-fenced to be spent where generated, some allocated to a Highland fund".

There is a Highland geography to the responses to this question, with different areas of Highland having different views on this topic. This is explored in the full analysis (**Appendix 1**). Overall, the 'mix' would appear to be the acceptable option to most.

The scale of geographical ring-fencing and the proportions of revenue split locally and into a Highland fund were not consulted on and would need to be considered prior to the introduction of any scheme.

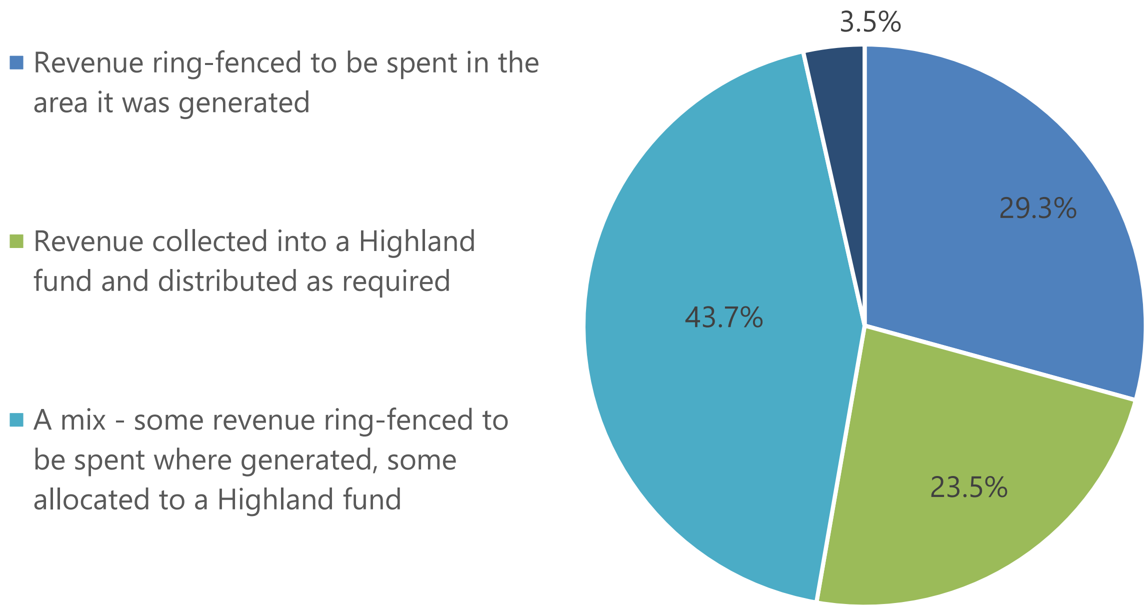

Figure 5 – Online survey responses on the council's approach to ring-fencing TVL revenue by area

Source: Q25. If a Highland Visitor Levy was introduced, which of the following approaches to distributing funds might you support? (n=4590)

11.3 Throughout the Council's consultation – including both surveys and the pre-consultation events – a range of opinions were expressed as to what 'tourism uses' might be. The Scottish Government similarly acknowledge that "requiring receipts to be spent on 'tourism related activities including responding to tourism pressures' is open to interpretation and could cover a broad range of activity."

The Pre-Consultation discussions were used to shape a list of potential 'tourism uses' that survey and face-to-face respondents could vote on. Businesses, residents and visitors were largely consistent in their views on the online survey, with the same top 2 priorities:

1. Public toilet improvements or additional provision
2. Motorhome waste disposal facilities

Overnight parking/ services for motorhomes, recycling and waste services for visitors, motorhome waste disposal facilities, roads maintenance in addition to Council core programme, parking at visitor destinations, road laybys, viewpoints & passing places and footpaths & cycle trails were all also selected by more than half of the respondents.

Face-to-face interview responses showed similar views although support for motorhome services/ facilities was less which probably reflects the fact these services would not be relevant to as many of those interviewed.

11.4 It is recommended that the Council commit to the following principles in relation to the investment of revenue from a Highland TVL scheme, if implemented:

- Ring-fencing revenue to 'tourism uses' as sought in all elements of the Consultation and outlined in the Scottish Government National Consultation

- Acknowledging the Consultation results in relation to investing TVL revenue and use these, along with working with Scottish Government and local partners, to help determine what constitutes 'tourism uses' and how these are defined for Highland.

- Exploring how some TVL revenue might be ring-fenced for use in the area of Highland in which it is raised, including representing the need for this to Scottish Government so that legislation allows this, and investigating logistical and financial implications of different models.

12. Governance

12.1 If, following consideration of the recommendations in 8.9 above, the Council decides to proceed with the introduction of a TVL further consideration of how such a scheme might be designed and implemented will be required.

12.2 Should the Scottish Government introduce the expected legislation and the Council agree to use this to introduce a TVL in Highland, it is recommended that officers work with the Council's Tourism Working Group on the detail of a scheme. This would be done with a view to producing a series of recommendations on the design of a scheme that would be brought back to a future meeting of the Council for approval.

Designation: Executive Chief Officer Transformation and Economy

Date: 27 November 2019

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Appendices:
Highland Transient Visitor Levy
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Appendix 1

Highland Transient Visitor Levy
Online Consultation Analysis

Summary of the response to The Highland Council's online consultation on a potential Highland Transient Visitor Levy

December 2019

Introduction

On 15 August 2019 The Highland Council launched an online survey to gather the views of residents, businesses and visitors on a potential Highland Transient Visitor Levy (TVL).

The survey was available online on the Survey Monkey platform for nine weeks and closed on 20 October 2019. This period allowed the inclusion of a part of the high season for visitors, part of the shoulder season, and quieter times that made it easier for businesses to respond.

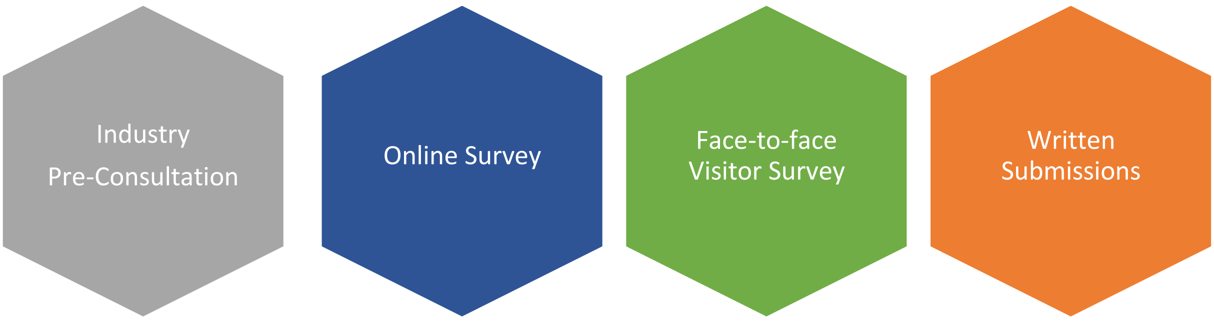
The sample population was self-selecting. The survey was reported in local and national media (press, TV and radio), hosted on Highland Council platforms (website and social media), and shared by various industry and community groups.

The call to action was to go to highland.gov.uk/TVL, where people were encouraged to watch a short informative video before completing the survey.

The online survey was designed by Highland Council. The selection of the 26 questions was informed by research, precedents, and a Pre-Consultation with the industry.

In context

This Online Survey is one of a number of pieces of evidence gathered by the Highland Council to investigate a potential Highland Transient Visitor Levy. The results should be considered alongside the results of the Pre-Consultation, Face-to-face Visitor Surveys and Written Submissions.



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Section 1: Respondent characteristics

A total of 5,622 survey responses were received through the online survey.

All respondents were asked a number of questions about their place of residence/ business operation and activities in Highland.

The following questions and analyses profiling respondents were designed to check, and enable analysis to account for, the representativeness of the survey sample given it was self-selecting. The intention is not to develop conclusions about the composition of the Highland tourism industry or visitors to Highland.

1.1 Businesses, residents and visitors

The responses comprised:

Respondent type	Responses
Highland resident	3,172
Businesses/ organisation based in or operating in Highland	858
Visitor to Highland	1,632
Total	**5,622**

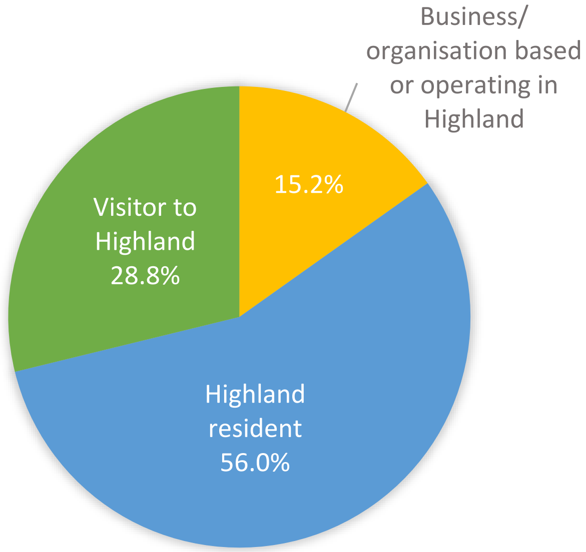


Table 1 (left) and Figure 1 (right) – Survey respondents by type (business, resident or visitor)
Source: Q1. Are you answering this questionnaire as a Highland resident? Businesses/ organisation based in or operating in Highland? Or Visitor to Highland? (n=5662)

The significant differences in the sample sizes for each respondent type are fully acknowledged.

That said, response rates from residents and businesses/ organisations are largely proportionate relative to their total populations. That is, there are significantly more Highland residents than businesses/ organisations based in or operating in Highland.

It is also important to note that the views of these different respondent types, and especially the tourism industry, are also represented in 28 written submissions to the Council, analysed separately.

1.2 More about businesses/ organisations

1.2.1 Business/ organisation type

More than 4 in 5 business/ organisation responses (83.8%) were from businesses working directly in the tourism sector. Just 16.2% of responses were from businesses/ organisations indirectly related to tourism or reporting they were an ‘other’ type not listed.

A relatively high proportion (43.8%) of businesses/ organisations responses came from the Serviced Accommodation sector (hotels, hostels, B&Bs, etc). There were more than double the responses from this sector than any other.

In total, 61.5% of business/organisation responses were from the accommodation sector (Serviced, Other (14.9%) and Camping/ Campervan sites (2.8%)).

The Consultation also sought views from businesses out with the traditional tourism sub-sectors, but either directly or indirectly related to tourism. Almost a quarter (23.0%) of responses were from such organisations: 14.2% 'directly related to tourism' and 8.8% 'indirectly related to tourism'.

Type of business/ organisation	Responses	Percentage
Serviced accommodation provider – Hotel, Hostel, B&B, etc	372	43.8%
Other accommodation – e.g. Airbnb	127	14.9%
Other business directly related to tourism	121	14.2%
Other business indirectly related to tourism	75	8.8%
Any other organisation	63	7.4%
Visitor Attraction	48	5.7%
Camping/ Campervan site	24	2.8%
Tourism/ Destination Group	20	2.4%
Total	850	100%

Table 2: Survey responses by business/ organisation type

Source: Q2. Please describe the business or organisation you are responding on behalf of (n=850)

1.2.2 Business/ organisation location

The majority of business/ organisation respondents were based in Highland (91.5%).

Just 6.1% of business/ organisation responses hailed from elsewhere in Scotland and 1.8% from elsewhere in the UK. Less than 1% of responses came from businesses/ organisations outside of the UK (0.2% rest of Europe and 0.5% other).

Source: *Q3. Where is your business or organisation based? (n=842)*

Businesses/ organisations based in Highland were asked where in the region they were based. Responses spanned every sub-region in Highland.

Skye & Lochalsh is the region best represented by businesses/ organisations in the survey, with a quarter (25.3%) of business/ organisation responses from this region.

Inverness, Loch Ness; Lochaber and Ross & Cromarty each account for between 16% and 19% of business/ organisation responses.

Sutherland businesses/ organisations represent 9.1% of responses of this respondent types, with slightly fewer from Badenoch & Strathspey (8.1%). The regions with the smallest number of business/ organisation responses were Caithness (5.1%) and Nairn (1.0%).

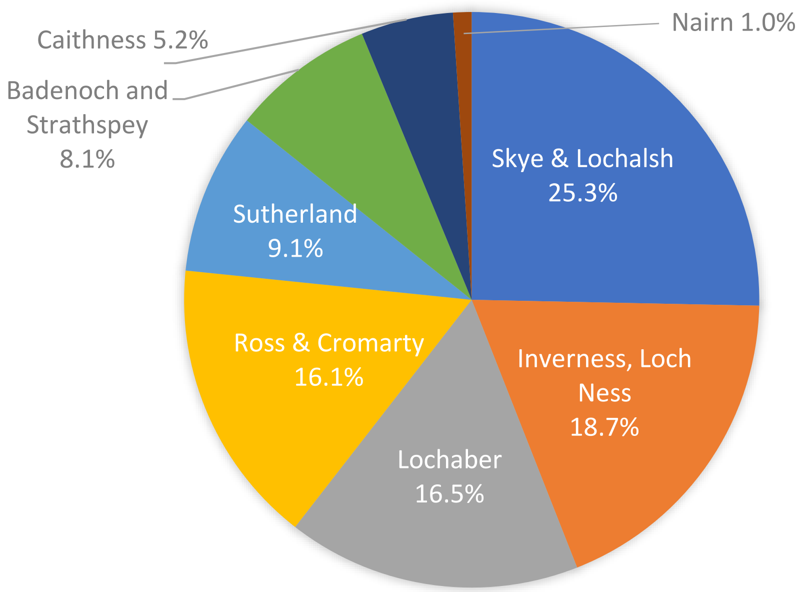


Figure 2 – Highland Business/ organisation responses by Council area.
Source: Q4. Please tell us which of the Council areas you are based in? – Business/organisation answers (n=770).

How does this sample compare to the Highland tourism industry as a whole?
Type – Overall, the split of different business/ organisation types is largely proportionate to the tourism industry in Highland as a whole, although Self-Catering businesses are slightly under-represented. Tourism/ destination groups, and industry bodies, are under-represented here. However, many were invited to, and did send written submissions which have been analysed separately. **Highland Geography** – the survey received responses from a good spread of businesses/ organisations across Highland. The proportions from different regions roughly mimics the volumes of businesses across Highland, particularly in tourism. This is with the exception of Skye & Lochalsh which has disproportionately high representation compared to total population.

1.3 More about residents

1.3.1 Residents' Highland geography

Residents were asked where in Highland they reside. Responses spanned every region in Highland.

Responses from Skye & Lochalsh (23.9%), Ross & Cromarty (23.0%), and Inverness Loch Ness (21.4%) each account for over a fifth of responses from Highland residents.

Around 1 in 10 Highland resident responses were from Lochaber residents (11.0%) and 7.0% were from Sutherland residents.

Badenoch & Strathspey residents make up 6.1% of Highland resident responses, with similar proportions (5.7%) from Caithness. Nairn respondents make up nearly 2% of Highland resident responses.

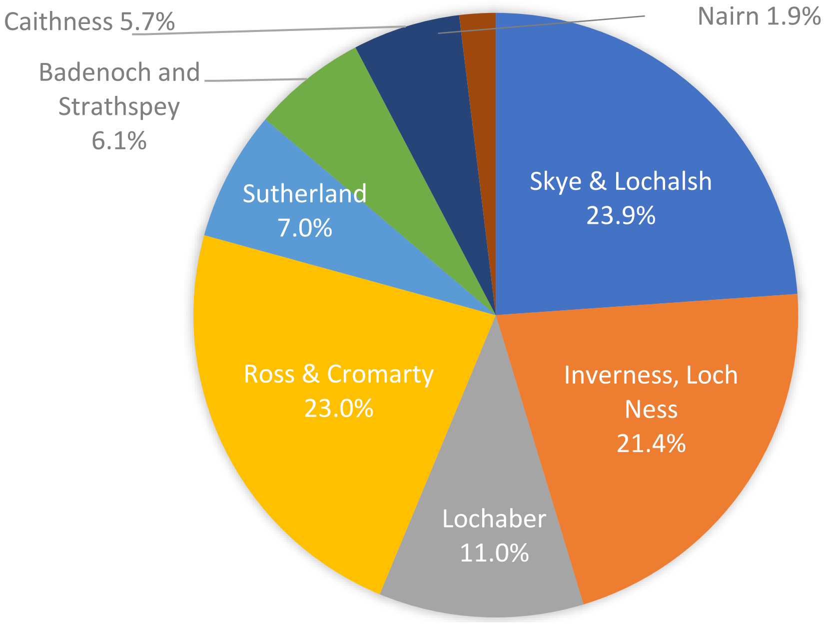


Figure 3 – Highland resident responses by Council area

Source: Q4. Please tell us which of the Council areas you are based in? – resident answers (n=3149).

How does this sample compare to Highland populations as a whole?
The survey received responses from a good spread of residents across Highland. The proportions from different regions roughly reflect wider population patterns across Highland Like with business/ organisation responses, however (Question 4), Skye & Lochalsh has disproportionately high representation compared to total population.

1.4 More about visitors

1.4.1 Visitors' residence

Almost 9 in 10 visitor responses (88.5%) were from domestic visitors: 47.3% from visitors from Scotland and 41.2% visitors from the rest of the UK.

Just over 10% (11.6%) of visitor responses were from international visitors: nearly 1 in 20 (4.9%) from visitors from the rest of Europe. Slightly more (6.7%) visitors were from the rest of the world.

Q5. Where do you live? (Visitor-only question) (n=1504)

1.4.2 Visitors' purpose for visiting Highland

The vast majority of visitors who responded to the Consultation were visiting Highland for leisure purposes (97.9%). Only 2.1% of visitor respondents were visiting on business.

Q6 Are you visiting Highland for leisure or business? (n=1497)

1.4.3 Visitors' duration of stay

The majority (98.3%) of visitors who responded to the Consultation were staying overnight in Highland.

Almost two-thirds of visitors (63.4%) were staying more than 7 nights. Visitors staying 3-4 nights or 5-6 nights each made up similar proportions of visitor responses (between 13.5% and 14.5%). Few visitors were staying 1-2 nights (7.0%) and very few visitor respondents were day visitors (1.7%).

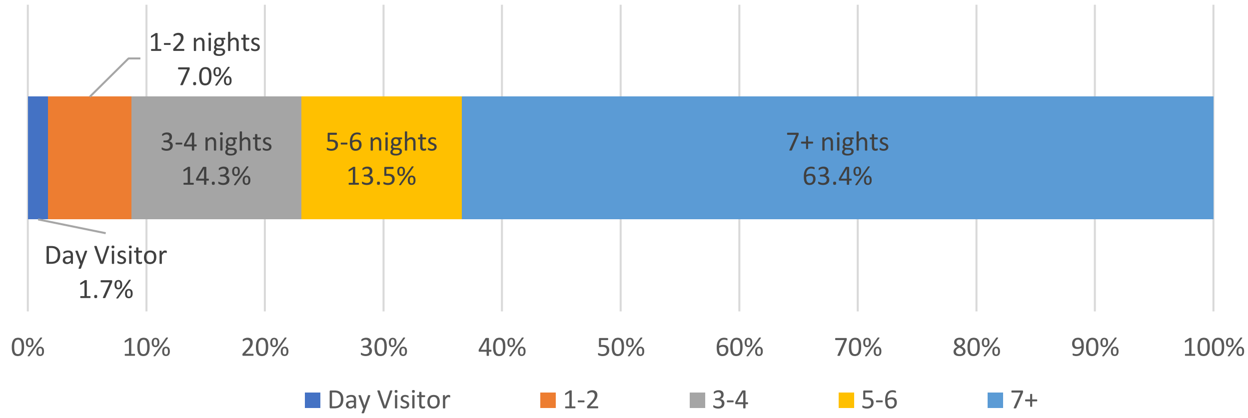


Figure 4 – Duration of stays in Highland amongst visitor respondents
Source: Q7. How many nights are you staying in the Highlands? (n=1500)

1.4.4 Visitors' accommodation usage

Visitors were asked which types of accommodation they were staying in during their visit.

The most common answer was campsites/ caravan parks with almost 4 in 10 (38.1%) selecting this option. In addition, 6.0% selected Pods/Bothy/Yurt.

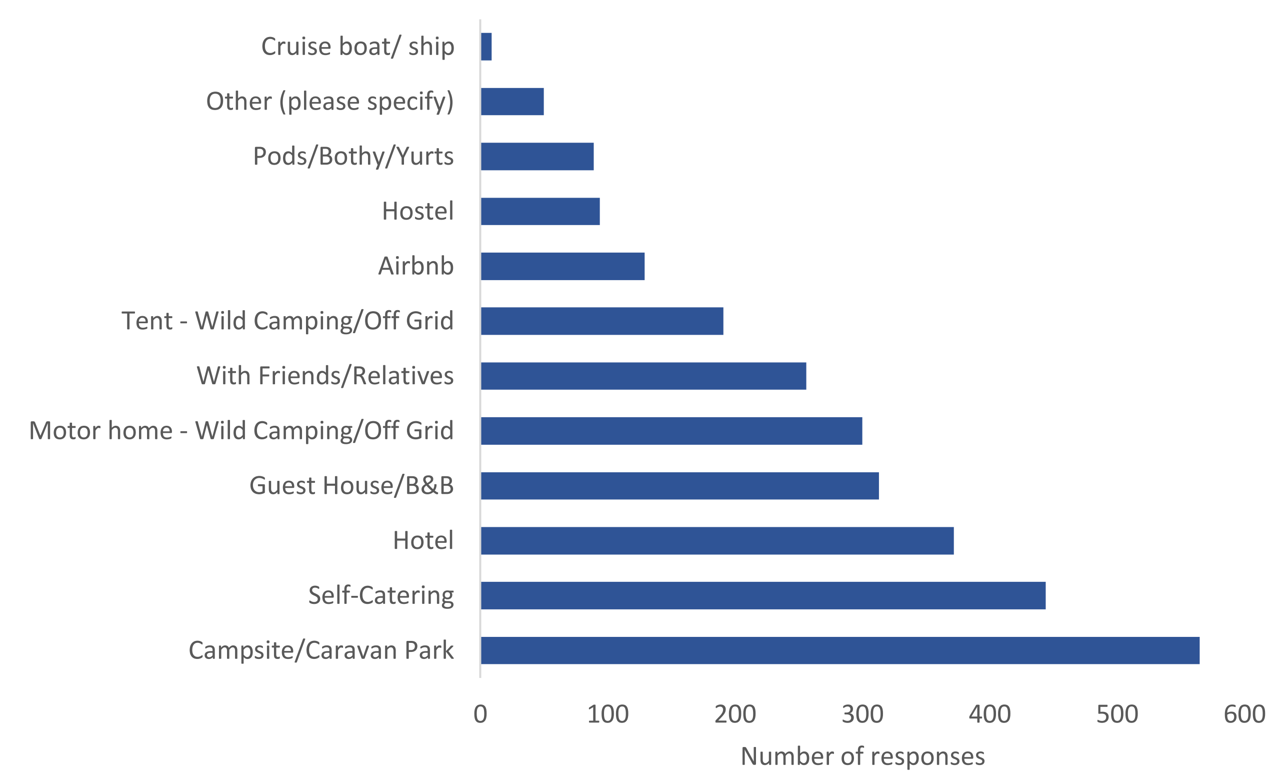


Figure 5 – Accommodation usage amongst visitor respondents
Source: Q8. During your trip, what type of accommodation are you staying in? (n=1491)

Self-Catering was the second most common response, with 30% of visitor respondents advising they were staying in self-catering premises.

The majority (52.6%) of visitors reported staying in some sort of serviced accommodation (Hotel (25.1%), Guest House/ B&B (21.1%) or Hostel (6.3%)).

'Motor home - Wild Camping/Off Grid' was the fifth most common response, with a fifth of respondents (20.3%) reporting they were undertaking this. A further 12.9% of visitors selected the 'Tent - Wild Camping/Off Grid' option.

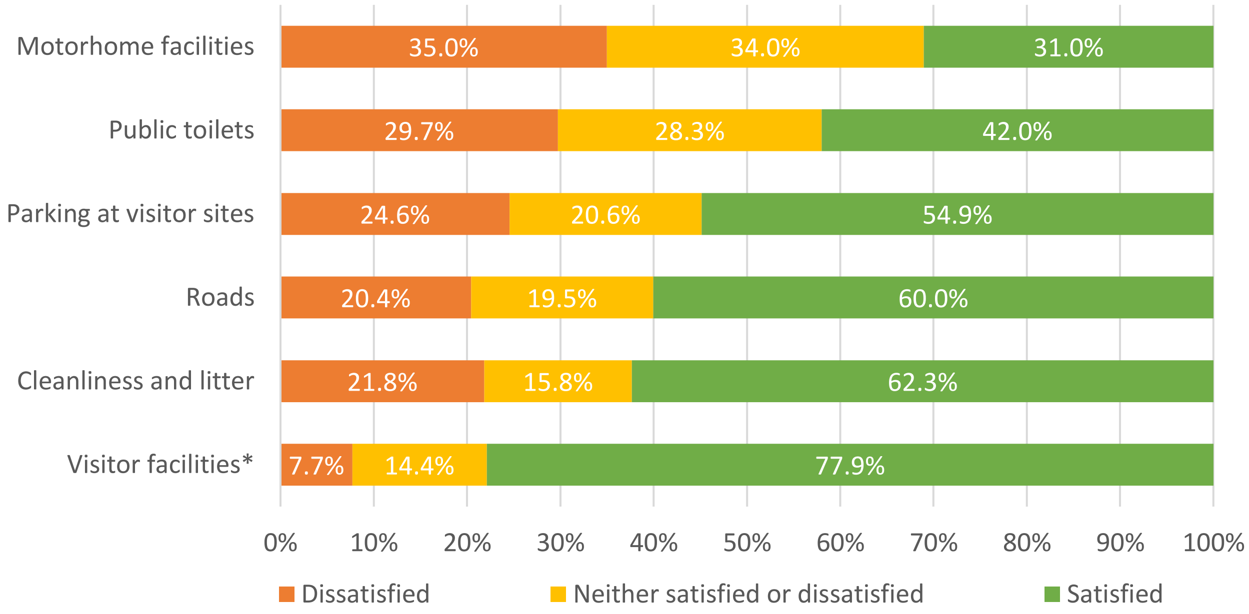
Staying with Friends/ Relatives was the sixth most common accommodation type selected (17.3%) and Airbnb was eighth with 8.7% of respondents selecting this option. Cruise boats/ ships was the least common response, with just 0.6% of respondents.

Most respondents who selected 'other' used the box to clarify or specify their answer. The most common additional answer was a second/holiday home (9 responses).

1.4.5 Visitors' satisfaction with tourism services

The Council also took the opportunity to ask about the levels of visitor satisfaction in key services and facilities.

Respondents only provided views on the services they had experienced during their visit. As a result, sample size varies for each service. The lowest response was for 'Motorhome facilities' (n=580), with all other response rates 1350 or higher.



*such as paths, trails and viewpoints

Figure 6 – Visitor satisfaction

Source: Q9. How satisfied have you been with the following elements of your visit? (n=80-1465)

In general, visitors reported being satisfied with the services they had used. The majority (50% or more) of respondents were 'very satisfied' or 'satisfied' with four of the six services consulted on. 'Public Toilets' and 'Motorhome Facilities' were the exceptions to this.

Satisfaction was highest with 'Visitor facilities such as paths, trails and viewpoints' with over three quarters (77.9%) of respondents 'very satisfied' (33.5%) or 'satisfied' (44.4%). Levels of dissatisfaction in these facilities were also very low with just 7.7% of respondents dissatisfied or very dissatisfied.

Roughly 3 in 5 respondents were satisfied with 'Cleanliness and litter' (38.0% satisfied and 24.4% very satisfied) and 'Parking at visitor sites' (43.1% satisfied and 16.9% very satisfied). Around 1 in 5 respondents were dissatisfied/ very dissatisfied in these services (21.8% for 'Cleanliness and litter' and 20.4% for 'Parking at visitor sites').

Just over half (54.1%) of respondents were (42.7%) satisfied/ very satisfied (12.1%) with 'Parking at visitor sites'. Around a quarter (24.6%) were dissatisfied or very dissatisfied.

Satisfaction levels in public toilets were more mixed with about 4 in 10 respondents (42.0%) answering satisfied (29.7%) or very satisfied (12.3%). Similar proportions of respondents (about 3 in 10) answered either 'neither satisfied nor dissatisfied' (28.3%) or dissatisfied/very dissatisfied (29.7%)

Satisfaction levels in motorhome facilities were very mixed with just around a third in each category – satisfied/very satisfied (31.0%), neither satisfied nor dissatisfied' (34.0%) and dissatisfied/very dissatisfied (35.0%).

How does this sample compare to Highland visitors as a whole?

Visitor residence – International visitors are slightly under-represented in the self-selected survey sample. They account for 11.6% of survey responses, but ~18% of all visitors to Highland.

Visitor purpose of visit – Business travellers are under-represented. They account for 2.1% of responses to the survey, but for 10% of all domestic visitors to Highland and 3% of all international visits.

Visit duration – More visitors were staying longer in Highland than the average stay overall (3.1 nights). Given overnight visitors are more commonly those that pay a TVL, collected through a 'Bed Tax' for overnight stays, it is useful to have such strong representation of this group.

Day visitors are under-represented (1.7% of visitor responses) who, in terms of all visitors to Highland, typically account for about a third of all visitors.

Visitor accommodation – There is a good spread across respondents. Different elements of the market are well-represented, and the splits are relatively proportionate to statistics on wider visitor behaviours. This is with the except of stays on Campsites/ Caravan Parks, which is disproportionately high.

Notably – the representativeness of visitors across the Consultation as a whole also needs to consider the sample achieved in the face-to-face visitor surveys.

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Section 2: Support or opposition to a Highland TVL?

All survey respondents were asked: *On a scale of 1 to 5 – where 1 is totally against and 5 is totally in favour – how would you rate your general support for introducing a Transient Visitor Levy in Highland?*

This was asked as the final question of the survey so that respondents could consider other factors before taking a position. It has been brought to the fore in this analysis given its significance.

2.1 Overall support or opposition

Overall, almost two-thirds (65.1%) of respondents were in favour of a Highland TVL (rating a 4 or 5).

About a quarter (25.9%) of respondents opposed a Highland TVL (rating 1 or 2).

However, there were significant differences in the views of residents, businesses and visitors that warrant further analysis.

Rating	Total responses	%
1	990	20.4
2	267	5.5
3	434	8.9
4	778	16.0
5	2382	49.1
Totals:	**4851**	**100.0**

It is also important to consider that these overall percentages are skewed by the large proportion of resident responses. Residents accounted for 57.6% of all responses to this question, but 67.1% of responses in support.

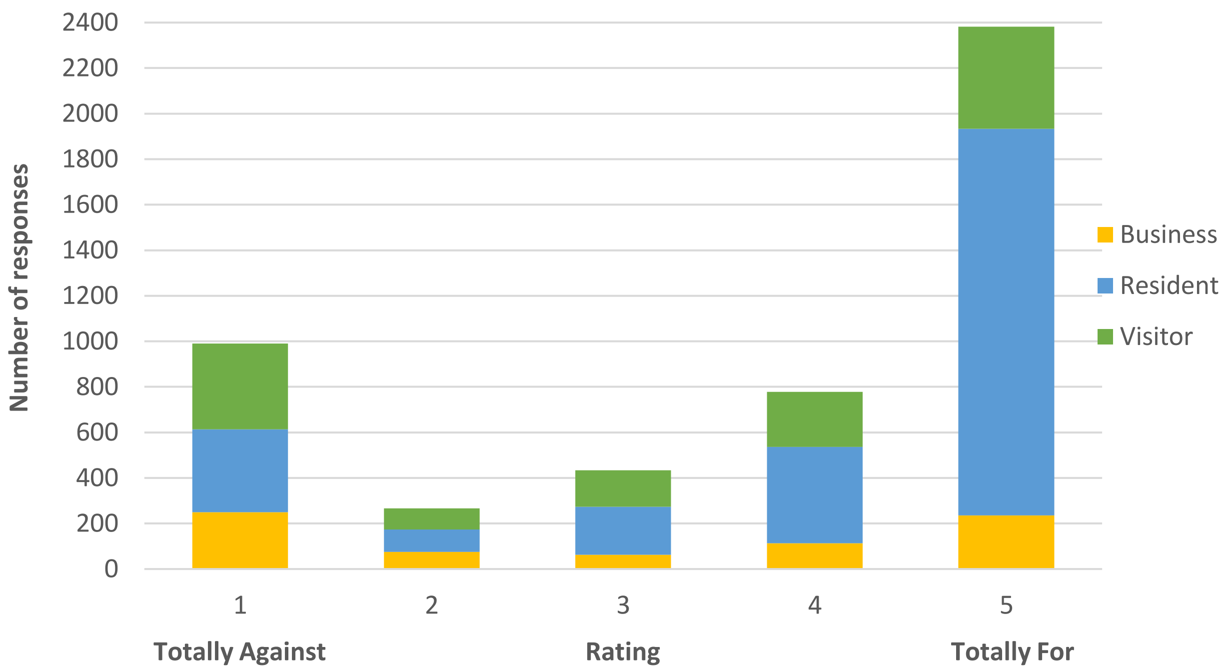

Figure 7 – Number of responses for and against a Highland TVL, by respondent type
Source: Q.26: On a scale of 1 to 5 – where 1 is totally against and 5 is totally in favour – how would you rate your general support for introducing a Transient Visitor Levy in Highland? (4,851 responses)

2.2 Variation in support/ opposition: Businesses, Residents and Visitors

Residents were predominantly in favour of a Highland TVL. More than three-quarters of residents (75.9%) reported a rating of 4 or 5, with 60.7% reporting they were strongly in favour (rating 5). Just 16.6% responded were against (3.5%), or totally against (13.0%).

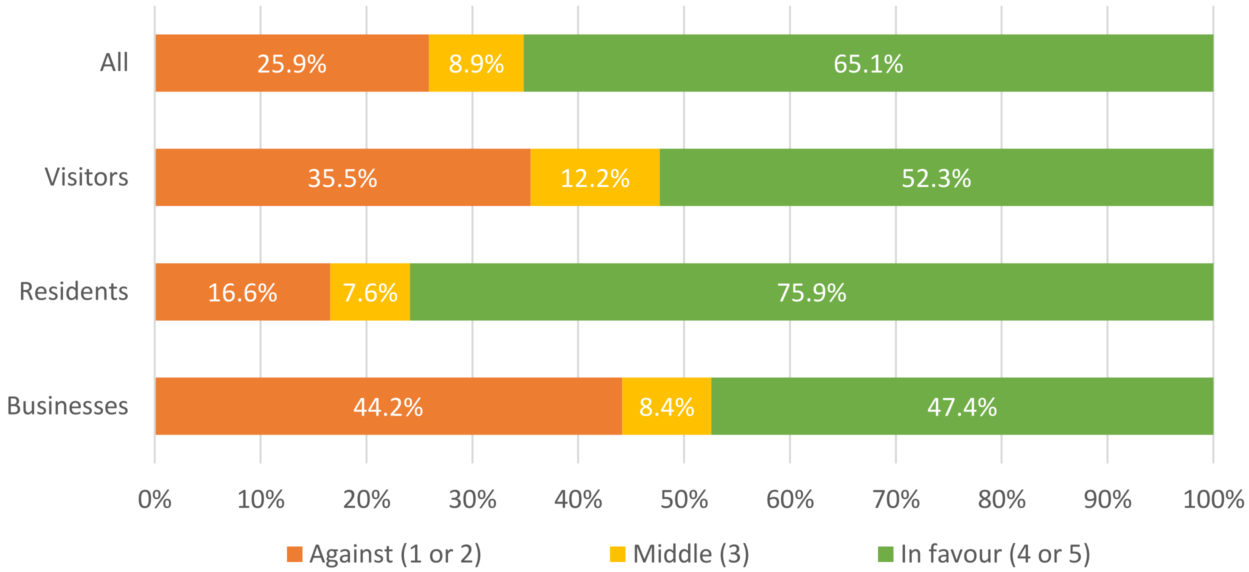

Figure 8 – Percentage support or opposition for Highland TVL, by respondent type

Source: Q.26: On a scale of 1 to 5 – where 1 is totally against and 5 is totally in favour – how would you rate your general support for introducing a Transient Visitor Levy in Highland? (n=4,851)

Visitors responding to the online survey were more divided than residents in their opinions on a Highland TVL, and had a greater proportion of neutral responses (12.0% rating their support a 3). Overall, more visitors were in favour (52.3% responding with a 4 or 5 rating) than against, with just over a third (35.5%) of visitor responses against a Highland TVL.

Businesses/organisations were significantly more divided in opinion. Roughly a third (34.0%) were strongly against a Highland TVL and similar proportion (32.1%) were totally in favour.

Overall, there was no majority for or against a Highland TVL amongst businesses/ organisations. In total, 44.2% of business respondents rated a 1 or 2 (against or totally against) and 47.4% of business respondents rated a 4 or 5 (in favour or totally in favour). Very few businesses were neutral (8.4%).

2.3 Variation in support/ opposition: Highland geography

Support and opposition for a potential Highland TVL amongst Highland residents and businesses/ organisations varied across the region.

All regions saw a majority in favour (voting 4 or 5) but the extent of this ranged by almost 20%: from little over half in favour in Caithness (56.6%) to three-quarters in favour in Ross & Cromarty (75.8%).

Three regions had levels of support above the mean (69.9%): Ross & Cromarty (75.8%), Sutherland (73.9%) and Skye & Lochalsh (71.4%). The remaining 5 regions had levels of support below the mean.

This pattern is repeated in relation to opposition to a Highland TVL. Respondents from Caithness were most likely to oppose a TVL with a third (33.2%) voting a 1 or 2. Least likely to oppose were respondents from Sutherland with 19.8% rating a 1 or 2.

The regions with greatest support unsurprisingly had the lowest levels of opposition, below the mean. The five other regions had levels of opposition above the mean (22.3%). Two regions stand out in their opposition – Caithness and Nairn. These regions also have the smallest sample population sizes.

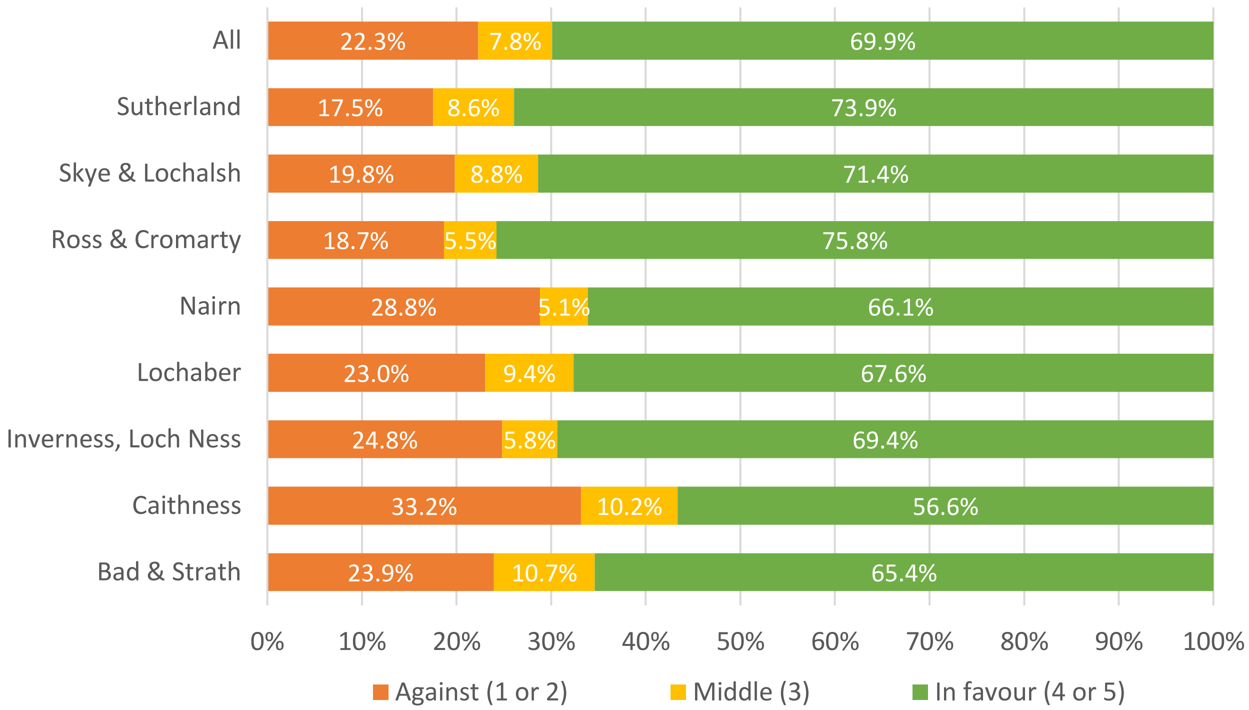

Figure 9 – Highland resident and business/ organisation support or opposition, by Highland region
Q.26: On a scale of 1 to 5 – where 1 is totally against and 5 is totally in favour – how would you rate your general support for introducing a Transient Visitor Levy in Highland? Highland business/ organisation and resident responses. (n=3470)

2.4 Variation in support/ opposition: International and Domestic Visitors

The most common response amongst both domestic and international visitors was support for a potential Highland TVL.

Levels of support were much greater amongst international visitors with almost three quarters (73.7%) reporting they were in favour and just around a fifth (19.1%) in opposition. By contrast, roughly half of domestic visitors (49.4%) were in favour and over a third (37.7%) were against.

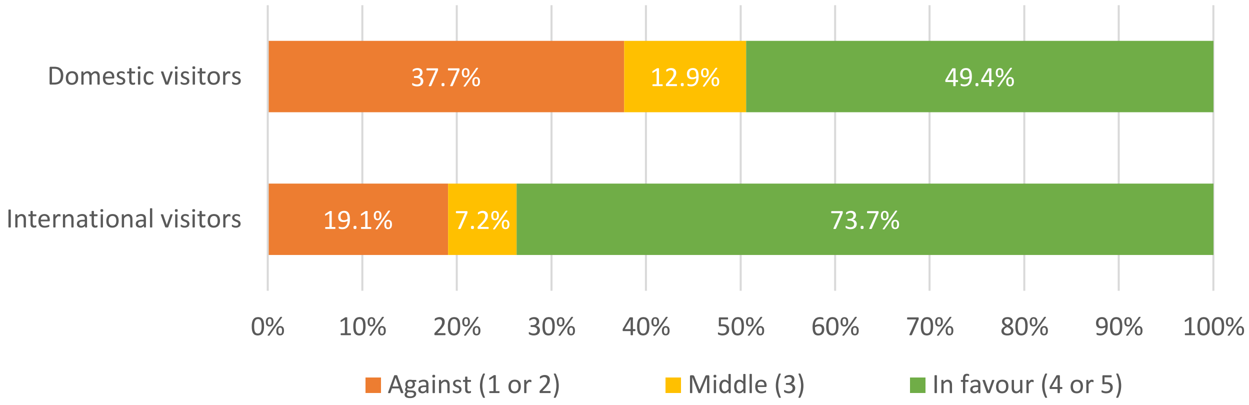

Figure 10 – Visitor support or opposition to a Highland TVL by international or domestic origin

Source – Q.26 visitor responses (n=1322)

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Important caveat for forthcoming analysis

Responses to all questions in the following sections cannot be interpreted as overall support for a Highland TVL. The survey was specifically designed to allow those that did not support a Highland TVL still to influence how it may be designed, if implemented.

It is entirely possible that respondents to these questions are against the implementation of a Highland TVL but, if it is to be implemented, would favour certain principles or approaches.

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Section 3: Investing TVL Revenue

The Pre-Consultation with the industry highlighted that how revenue collected from a potential Highland TVL scheme would be spent is crucial to people's support or opposition to it.

3.1 Ring-fencing TVL revenue to 'tourism uses'

The majority (70.2%) of respondents answered that TVL revenue, were a scheme introduced, should be ring-fenced for tourism uses rather than assumed into the general Council budget (21.7%).

A majority response for ring-fencing was consistent across all businesses/ organisations (83.3%), visitors (75.0%) and residents (64.5%). Business/ organisations most strongly voted for ring-fencing.

Since launching the Consultation, the Scottish Government has stipulated that revenue from a TVL must be ring-fenced for 'tourism uses'.

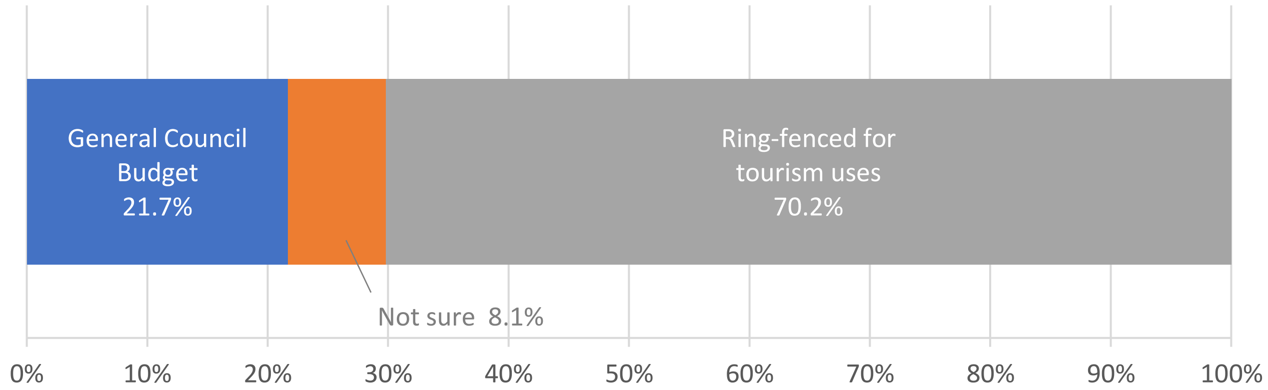

Figure 11 – Answers to the options for ring-fencing potential TVL revenue to tourism uses
Q22. Should any revenue raised by a TVL be ring-fenced as a separate fund for tourism or added to the general Council Budget? (n=4584)

3.2 'Tourism uses' – what to spend TVL revenue on

Survey respondents were given 14 potential uses of TVL revenue – informed by research and the Pre-Consultation with the industry – and were asked to vote on those they would support, were a scheme introduced. They could vote for as many options as they wished, and had the option to suggest others.

Option	Responses	%
Public toilets improvements or additional provision	4180	89.9%
Motorhome waste disposal facilities	3694	79.5%
Overnight parking/ services for motorhomes	3320	71.4%
Recycling and waste services for visitors	3161	68.0%
Roads maintenance in addition to Council core programme	3030	65.2%
Parking at visitor destinations/ sites	2899	62.4%
Road laybys, viewpoints, passing places, other visitor site improvements	2871	61.8%
Footpath and cycle trails	2765	59.5%
Wildlife and habitat management	2377	51.1%
Information services for visitors	1998	43.0%
Public WiFi for visitors	1259	27.1%
Support for Highland tourism businesses, e.g. training, assisting groups	1130	24.3%
Marketing and promotion	982	21.1%
Supporting/ attracting events	766	16.5%

Table 3 – Responses to the question of what constitutes acceptable 'tourism uses'
Source: *Q23. Which Highland 'tourism uses' would you support?* All responses. (n=4648)

For nine of the options given, the majority of respondents advised that, were revenue raised from implementing a TVL, they would support it going towards this option.

The most common response, with 9 in 10 respondents (89.9%) selecting this option, was ‘Public toilets improvements or additional provision’.

Motorhome facilities were the second and third most common responses with 8 in 10 (79.5%) selecting ‘Motorhome waste disposal facilities’ and around 7 in 10 (71.4%) selecting ‘Overnight parking/ services for motorhomes’.

‘Roads maintenance in addition to Council core programme’ was the fifth most common answer with almost two thirds selecting this option (65.2%) and ‘Road laybys, viewpoints, passing places, other visitor site improvements’ were selected by 61.8%.

There was little support, less than 3 in 10 responses, for those options that are less tangible:

- Public WiFi for visitors (27.1%)
- Support for Highland tourism businesses (24.3%)
- Marketing and promotion (21.1%)
- Supporting/ attracting events (16.5%)

Additional comments: tourism uses

Respondents were given the option to propose ‘other’ potential tourism uses. A total of 528 ‘other’ responses were received with many using this opportunity to reiterate their existing selections.

Others used the text box to reiterate their opposition to a Highland TVL in general, with some extending their points to advise that the investment options provided should be funded either through the Council’s existing budget or through negotiations for additional funding from the Scottish Government.

Of those comments that proposed additional ‘tourism uses’ for investment from TVL revenue, were it introduced, the following were most common:

- Mitigation of climate change, such as planting and carbon off-setting
- Specific tourism facilities in certain areas
- Ways to address seasonality – such as events and/ or promotion, but very season specific
- Emergency services
- Enforcement to address impacts of visitors such as littering and wild camping.

3.2.1 Variations in investing TVL revenue: Businesses, Residents and Visitors

There was little variation in levels of support for different ‘tourism uses’ amongst different respondent types. The top two priorities for all three groups were the same: ‘Public toilets improvements or additional provision’ and ‘Motorhome waste disposal facilities’.

Different groups were also consistent in the options that received fewer responses. The bottom five options were identical for all groups: Information Services, Public WiFi, Support for Highland tourism businesses, Marketing and promotion and Supporting/ attracting events.

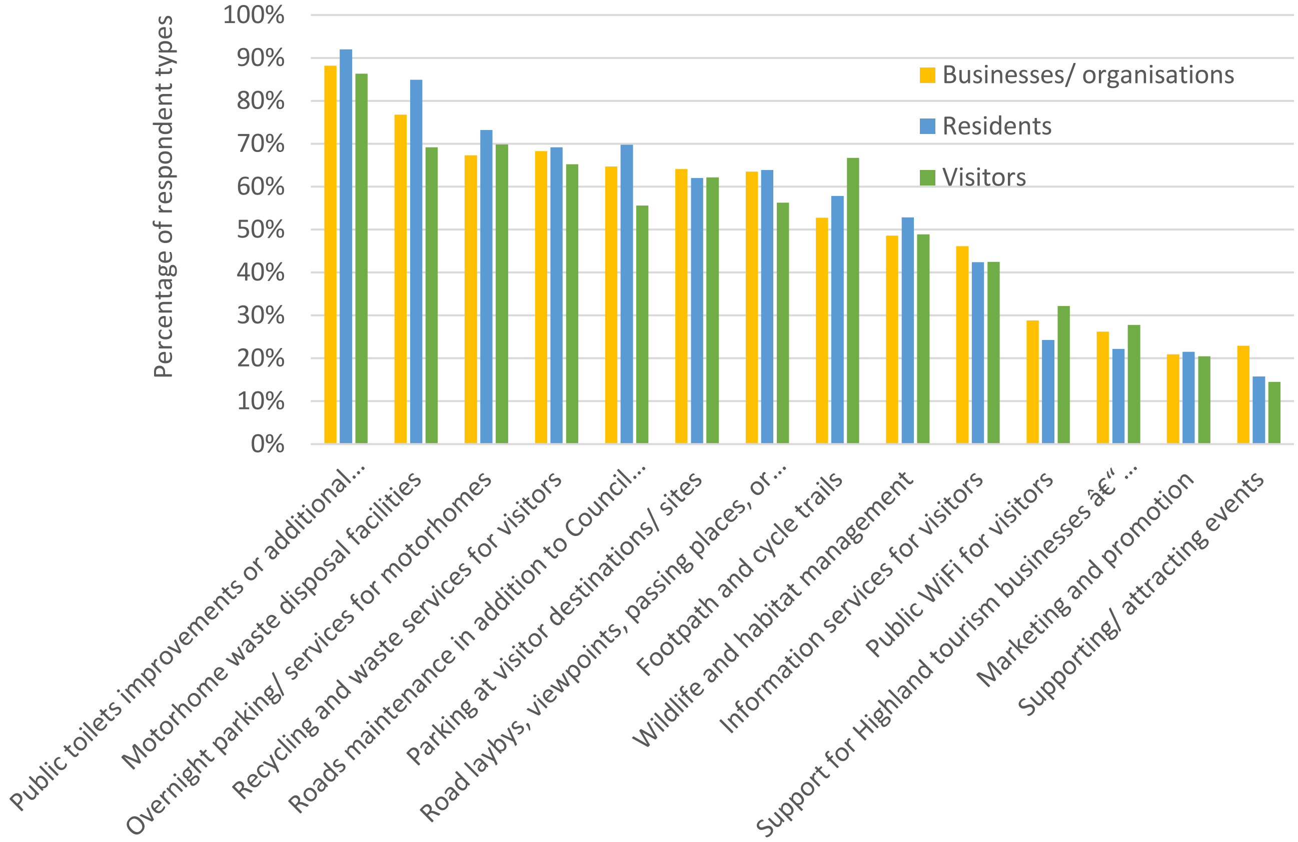

Figure 12 – Support for 'tourism uses' for TVL revenue, by respondent type

Source: *Q23. Which Highland 'tourism uses' would you support?* All responses. *(n=4648)*

There were only three potential tourism uses where different respondent types' support differed by more than 10% – 'Motorhome waste disposal facilities' and 'Roads maintenance in addition to Council core programme' were favoured more by residents and businesses than visitors; and 'Footpaths and cycle trails' were favoured more by visitors than businesses.

These discrepancies were not contradictory, however. These options still received majority support by different groups, just to differing degrees.

3.3 Who should decide on spend?

Responses were mixed to the question on which groups should play a role on determining how TVL revenue would be invested, if introduced. There was no clear majority.

The most common choice for residents, businesses/ organisations and visitors was Community Councils, with 4 in 10 respondents (41.1%) picking this option. Second was local tourism/ destination groups, with just under a third of respondents (31.5%) of respondents selecting this. The other options presented received significantly fewer responses.

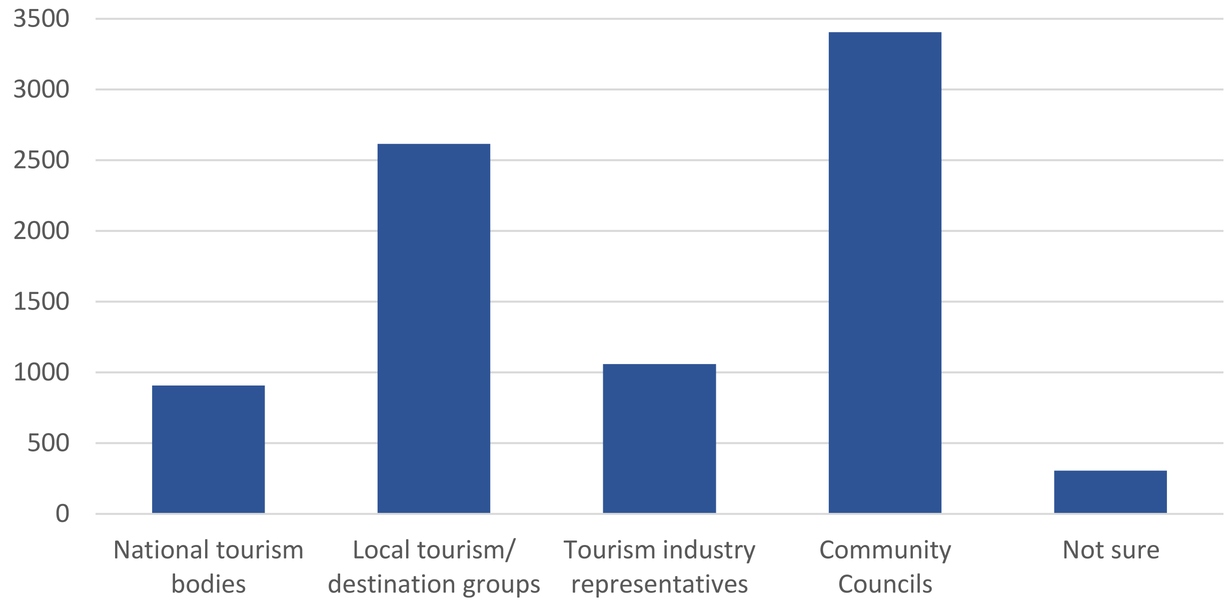

Figure 13 – Decision making partners for TVL revenue
Q24. Who should be involved in decision-making, alongside the Council? (n=4,622)

Additional comments: decision-making
Respondents had the opportunity to suggest other options for decision-making. A total of 551 comments were made. Many of these commented to reiterate their responses. Others proposed additional stakeholders and consultation methods that should be considered.

The most common proposal amongst comments was a direct mechanism to consult residents and local communities on how revenue would be spent, rather than rely on groups designed to represent them. Direct consultation, events and surveys were repeatedly proposed.

Respondents also highlighted that they were keen to see the following represented in any approach:
- Young people
- Sustainability and environmental concerns
- Wider services impacted by tourism such as emergency services, SEPA, transport bodies, etc.

Several comments also highlighted key principles of any decision-making. Common requests were for any system to be transparent, accountable, strategic, and taking place at a local level.

3.3.1 Variations on decision-making: Businesses, Residents and Visitors
Overall, the opinions of residents, businesses and visitors were relatively consistent.

Unsurprisingly, different types showed preferences for those groups most designed to represent their views: businesses/ organisations favoured local tourism/ destination groups and tourism industry representatives (50.4%); and residents favoured Community Councils (44.8%).

Overall, there was consensus that decision-making should have some representation from local communities and the tourism industry.

3.4 Geographical ring-fencing of TVL revenue

Participants were asked their opinions on whether, and to what degree, revenue from a TVL, if introduced, should be ring-fenced to local areas.

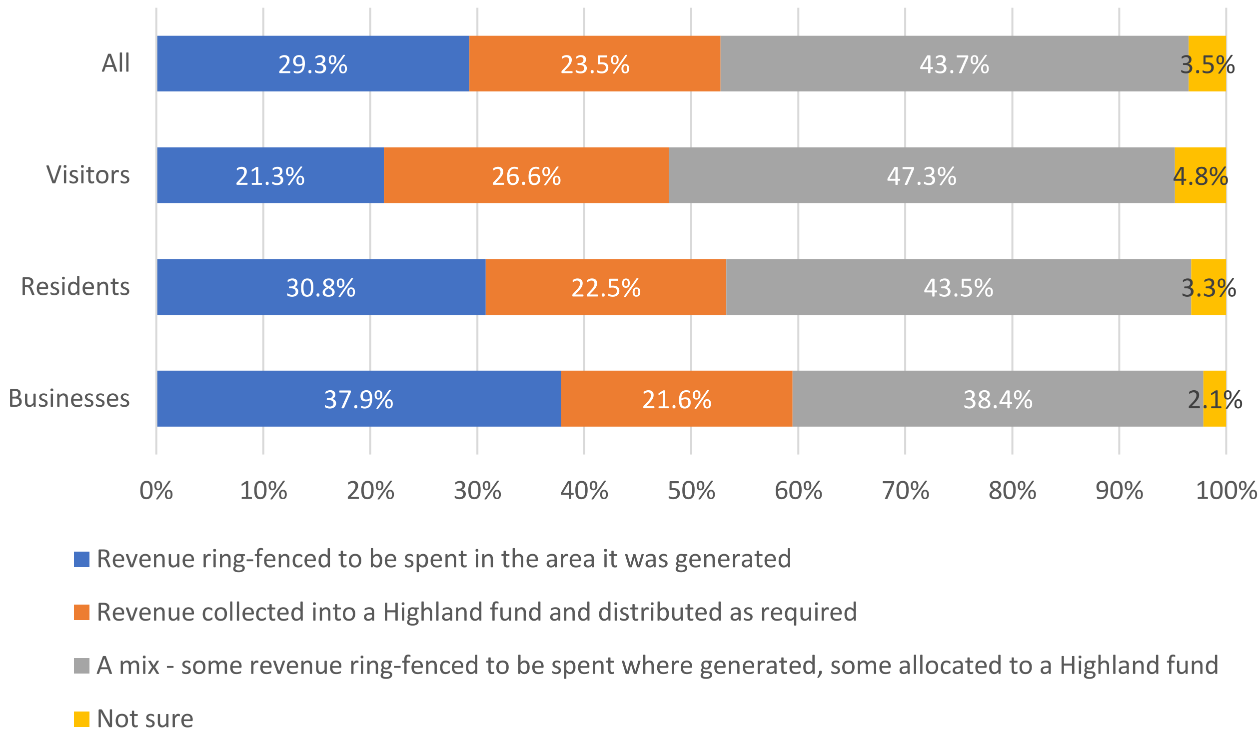

Figure 14 – Approaches to geographically ring-fencing TVL revenue by respondent type
Source: Q25. If a Highland Visitor Levy was introduced, which of the following approaches to distributing funds might you support? (n=4590)

Responses on geographical ring-fencing were mixed, with no majority response. The preferred option amongst respondents as a whole was for 'A mix - some revenue ring-fenced to be spent where generated, some allocated to a Highland fund' (43.7%).

The least-selected option was for revenue to be collected into a Highland fund and distributed as required with around a quarter (23.5%) of respondents selecting this option.

3.4.1 Variations on geographical ring-fencing: Businesses, Residents and Visitors

Businesses were most in favour of ring-fencing revenue to be spent in the area it was generated, with almost 2 out of 5 respondents (37.9%) selecting this option. By contrast, roughly only 1 in 5 visitor responses (21.3%) selected this option.

3.4.2 Variations on geographical ring-fencing: Highland geography

There were significant intra-Highland regional differences in the responses to this question of geographical ring-fencing.

Skye residents and businesses/ organisations have a significantly greater proportion of responses for “Revenue ring-fenced to be spent in the area it was generated” (58.5%) compared to the average (32.3%), Caithness (33.5%) and Lochaber (32.7%) were the other two regions with greater support for this option than the Highland average.

By contrast, the region with the fewest responses for this was approach was Inverness and Loch Ness with just 19.5% of responses.

Whilst around 3 in 10 respondents in Inverness & Loch Ness (30.7%), Ross & Cromarty (29.9%), Sutherland (29.1%) and Nairn (28.6%) voted for revenue to be “collected into a Highland fund and distributed as required”, just 8.0% voted for this option in Skye and Lochalsh.

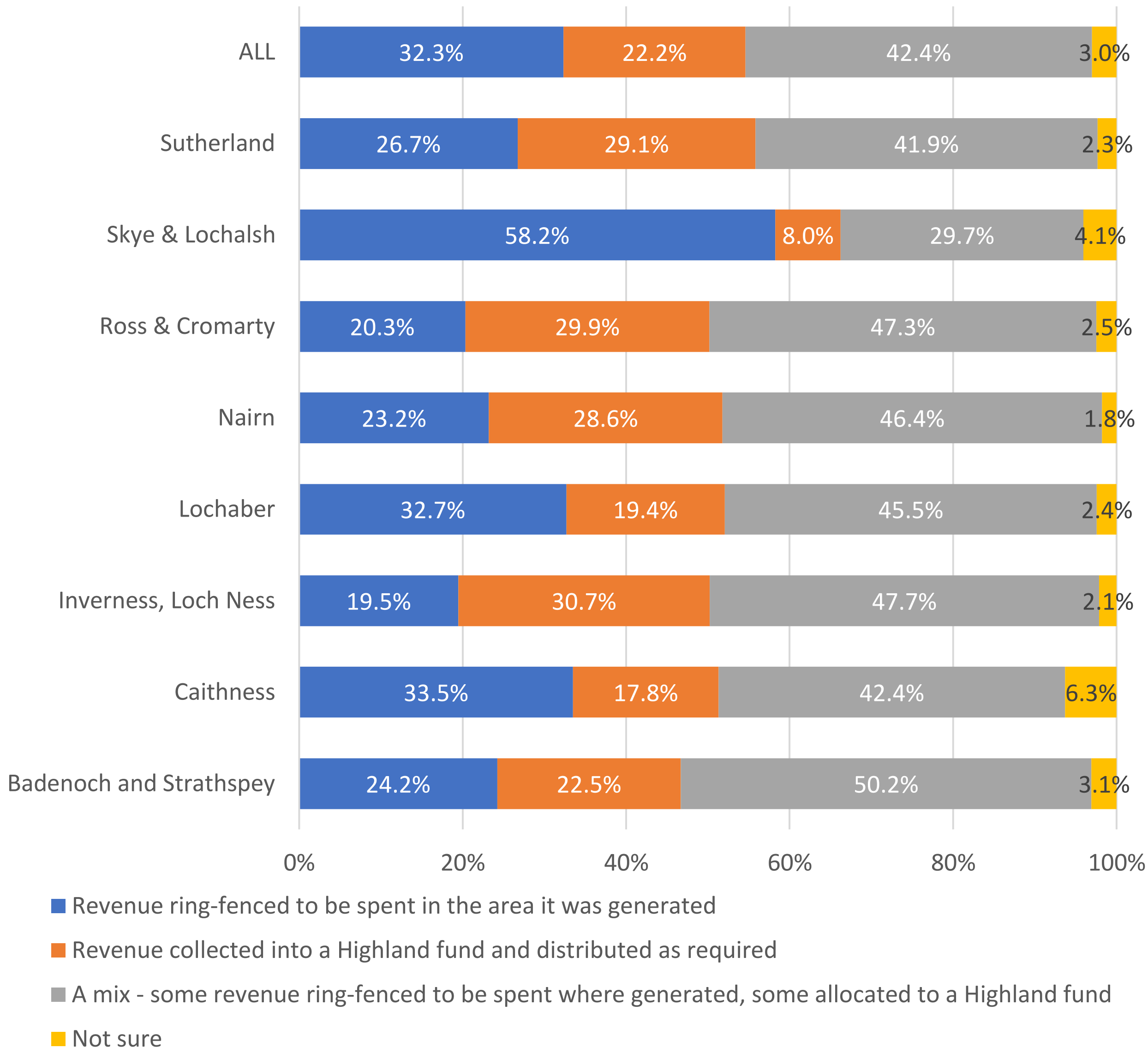

Figure 15 – Views on geographically ring-fencing TVL revenue by Highland region
Source: Q25. If a Highland Visitor Levy was introduced, which of the following approaches to distributing funds might you support? Highland respondents (businesses and residents) (n=3453)

	Badenoch & Strathspey	Caithness	Inverness, Loch Ness	Lochaber	Nairn	Ross & Cromarty	Skye & Lochalsh	Sutherland	**All Regions**
Ring-fenced to region raised	2nd	2nd	3rd	2nd	3rd	3rd	1st	3rd	**2nd**
Highland fund – distributed	3rd	3rd	2nd	3rd	2nd	2nd	3rd	2nd	**3rd**
Mixed	1st	1st	1st	1st	1st	1st	2nd	1st	**1st**

Table 4 – Ranking of options for geographically ring-fencing TVL revenue by Highland region
Source: Q25. Highland respondents (businesses and residents) (n=3453)

Overall, all regions – with the exception of Skye and Lochalsh – had the most responses for "a mix - some revenue ring-fenced to be spent where generated, some allocated to a Highland fund". This option consistently received between 40% and 50% of each area's responses and was consistently the favoured option by a margin of more than 10%.

For Skye and Lochalsh, a 'mix' option was the second most favourable, with 29.7% of these respondents selecting this issue.

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Section 4: Highland TVL principles

4.1 Which visitors would contribute to a Highland TVL?

The need to consider a scheme that encompasses more than solely an accommodation levy for over-night visitors – also known as a 'Bed Tax' – was one of the strongest messages from the Industry Pre-Consultation. As a result, one of the first questions asked in relation to designing a Highland TVL, were it introduced, was which types of visitors should contribute to a scheme.

Overall, three of the categories provided were selected by the majority of respondents. 'Motorhome Users (not staying at paid sites)' was the most common response (84.0%). Around three quarters (74.1%) of respondents selected 'Overnight Visitors staying in paid accommodation' and just over two thirds (68.1%) of respondents selected 'Cruise Visitors'.

The category with the lowest response rate was Day Visitors to Highland, with 41.3% of respondents selecting this option.

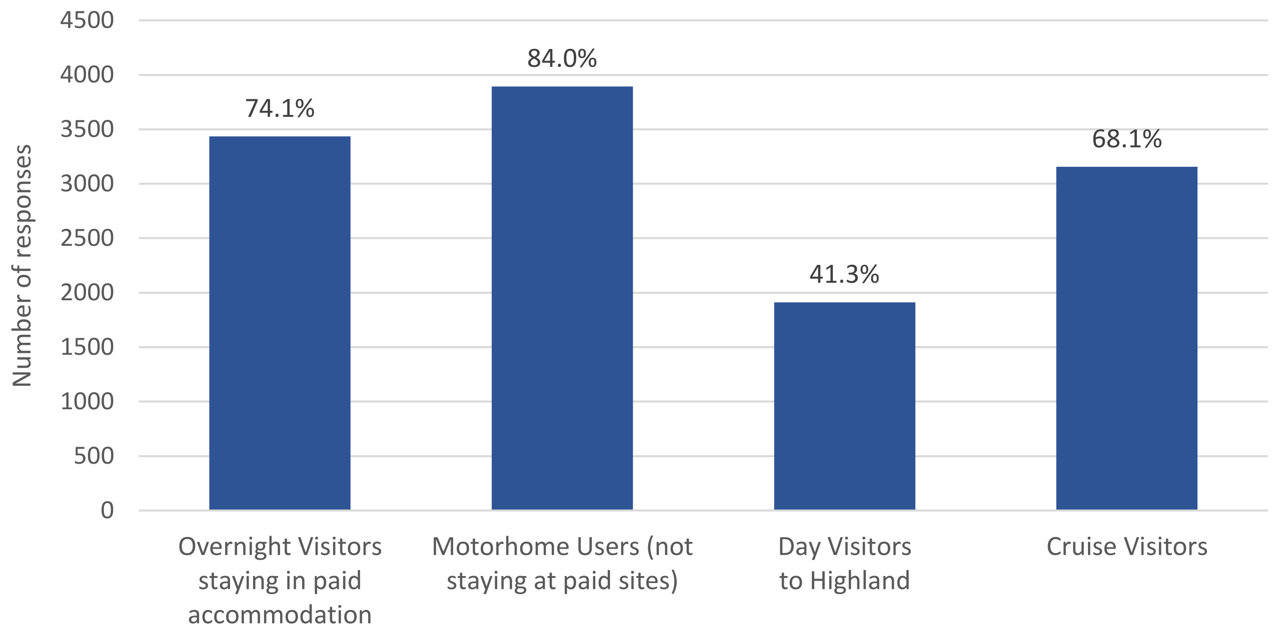

Figure 16 – All responses on which visitors should contribute to a visitor levy
Source: Q10. If a Highland Transient Visitor Levy was introduced, who do you think should pay it? Please tick all that apply (n=4634)

Few respondents indicated that a levy, were it introduced, should apply to only one visitor type:

- 8.6% only Motorhome Users (not staying at paid sites
- 6.6% only Overnight Visitors staying in paid accommodation
- 2.6% only Cruise Visitors
- 0.8% only Day Visitors to Highland

Additional comments: which visitors should contribute to a Highland TVL

Respondents were given the opportunity to explain their selection for question 10, if they wished. A total of 2186 comments were received.

Comments consistently referenced five key principles that informed respondents' selection. Many of these principles were used both for and against selection.

Principle	Notes
Fairness	About a 40% of the comments cited fairness as a key consideration. • For some, it was the reason to levy all/ more visitor types to prevent unfairly charging one visitor type (i.e. all types visit/ benefit, so all should pay) • For others, it was the reason not to introduce any levy (i.e. it would not be fair to charge anyone)
Impact on visitor behaviour	The potential impact of a TVL on visitor behaviour was also commonly raised. • It was frequently cited as a reason not to charge any visitors, principally due to concerns any increase in price would turn visitors away.

	• Others felt that certain visitor types would be impacted more than others by a TVL and made selections based on perceived price sensitivity/ ability to pay • Others highlighted that only charging over-night accommodation could impact visitor behaviour such as causing more wild camping.
Visitor types' impact on region	About a third of comments considered the perceived impact of different visitors on the region in their decision: Visitor impact was typically cited as a reason to charge a particular group – principally motorhome users and day visitors – owing to the impact they have on roads, facilities, waste services and thus feeling they should contribute. This argument was often combined with the following –
Existing contribution of visitor type to local economy	This, too, was referenced in about a third of comments. It was used as a reason both to, and not to, charge particular groups. Respondents using this reasoning posited that groups that already pay into the local economy should not be required to pay a levy, and groups that make limited contributions to the economy currently should contribute more. Typically, those using this reasoning argued that motorhome users and cruise visitors do not currently contribute enough and thus should be levied. Many also felt that staying in overnight accommodation were already contributing and thus should not pay a levy.
Logistics of implementing scheme	About 10% of comments considered the logistics, and principally difficulty, of implementing a scheme in their selection. Typically, those that considered this advised a levy would be simplest to collect from those staying overnight in paid accommodation and from cruise visitors. Some respondents advised the difficulty of implementation put them off selecting motorhome users and day visitors as options. The difficulty, and cost, of implementation was also cited by some as a reason not to introduce any levy.

Table 5 – Comments on the question of which visitors should pay a Highland TVL, if introduced
Source: Q11. Please use this box to explain your selection [in Question 10] if you wish (n=2186)

4.1.1 Variations on which visitors should contribute: Businesses, Residents and Visitors

Two of the options saw significant differences across the different respondent types.

A greater proportion of residents (82.3%) selected 'overnight visitors staying in paid accommodation' than the proportions of businesses/ organisations (67.0%) and visitors (61.9%) selecting this option.

Whilst around 9 in 10 residents and businesses selected to levy 'Motorhome Users (not staying at paid sites)' (87.0% and 90.6%, respectively), amongst visitors 7 in 10 selected this option (69.8%).

In both of these instances, however, all groups saw the majority of their respondents select the options in question, the discrepancy was in the extent of the majority.

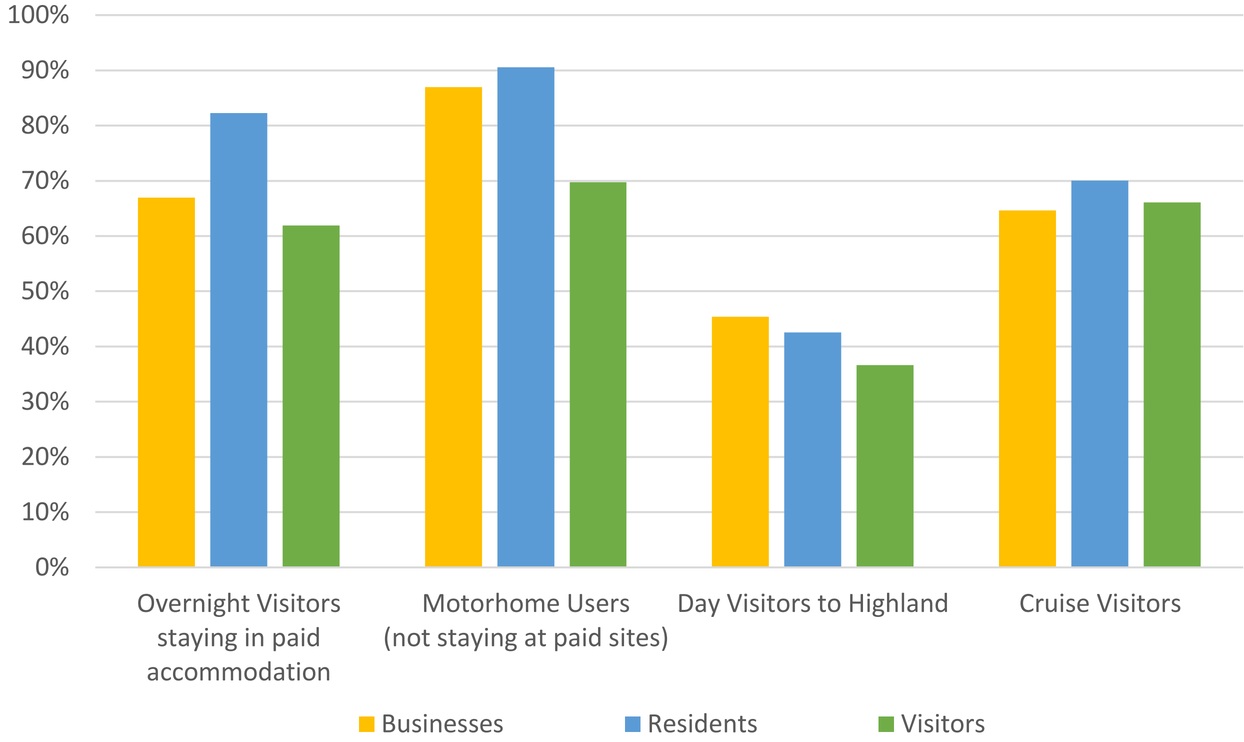

Figure 17 – percentage of businesses, residents and visitors responding to visitor levy option
Source: Q10. If a Highland Transient Visitor Levy was introduced, who do you think should pay it? Please tick all that apply (n=4634)

Proportions of respondents selecting 'Cruise visitors' and 'Day visitors to Highland' were consistent across the different respondent types.

4.2 Exemptions

The majority of respondents (91.7%) answered that at least one visitor type should have a reduction or exemption from a Highland TVL, if a scheme was introduced. Just 8.3% of responses to this question were for a full levy, applied to all.

All options received a majority response in favour of a reduced levy or no levy – ranging from 90% for Highland residents to 68.2% for business travel.

The most common selection was Highland residents, with 9 in 10 respondents (90.0%) reporting that they should either not be levied (84.6%) or be subject to a reduced levy (6.3%), were a Highland TVL introduced.

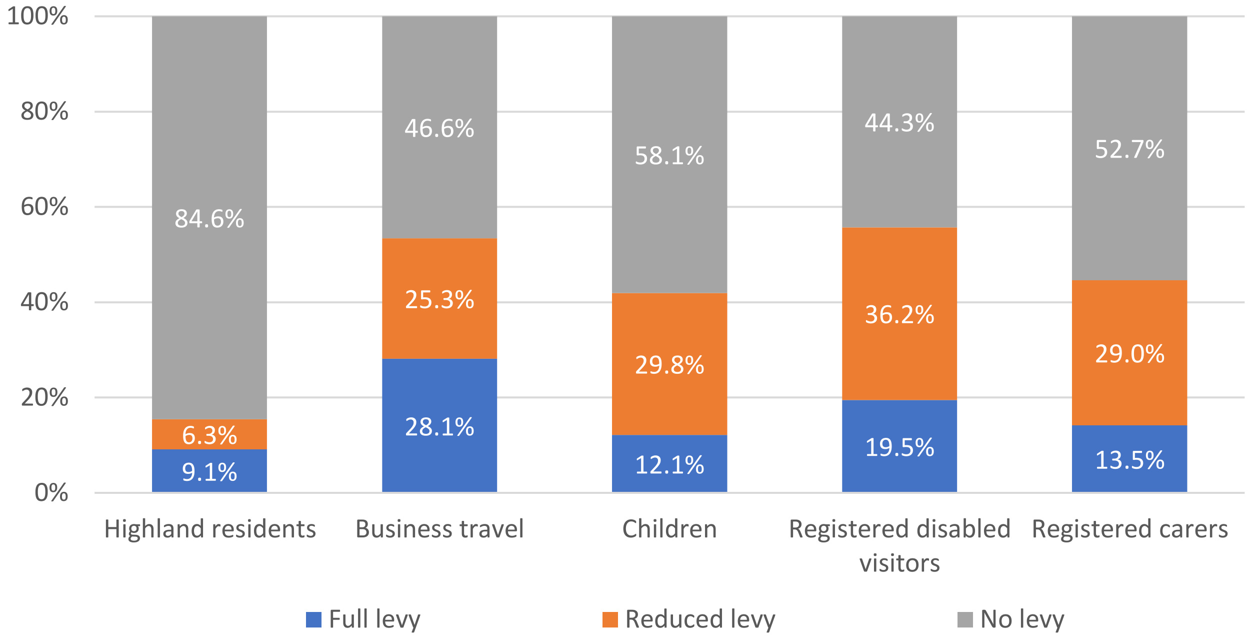

Figure 18 – Which visitor types should receive a full, reduced or no levy
Q12. Should there be any reductions or exemptions? (n=4968)

Responses for a full exemption for Highland residents (i.e. No levy) were especially high. The option of 'No levy' was selected by significantly fewer respondents for other visitor types.

Children were the group with the second most responses favouring either no levy (58.1%) or a reduced levy (29.8%) – with more than 8 in 10 respondents to this question selecting one of these options. More than 8 in 10 respondents to this question selected for registered carers to receive a reduction (29.0%) or exemption (52.7%), were a Highland TVL introduced. Around three quarters (76.7%) of respondents selected for disabled visitors to receive a reduction (44.3%) or exemption (36.2%),

Responses on the topic of business travel were most mixed, but the majority (68.2%) still selected either no levy (46.6%) or a reduced levy (25.3%).

Additional comments: exemptions

Overall, Respondents were also given the opportunity to propose additional groups that should see a levy reduction or exemption, were a TVL scheme introduced.

A total of 359 answers were received. Many used the opportunity to reiterate their point of view on a Highland TVL overall, particularly those who wished to propose that no one should be charged (49 responses to this effect).

Common additional responses included reductions or exemptions for Scottish residents (65 comments), students (11 comments) and neighbouring areas access Highland for facilities (5 comments).

Many comments also raised concerns about the costs associated with such nuances to any policy, and the difficulty of both administering these and ensuring exemptions are not misused.

4.3 Seasonality

Half of the respondents (50.0%) to the question of seasonality responded that a levy, if it was introduced, should apply 'all year round'.

Around 2 in 5 respondents (41.1%) selected a seasonal levy, with almost a third (31.0%) favouring a levy, were it introduced, to be applied 'only during main tourism season (e.g. April-October)' and a further 10.1% selecting for a levy to be applied 'only during busiest season (e.g. July/ August)'.

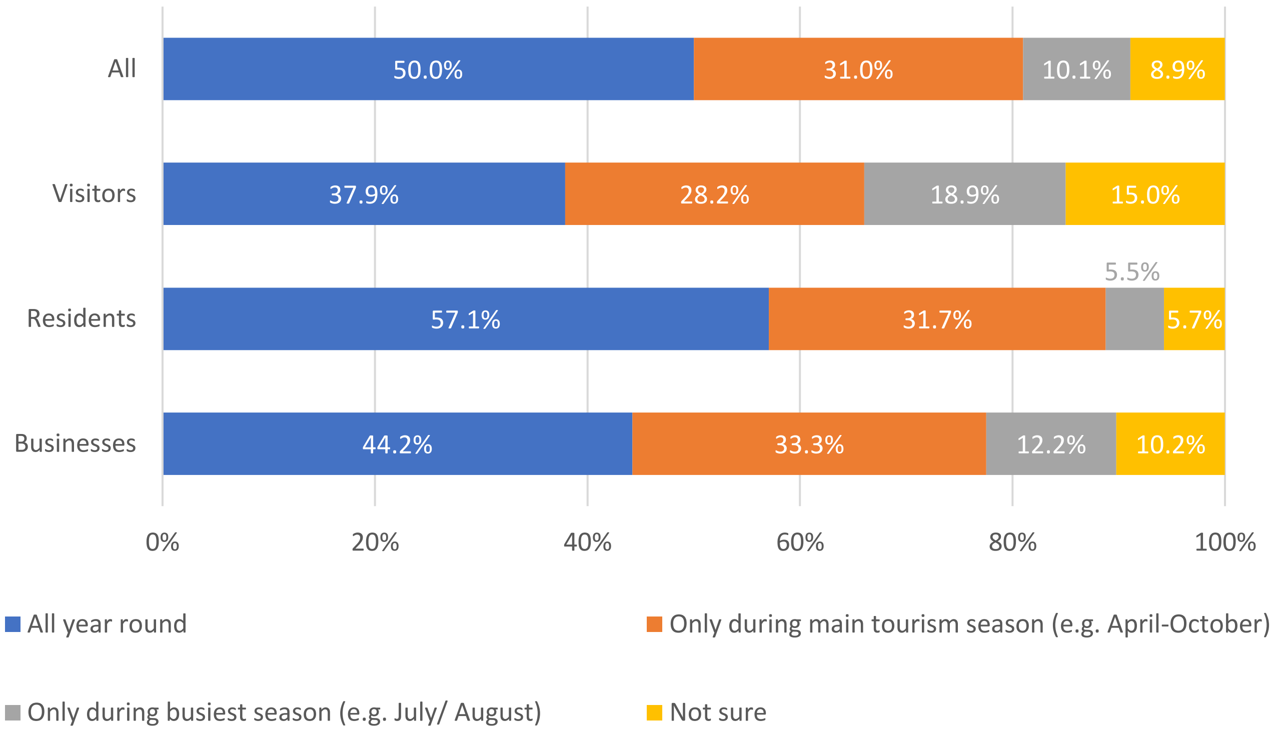

Figure 19 – Seasonal application of a Highland TVL

Q13. When do you think a levy should apply? (n=4776)

4.3.1 Variations on seasonality: Businesses, Residents and Visitors

Across all three respondent types, the most common single answer was an 'All year round' levy. Residents were most in favour of an 'All year round' levy with the majority (57.1%) selecting this option and just over a third (37.2%) selecting a seasonal approach.

Businesses and visitors had lower proportions selecting a year-round levy (44.2% and 37.9%, respectively). There was greater favour for a seasonal approach amongst these respondents, with 45.5% of businesses/ organisations selecting one of the two seasonal options and 47.1% of visitors.

4.4 Double-charging

Respondents were advised that if a package of levies was introduced, some visitors may pay multiple times. They were then asked whether they felt that there would need to be a process to prevent this 'double-charging'.

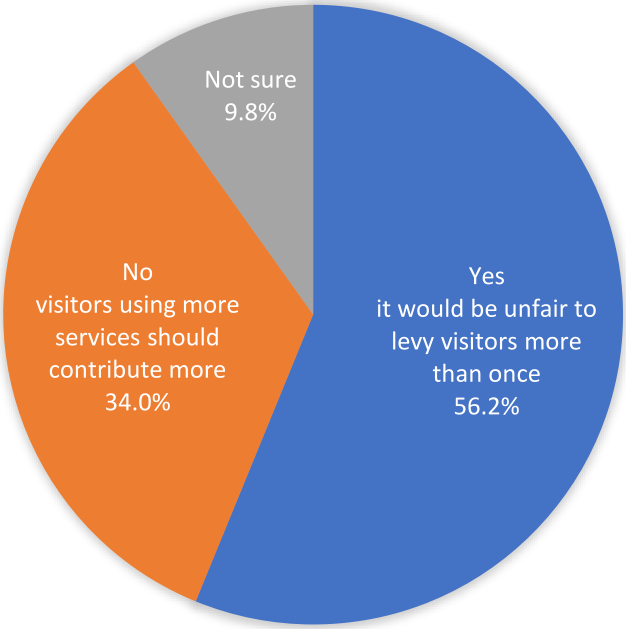

Figure 20 – Whether to address issue of multiple levies

Source: Q20. If a package of levies was introduced, some visitors may pay multiple times. Would there need to be a process to prevent this? (n=4576)

The majority of respondents (56.2%) to this question felt that a process would be required to prevent double-charging as it would be unfair to levy visitors more than once. Around a third (34.0%) felt that no process to address double-charging would be required as it would be fair to levy a visitor more than once as 'visitors using more services should contribute more'. Almost one in ten respondents (9.9%) were unsure.

These proportions were consistent across residents, businesses and visitors. There was no significant variation amongst these groups.

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Section 5: Designing a Highland TVL (Accommodation)

Questions on some specific elements of designing a Highland TVL were split into two sections: an Accommodation Levy (Section 5) and a Non-Accommodation Levy (Section 6).

5.1 Accommodation flat rate or percentage

The majority of respondents (57.8%) favoured a 'flat rate per room per night' over a 'percentage of total room bill', were an accommodation-based Highland TVL introduced. Roughly a quarter (24.0%) selected the latter. Less than a fifth (18.2%) had no preference or were unsure.

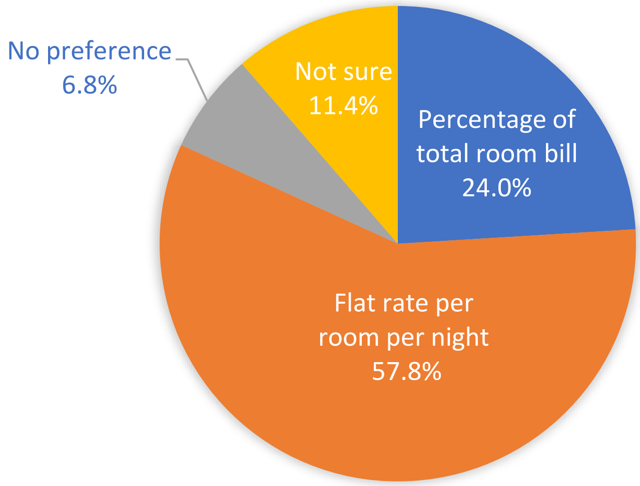


Figure 21 – Type of accommodation levy rate
Source: Q14. If a Transient Visitor Levy were to be introduced for visitors staying in paid accommodation, which charging approach would you prefer? (n=4556)

These proportions were consistent across the different respondent types: businesses/ organisations, residents, and visitors. A slightly higher proportion of businesses/ organisations selected a flat rate (62.1%) and there were fewer responses for a percentage rate (20.0%).

5.2 Accommodation levy rates

Respondents were also asked at what rate an overnight accommodation charge should be levied, if introduced.

Responses to the question of levy rates were mixed, with no outright majority response to the options given. It is clear, however, that a more moderate fee was preferred, with three quarters of all respondents selecting a rate at or lower than 2% or £2 per night and almost half of all respondents (48.5%) selecting a rate of 1% or £1 per night or lower.

Only just over 1 in 10 respondents (11.7%) selected a rate more than 2% or £2 per night.

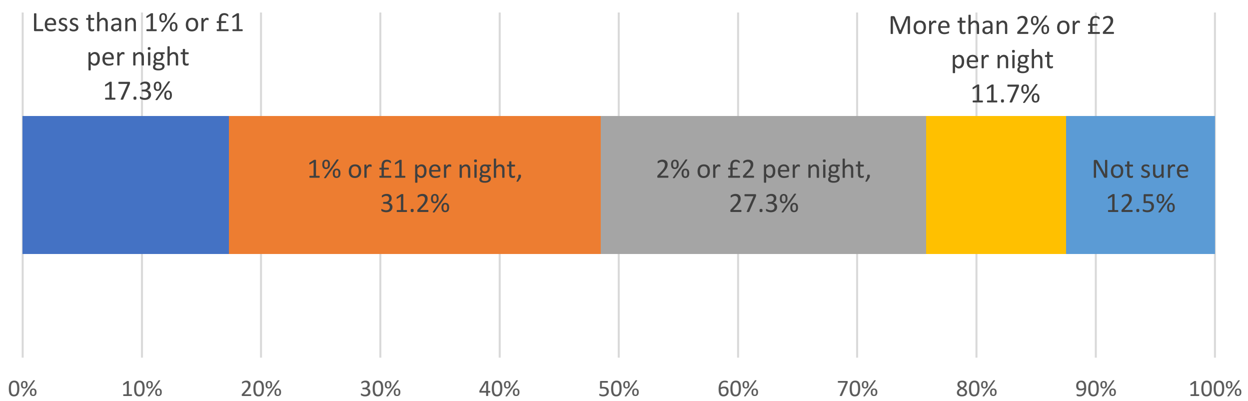


Figure 22 – Accommodation levy rate responses
Source: Q15. What rate should an overnight accommodation charge be? (n=4575)

5.2.1 Variations on levy rates: Businesses, Residents and Visitors

Businesses/ organisations and visitors were largely similar in their selections. There is less than 2% difference in the proportions of responses across any of the categories.

Residents, however, were much more likely to select a higher rate of levy, with more than double the proportion of residents selecting 'More than 2% or £2 per night' (14.6%) than businesses (6.7%).

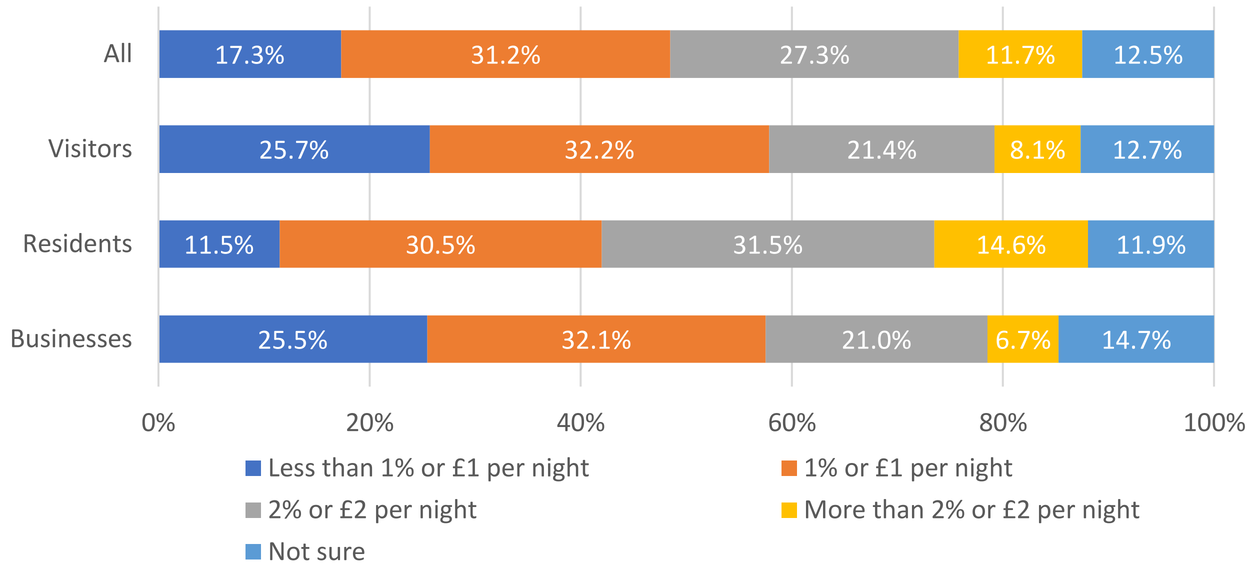


Figure 23 – Accommodation levy rate responses by respondent type

Source: Q15. What rate should an overnight accommodation charge be? (n=4575)

5.2.2 Variations on levy rates: accommodation and non-accommodation businesses

Accommodation providers – those that would likely be involved in an accommodation levy – favoured a lower levy rate with around two thirds (64.6%) selecting a levy of '1% or £1 per night' or lower. By contrast, only 46.0% of non-accommodation respondents selected these options.

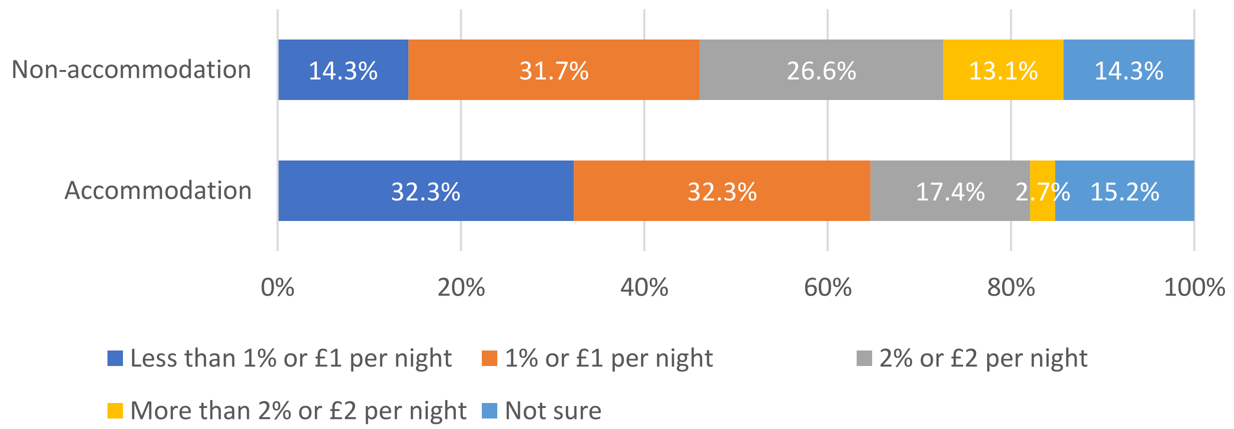


Figure 24 – Accommodation levy rate responses by business type

Source: Q15. What rate should an overnight accommodation charge be? (n=4575)

Most notably, only 2.7% of accommodation respondents selected the highest 'More than 2% or £2 per night' option, compared with 13.1% of non-accommodation respondents.

That said, the most common response amongst both groups was '1% or £1 per night', with roughly a third of respondents of both accommodation and non-accommodation businesses selecting this option (32.3% and 31.7%, respectively).

5.3 Accommodation exemptions

Respondents were asked whether any particular accommodation types should not be required to collect a levy, were a scheme introduced. None of these options received an overall majority response and almost a third of respondents (32.1%) reported they were not sure.

The proportions of responses for exemptions to accommodation types were notably lower than exemptions for certain types of visitors (Question 12). Support for these exemptions ranged between 83.7% and 44.2% of respondents, whereas no response to this question was selected by more than 40.3% of respondents.

The option with the highest number of responses was 'Accommodation below a certain price per night' (40.3%). Second and third were Hostels (35.7%) and Camping/ Caravan sites (28.9%). Given hostels and camping/caravan sites represent the cheaper end of the accommodation market, it could suggest accommodation price was a key factor.

These proportions of responses were consistent across businesses, residents and visitors.

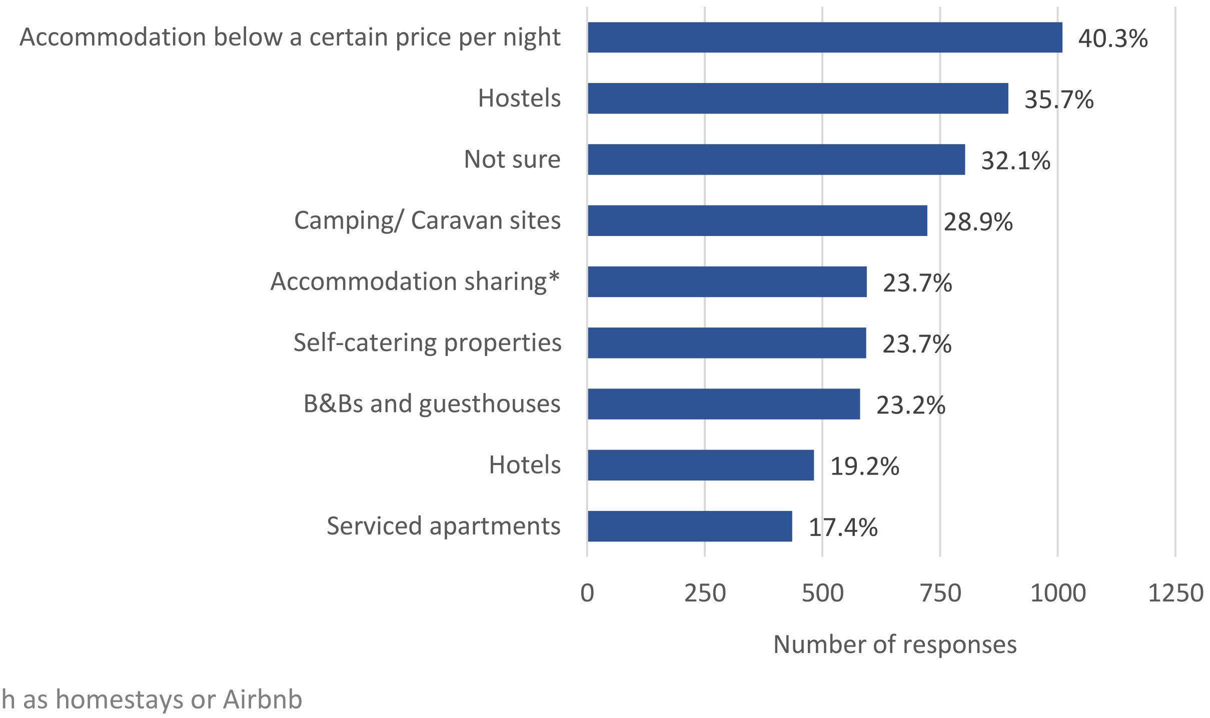


Figure 25 – Accommodation types for levy exemptions

Source: *Q16. Should any paid accommodation providers not be required to collect a levy? Please tick all that apply. (n=2505)*

5.4 Cap on nights charged

Half of all respondents (50.5%) selected that there should be no cap on an accommodation levy, were it introduced – i.e. visitors would pay a levy for the full duration of their stay.

Over a third (36.5%) of respondents opted for a cap to varying degrees, and 13.1% were unsure.

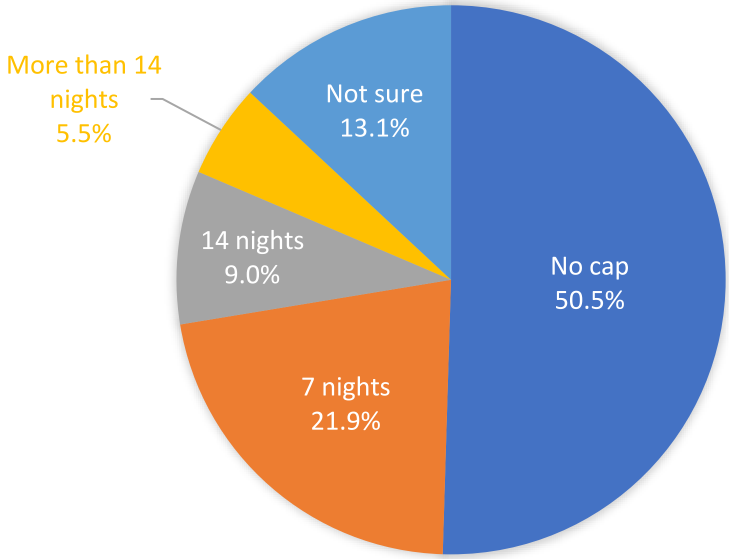


Figure 26 – Responses on a cap to an accommodation levy
Source: Q17. Should there be a cap on the number of nights charged? (n=4572)

5.4.1 Variations on a cap: Businesses, Residents and Visitors

The majority of residents (56.3%) selected the 'No cap' option. A cap of 7 nights was selected by only 17.9% of residents.

Businesses and visitors were more mixed in their views. There was no majority for 'No cap' amongst these groups (45.1% of businesses and 40.7% of visitors). These respondent types were also more likely to pick a cap of 7 nights than residents (27.2% of businesses and 27.9% of visitors).

Across all groups, however, the most common response was 'No cap' and there were very limited responses for caps of 14 nights or more than 14 nights.

Section 6: Designing a Highland TVL (Non-accommodation)

6.1 How could a non-accommodation charge be levied?

Respondents were presented with four potential non-accommodation levies and asked to rate each from 'Totally Against' to 'Totally in Favour'. This was designed to build on Question 10 to consider how non-accommodation charges could potentially be levied, were such a scheme introduced.

NOTE – Whilst the question asked whether respondents are 'in favour' or 'against', the caveat that this cannot be interpreted as overall support for a Highland TVL remains. It is entirely possible that respondents to this question were against the implementation of a Highland TVL but, if it is to be implemented, would favour certain principles or approaches.

Three of the options received a majority of responses in favour, if a Highland TVL scheme introduced. Three quarters of respondents were in favour or totally in favour of a 'Levy to use a motorhome in Highland' (74.9%). The majority of respondents were actually 'totally in favour' (52.7%).

A 'Levy added to cruise visitors' was favoured by 70.1% of respondents with 40.8% totally in favour. And around two-thirds of respondents (68.3%) answered a 'Levy added to tour group fees', with over a third (36.0%) totally in favour.

Across these three options around a fifth of respondents were against these approaches and between 5 and 10% were unsure.

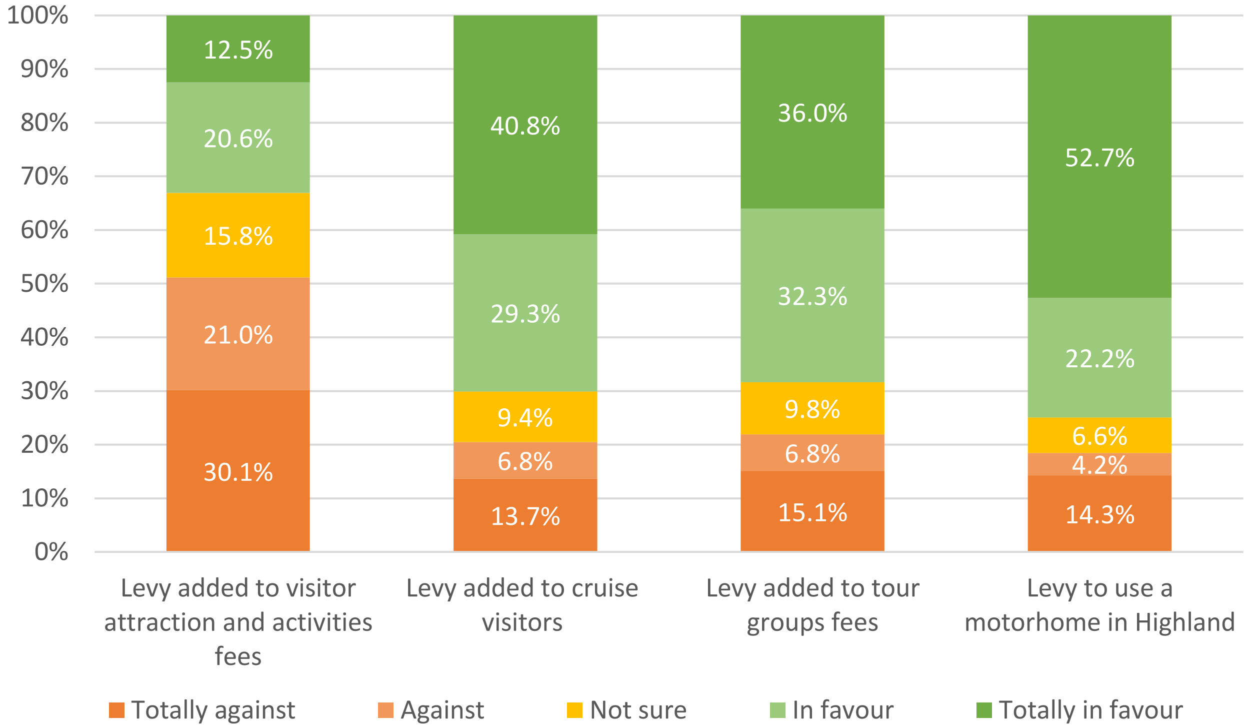


Figure 27 – Perspectives on different non-accommodation levy options

Source: *Q18. Which of the following might you support? (n=4862)*

By contrast, most (51.2%) respondents were against a 'Levy added to visitor attraction/ activities fees' with 30.1% totally against. Only a third were in favour or totally in favour (33.1%) and 15.8% were unsure.

Additional comments on non-accommodation levies

Respondents had the opportunity to suggest other options for non-accommodation levies. A total of 412 comments were made.

Many of these reiterated or explained the responses provided – principally where they had selected all or none of the options. Others raised considerations that were captured in other questions, such as the question of exemptions (Question 12) and addressing potential double-charging (Question 20).

About a third of comments raised the logistics, and principally difficulty, of implementing a scheme in their selection. Typically, those that considered this advised a levy on cruise visitors, added to port fees when disembarking, would be most simple. Some respondents advised the difficulty of implementation put them off selecting motorhome users and day visitors as options.

Alternative levy approaches proposed in the comments included the following, although none were received in large numbers:

- Car parking charges
- Motorhome licenses
- Enforcement of no wild camping parking for campervans and motorhomes
- Public toilet charges
- Food and drink suppliers
- An 'entry system' for vehicles akin to a congestion charge

6.1.1 Variations on on-accommodation levies: Businesses, Residents and Visitors

Businesses, residents and visitors were largely consistent in their views on this topic. The relative proportions in favouring each levy option largely reflect the views of these groups on TVL as a whole, as shown in Section 3. Namely, across each option a greater proportion of businesses/ organisations than residents or visitors were against the options and residents were consistently most in favour of the levy approaches.

There is one notable exception to this for a 'Levy to use a motorhome in Highland', however, where different response groups were more divided. A strong majority (81.8%) of residents were in favour of this approach, with only 13.4% against. Businesses were also largely in favour (76.8%). By contrast a significantly lower proportion of visitors were in favour (63.3%) and over a quarter (28.3%) were against.

6.2 Non-accommodation levy rates

The majority (59.9%) of responses selected that non-accommodation levies should be set at a similar rate to accommodation, if introduced.

Around a quarter (24.5%) of respondents felt the rate should differ from accommodation (10.1% more and 14.4% less), with 15.6% were unsure.

Responses were consistent across businesses/ organisations, residents and visitors.

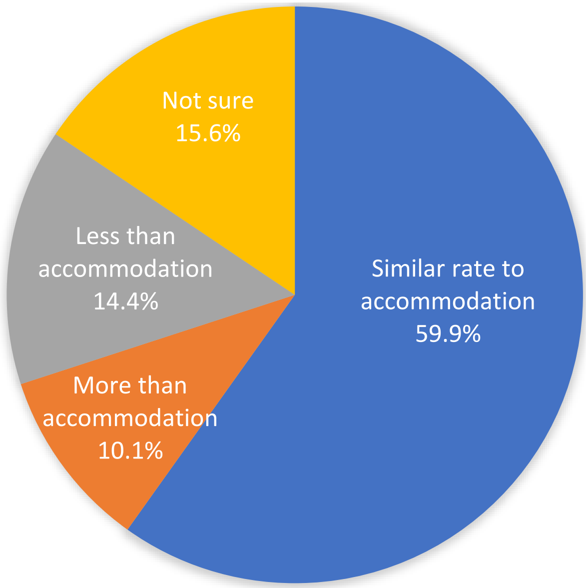


Figure 28 – Non-accommodation levy rates
Source: Q19. At what rate should these charges be applied? (n=4452)

– ANALYSIS ENDS –

Appendix 2
Highland Transient Visitor Levy
Face-to-face Visitor Survey Analysis

Summary of the response to The Highland Council's face-to-face visitor survey on a potential Highland Transient Visitor Levy

December 2019

Introduction

In July 2019 the Highland Council commissioned the *Moffat Centre for Travel and Tourism Business Development*, part of Glasgow Caledonian University, to undertake a face-to-face visitor consultation on a potential Highland Transient Visitor Levy (TVL).

A team of trained interviewers carried out 950 face-to-face interviews between mid-August and the end of September 2019 using a questionnaire co-designed by Highland Council and the Moffat Centre.

Interviews took place at eight locations across Highland, selected to ensure good geographical spread across the region and also to include a combination of sites in larger communities, smaller communities and more rural locations.

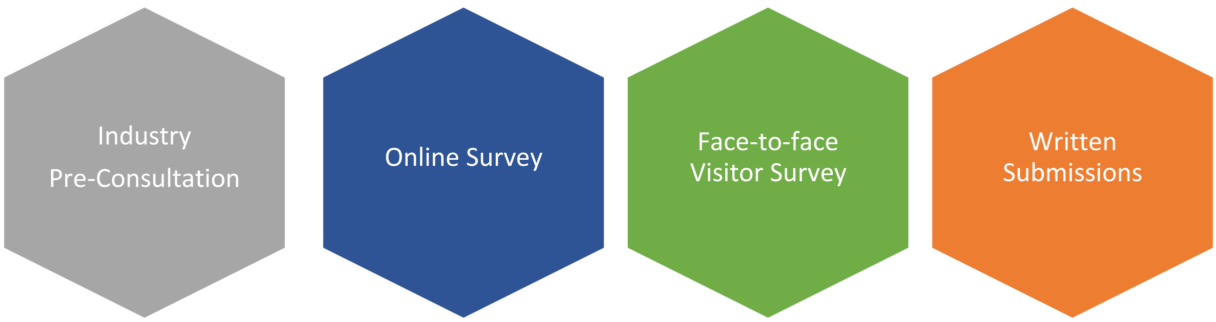
Location	Number of interviews	%
Fort William	213	22%
Inverness	181	19%
Ullapool	172	18%
Portree	148	16%
Aviemore	94	10%
Dornoch	56	6%
Dunnet Head	55	6%
Nairn	31	3%
Total	950	100%

Table 1: Location and number of visitor interviews

Numbers of respondents at each site were influenced by several external factors including available visitors on the day and weather.

In context

This Face-to-face Visitor Survey is one of a number of pieces of evidence gathered by the Highland Council to investigate a potential Highland Transient Visitor Levy. The results should be considered alongside the results of the Pre-Consultation, Online Survey and Written Submissions.



Contents

Section 1: Respondent characteristics

A total of 950 visitors participated in face-to-face visitor surveys conducted by the Moffat Centre.

The first section of the questionnaire focused on collecting information about the respondent and their current visit to Highland.

The aim was to better understand the sample population and determine its representativeness of the Highland tourism market, particularly to understand whether results are disproportionately skewed by certain markets/ profiles. The intention was not to develop conclusions about the composition of visitors to Highland.

1.1 Visitor residence

Overall, 42.9% of respondents were domestic visitors (from the UK), with 2.9% from Highland, 12.9% from the rest of Scotland, and 27.1% from the rest of the UK.

Over half (57.1%) of respondents were international visitors, with almost a third (30.8%) of all respondents coming from Europe and around a quarter (26.2%) coming from the rest of the world.

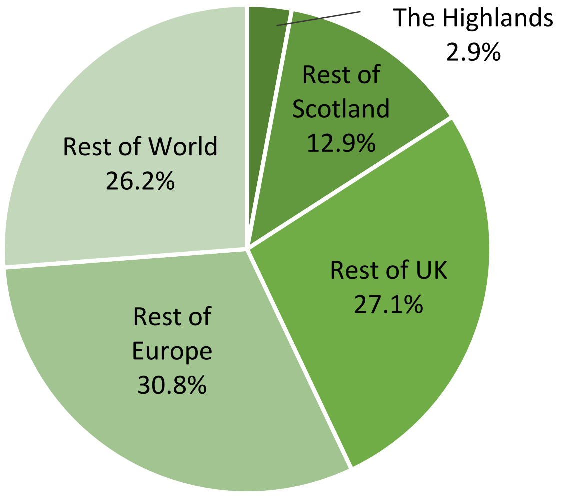


Figure 1 – Residence of visitors

Source: *Question 1.1. Where do you live? (Usual place of residence) (n=950)*

How does this sample compare to visitors to Highland as a whole?

Around a fifth of all visitors to Highland (~18%) are international visitors. At 57.1%, this Consultation has a significantly greater proportion of international visitors than the Highland visitor market as a whole. Where possible, this should be considered in analysis, and in the Council Report.

The roughly equal split of domestic visitors between those form Scotland and those from the UK does reflect the Highland visitor market.

1.2 Visitor purpose

The majority of respondents (97.1%) indicated that their visit was for leisure purposes. Just 2.9% answered that they were visiting Highland for business.

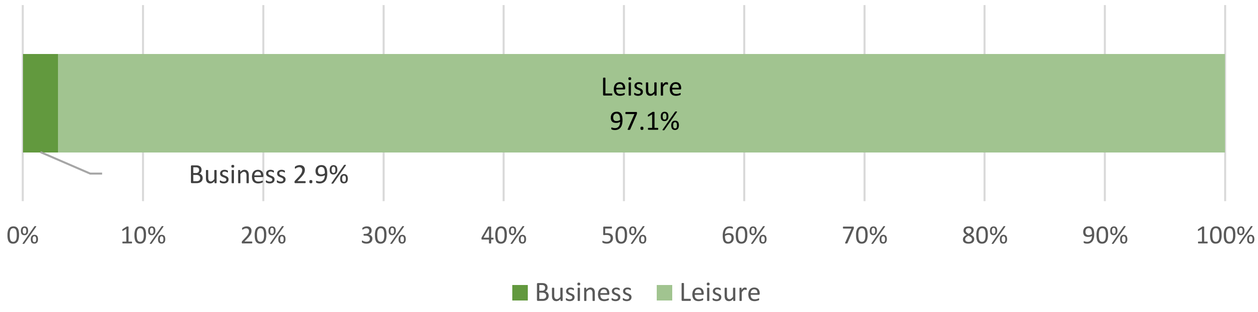


Figure 2 – Visitor purpose
Source: *Question 1.2. Is your visit for Leisure or Business? (n=950)*

How does this sample compare to visitors to Highland as a whole?
Business travellers account for about 10% of all domestic visitors to Highland and about 3% of all international visits. At just 2.9%, this Visitor Consultation under-represents business travellers.

1.3 Visitor accommodation

The 151 visitors that advised they lived in Scotland (either 'The Highlands' or the 'Rest of Scotland') in Question 1 were asked whether they were staying at home.

These visitors were evenly split, with half (50.0%) advising they were staying at home, and half (50.0%) advising they were staying in accommodation in Highland.

All visitors not staying at home were asked which accommodation types they were using during their trip. Respondents were able to select more than one answer.

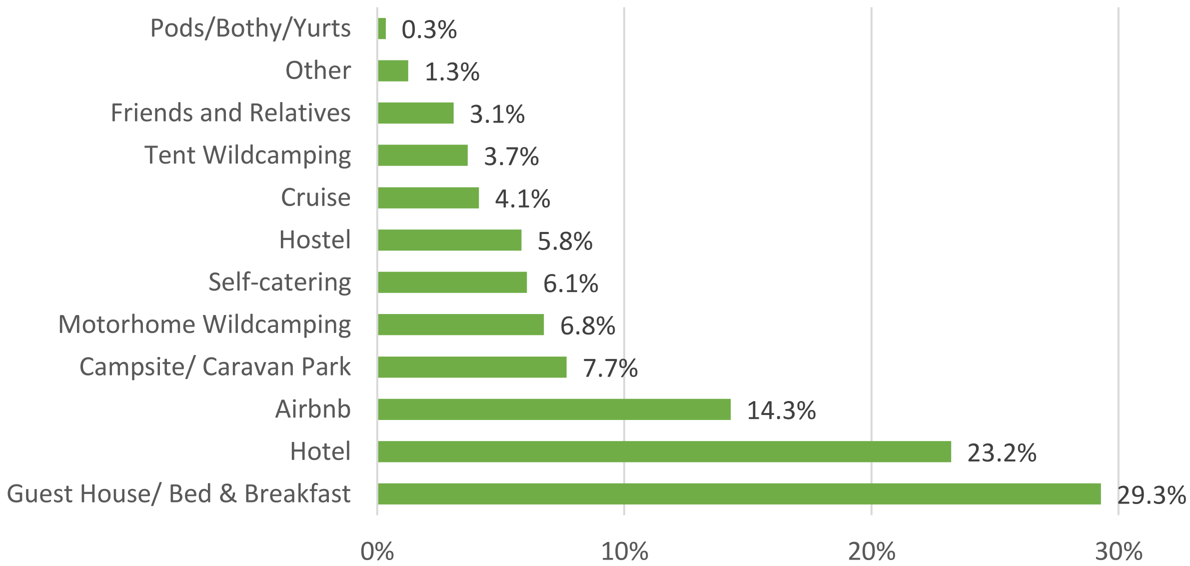


Figure 3 – Visitor accommodation types
Source: *Question 1.3. During your trip, what type of accommodation are you staying in? (n=874)*

The most common response was staying in a Guest House or B&B, with around one in three respondents (29.3%) selecting this option. Almost a quarter of respondents (23.2%) were staying in a hotel, making it the second most common response. Third was Airbnb with 14.3% using this service.

Overall, the most common accommodation type was Serviced Accommodation with 58.4% of respondents using either a Guest House/ B&B, Hotel and/or Hostel during their stay.

Around 1 in 10 respondents (10.4%) was wild-camping at some point during their trip, either in a motorhome (6.8%) or tent (3.7%).

Cruise visitors accounted for 4.1% of respondents, and 3.1% of respondents were staying with friends of relatives.

1.4 Visitor stay duration

Three quarters (75.0%) of respondents were staying in Highland for three days or more. The most common length of stay in Highland amongst respondents was more than 7 days, with almost a third (31.6%) selecting this option.

Just over 1 in 10 (12.0%) of respondents were day visitors.

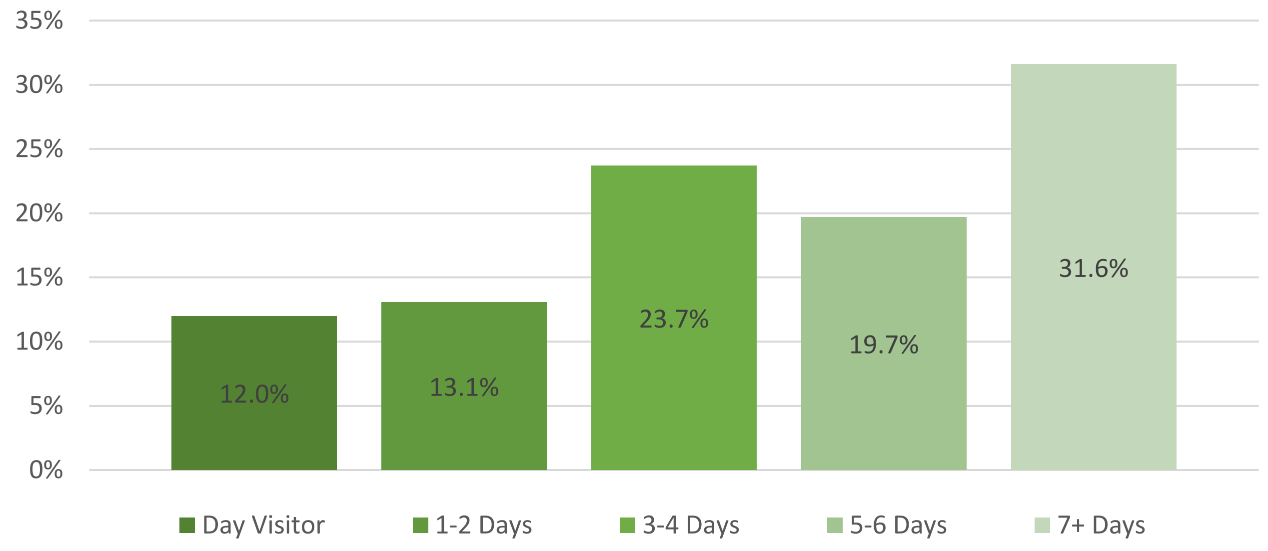


Figure 4 – Visitor stay duration
Source: *Question 1.4. How many nights are you staying in the Highlands? (n=950)*

How does this sample compare to visitors to Highland as a whole?

Day visitors account for about a third of all visitors to Highland. At 12.0%, this Visitor Consultation under-represents the views of day visitors.

On average, visitors surveyed were staying longer in Highland than the average visitor stay in Highland (3.1 nights) Highland visitor market as a whole.

Section 2: Visitor satisfaction with services

The Council also took the opportunity, whilst undertaking face-to-face interviews with visitors, to ask about the levels of visitor satisfaction in key services and facilities.

Respondents only provided their views on the services they had experienced during their visit. As a result, sample size varies for each service. The lowest response was for ‘Motorhome facilities’ (n=136), with all other response rates 674 or higher.

In general, visitors reported being satisfied with the services they had used. For all services in question, with the exception motorhome facilities, 60% or more of respondents were ‘very satisfied’ or ‘satisfied’.

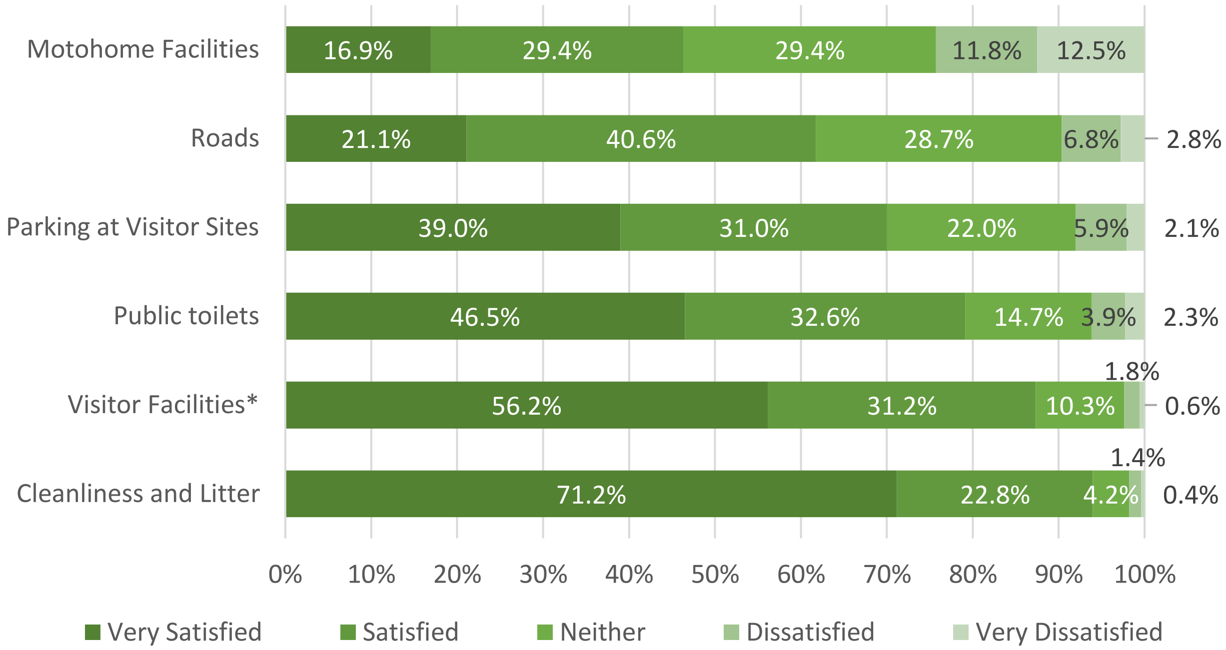


Figure 5 – Visitor satisfaction with tourism services
Source: *Question 1.5. How satisfied are you with the following services? (n= 136-944)*
**Visitor Facilities such as paths, trails and viewpoints.*

Satisfaction was highest with ‘Cleanliness and Litter’ (94.0% ‘very satisfied’ or ‘satisfied’), followed by ‘Visitor facilities such as paths, trails and viewpoints’ (87.3% ‘very satisfied’ or ‘satisfied’), and then Public toilets (79.1% ‘very satisfied’ or ‘satisfied’).

Satisfaction amongst ‘Parking at Visitor Sites’ and ‘Roads’ were also high with 70.0% and 61.7% ‘very satisfied’ or ‘satisfied’, respectively.

Levels of dissatisfaction in all these services were also low. For all tourism services in question, with the exception motorhome facilities, less than 10% of respondents were ‘very dissatisfied’ or ‘dissatisfied’.

Satisfaction levels in motorhome facilities were more mixed with 46.3% of users either ‘very satisfied’ or ‘satisfied’ and almost a quarter (24.3%) either ‘very dissatisfied’ or ‘dissatisfied’.

Section 3: Investing TVL revenue

Participants were asked to select all the options they felt to be a justifiable use of revenue generated through a Highland Transient Visitor Levy, were it introduced.

3.1 'Tourism uses' of TVL revenue

For six of the options given, the majority of respondents (50.0% or more) advised that, were revenue raised from implementing a TVL, they would support it going towards this.

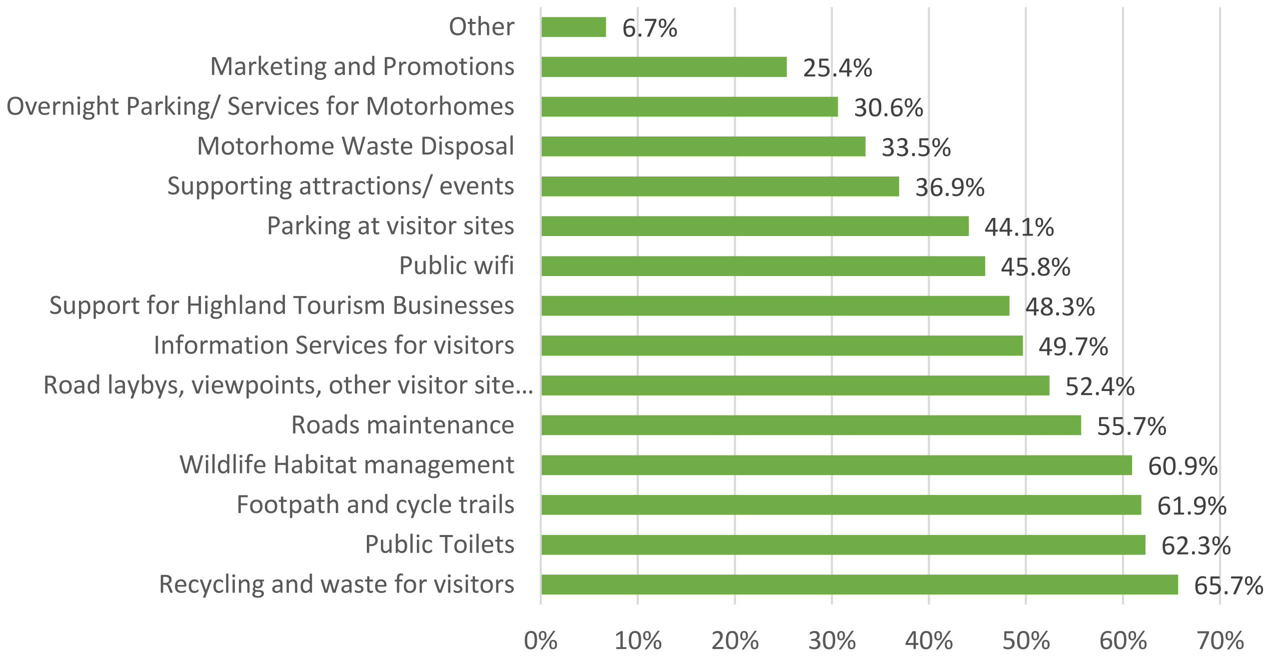


Figure 6 – Use of revenue from a Highland TVL

Source: *Question 2.1. What do you consider to be a justifiable use of a local tourism tax? (n =950)*

The most common response was 'Recycling and waste for visitors' with around two-thirds of respondents (65.7%) selecting this option. This was followed by 'Public toilets' (62.3%), 'Footpath and cycle trails' (61.9%), 'Wildlife habitat management' (60.9%), 'Roads maintenance' (55.7%) and 'Road laybys, viewpoints, other visitor site improvements' (52.4%).

Just under half of the respondents selected 'Information services for visitors (49.7%) and support for Highland tourism businesses (48.3%).

The lowest level of support for spending was on 'Marketing and promotions' with just a quarter of respondents (25.4%) selecting this option. Both 'Motorhome waste disposal' (33.5%) and 'Overnight parking/ services for motorhomes' (31.6%) were selected by almost a third of respondents.

Of the 6.7% of 'Other' responses, suggested uses included: public transport, live music, historic sites, picnic tables, improving access for all, and for use by local communities.

Section 4: Support or opposition to a Highland TVL?

4.1 Support or opposition

Having considered potential uses of revenue raised through a Highland Transient Visitor Levy, respondents were asked whether they would be willing to contribute to such a scheme, were it introduced.

The majority (78.4%) responded 'Yes', they would be willing to contribute to a Highland TVL scheme.

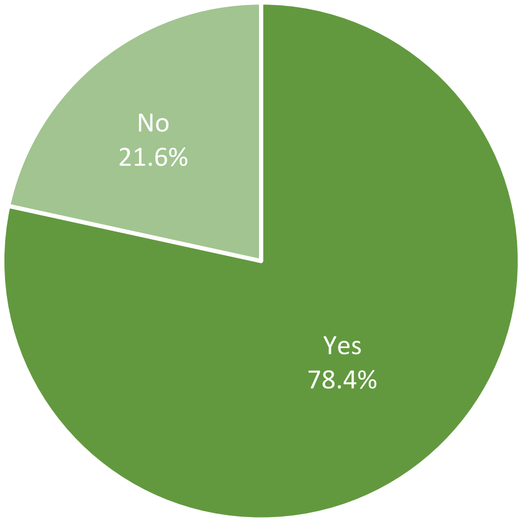


Figure 7 – Support and opposition to a Highland TVL
Source: *Question 2.2. Given the potential uses, would you be willing to contribute to a local visitor tax? (n =950)*

4.1.2 Variations on support/ opposition: Visitor residence

Visitors from out with the UK were most likely to indicate they would be willing to contribute to a Highland TVL scheme, with almost 9 in 10 international visitor respondents advising this: 86.7% of respondents from Europe (out with the UK) and 86.3% from the rest of the world.

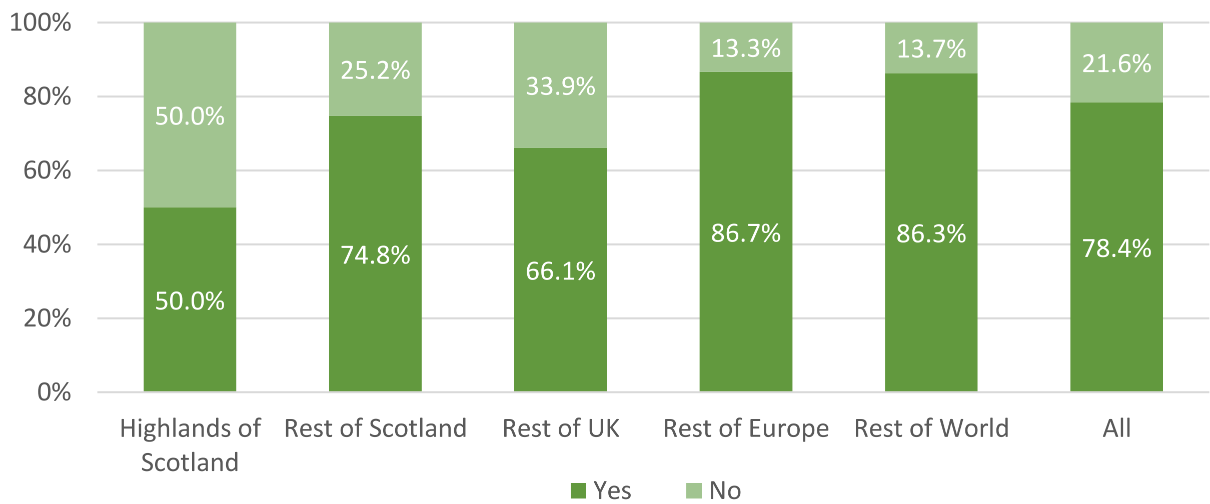


Figure 8 – Support and opposition to a Highland TVL, by visitor residence
Source: *Question 2.3. Given the potential uses, would you be willing to contribute to a local visitor tax? (n =950)*

Visitors from Highland were more mixed in their response with 50.0% answering ‘Yes’ and 50.0% answering ‘No’. This was the group least likely to indicate willingness to contribute to a Highland TVL.

A higher proportion of domestic visitors out with Highland indicated willingness to contribute to a scheme with three-quarters (74.8%) of respondents from the ‘Rest of Scotland’ and two-thirds of respondents (66.1%) from the ‘Rest of the UK’ responding ‘Yes’.

4.1.3 Additional comments: support or opposition

The 21.6% of respondents that indicated they would not be willing to contribute to a Highland TVL, were given the opportunity to explain why, if they wished. Responses have been categorised by the Moffat Centre, the company contracted to undertake the survey.

Responses were varied in detail, with no one specific reason being given by more than about a fifth of responses.

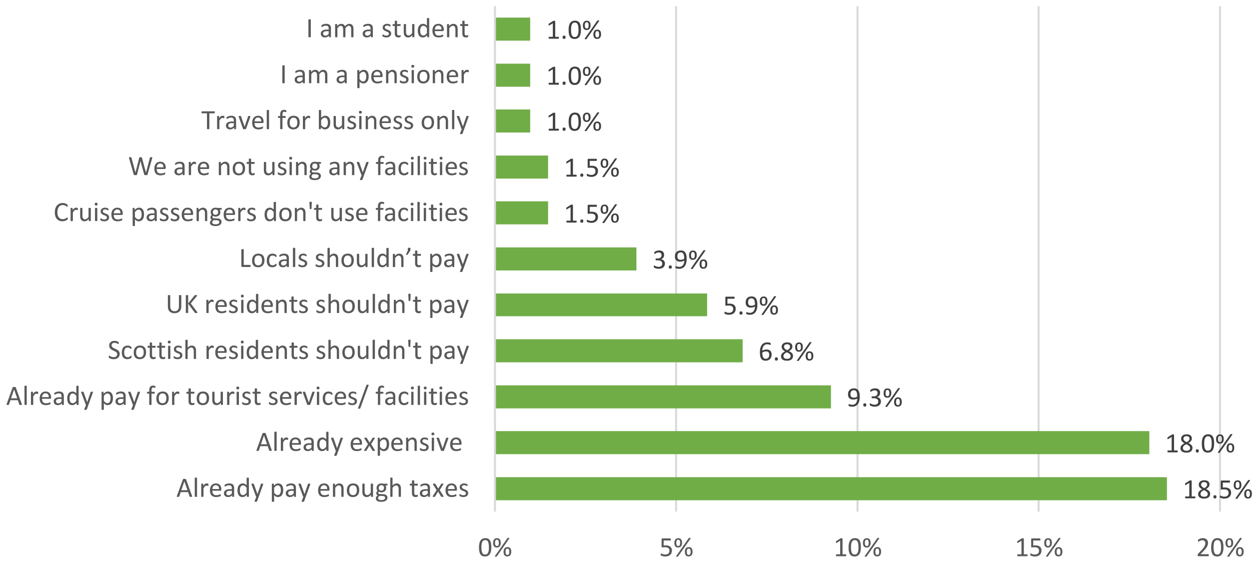


Figure 9 – Reasons for not supporting a Highland TVL
Source: *Question 2.3. If No [to Question 2.2], please explain your reasons (n=205)*

About a quarter of responses (27.8%) were based on the fact respondents felt they were already contributing sufficiently through taxation (18.5%) or paying for services (9.3%).

Almost 1 in 5 respondents (18.0%) answered that a Highland TVL should not be introduced as Highland is already expensive to visit.

Around a fifth of responses (21.0%) were characterised by feeling that there should be exemptions or concessions for certain groups, namely Scottish residents (6.8%), UK residents (5.9%), ‘Locals’ (3.9%), Cruise passengers (1.5%), Business travel (1.0%), Pensioners (1.0%) and Students (1.0%).

A small proportion of respondents (1.5%) advised they were unwilling to pay as they were not using any facilities.

Section 5: Designing a Highland TVL

The 78.4% of respondents that indicated willingness to contribute to a Highland TVL (Question 2.2) were asked a series of questions on what they felt an optimal Highland TVL scheme might look like.

5.1 Rate of levy

The majority (60.0%) of respondents chose the option of between £1 and £1.99. Second most common was 'Less than £1' with almost a quarter (22.8%) of respondents selecting this option.

Just 17.2% indicated support for charge of £2 or more, with 15.4% selecting £2 to £5, and 1.7% for more than £5.

There was greatest support for a modest levy rate, with 82.8% selecting a rate of less than £2.

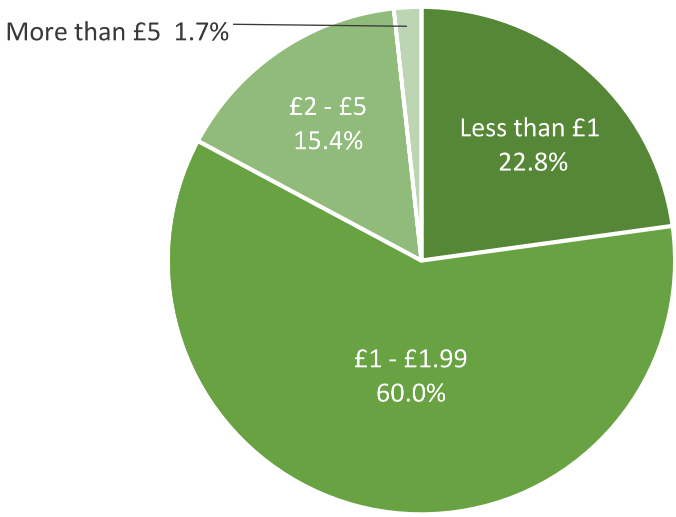


Figure 10 – Levy rates for a Highland TVL

Source: *Question 2.4. If Yes, how much would you consider paying per day/ night for such a levy? (n=745)*

5.1.1 Variations on levy rate: visitor residence

There was a geography to the responses to this question. The closer the visitor residence to Highland, the more divided the opinion on the levy rate and the more likely visitors were to select either the highest and the lowest options.

Whereas over 7 in 10 visitors (72.1%) from the Rest of World selected a rate of £1-£1.99, less than 3 in 10 (28.6%) of Highland visitors selected this option.

Visitors from Highland were highly divided in their views on a potential levy rate with just over a third selecting the lowest option of 'Less than £1' (35.7%) and the same proportion of respondents selecting the highest option of 'More than £5' (35.7%). No Highland respondents selected the '£2 - £5' option.

Visitors from every other region were significantly less likely to select the 'More than £5' option – ranging from 0.8% to 1.8%.

The single most popular choice for all visitor groups, with the exception of those from Highland, was the £1-£1.99 rate. This option was selected by the majority of respondents from the UK (54.1%), Europe (61.0%) and the world (72.1%).

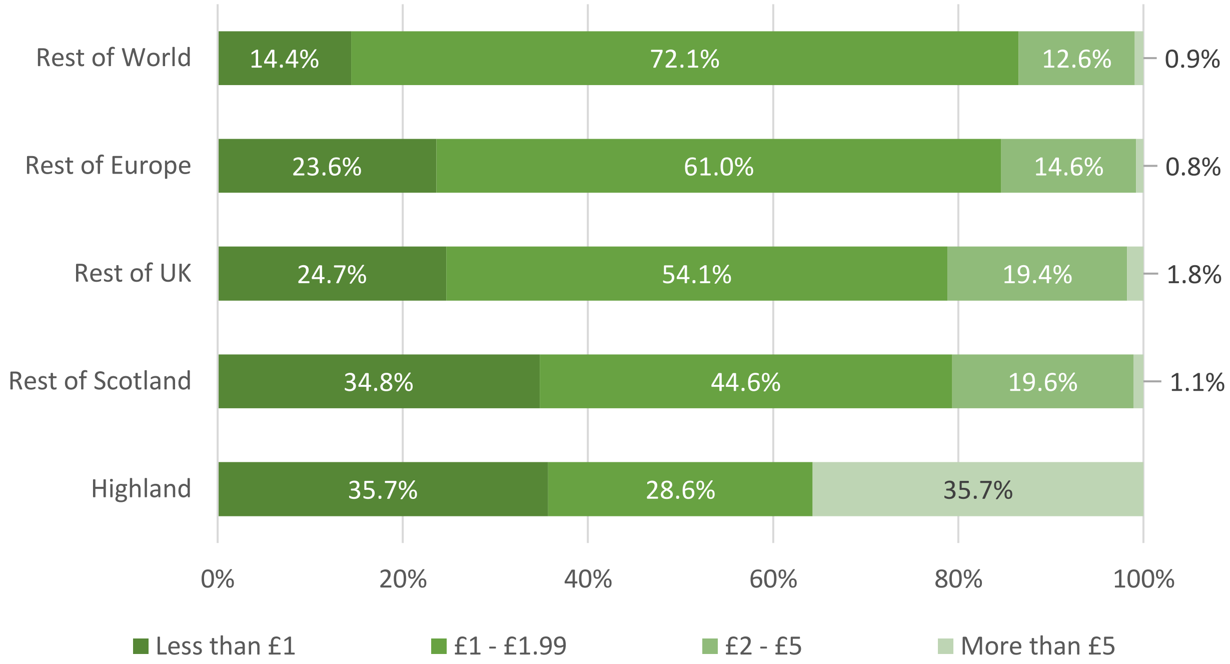


Figure 11 – Levy rates for a Highland TVL, by visitor residence
Source: *Question 2.4. If Yes, how much would you consider paying per day/ night for such a levy? (n=745)*

5.2 Which visitors should contribute to a Highland TVL?

Respondents were asked which types of visitor they felt a Highland TVL should be applied to. They were able to select as many options from a list as they felt were applicable, and to suggest others.

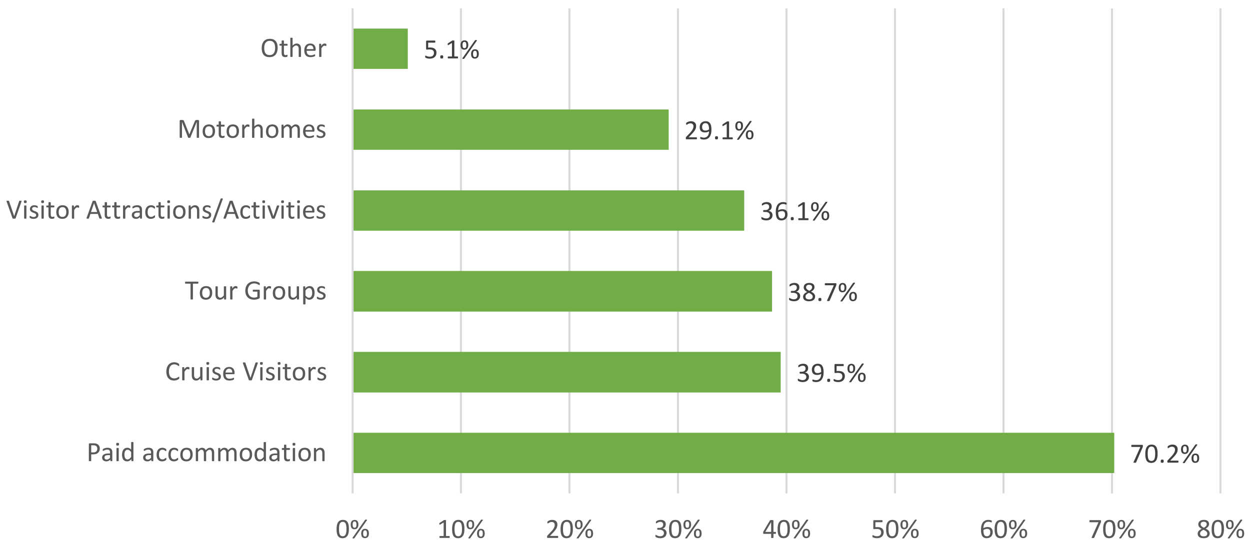


Figure 12 – Levying visitor types
Source: *Question 2.5. If Yes, where should the local tourism tax be applied? (n=745)*

The 'Accommodation' option was selected by the majority (70.0%) of respondents. This was the most common response by some margin and the only majority response.

Four of the other options received between 30% and 40% of responses: ‘Cruise Visitors’ (39.5%), ‘Tour Groups’ (38.7%), ‘Visitor Attractions/Activities’ and ‘Motorhome users’ (30.0%).

In total, 38 respondents (5.1%) responded ‘Other’, with responses including: food outlets/ restaurants, applied to all categories listed, campsites, and at regional airports.

Section 6: Potential impact of a Highland TVL on visitor behaviour

6.1 Would a levy impact visitors’ decision to visit Highland?

All respondents were asked whether introducing a Highland TVL would affect their decision to visit the Highlands in the future. The majority (83.7%) of respondents indicated that ‘No’, a TVL scheme would not influence their decision to visit Highland.

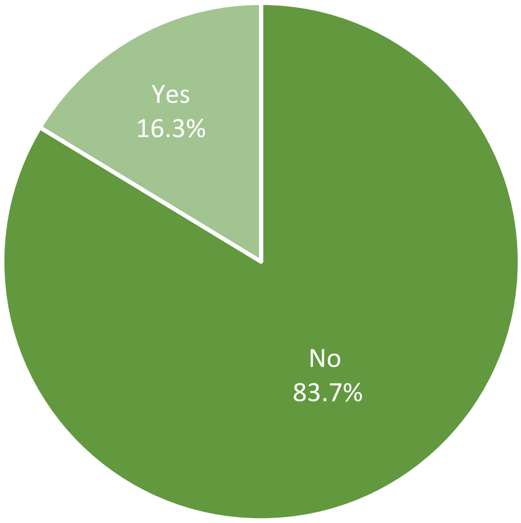


Figure 13 – Whether a Highland TVL would influence visitors’ future behaviour
Source: *Question 2.6: Would a Transient Visitor Levy influence your decision to visit the Highlands of Scotland in the future? (n=950)*

6.1.1 Variations: visitor residence

The responses to this question varied with visitors’ place of residence.

Visitors from the ‘Rest of the UK’ and ‘Highland’ were most likely to be influenced to visit Highland by the introduction of a Highland TVL with around a quarter responding yes (25.7% and 25.0%, respectively).

International visitors from the ‘Rest of Europe’ and the ‘Rest of the World’ were less likely to be influenced by the introduction of a Highland TVL (12.6% and 12.9% indicating ‘Yes’, respectively).

Visitors from the ‘Rest of Scotland’ were least likely to be influenced by the by the introduction of a Highland TVL with 1 in 10 respondents (10.6%) responding ‘Yes’.

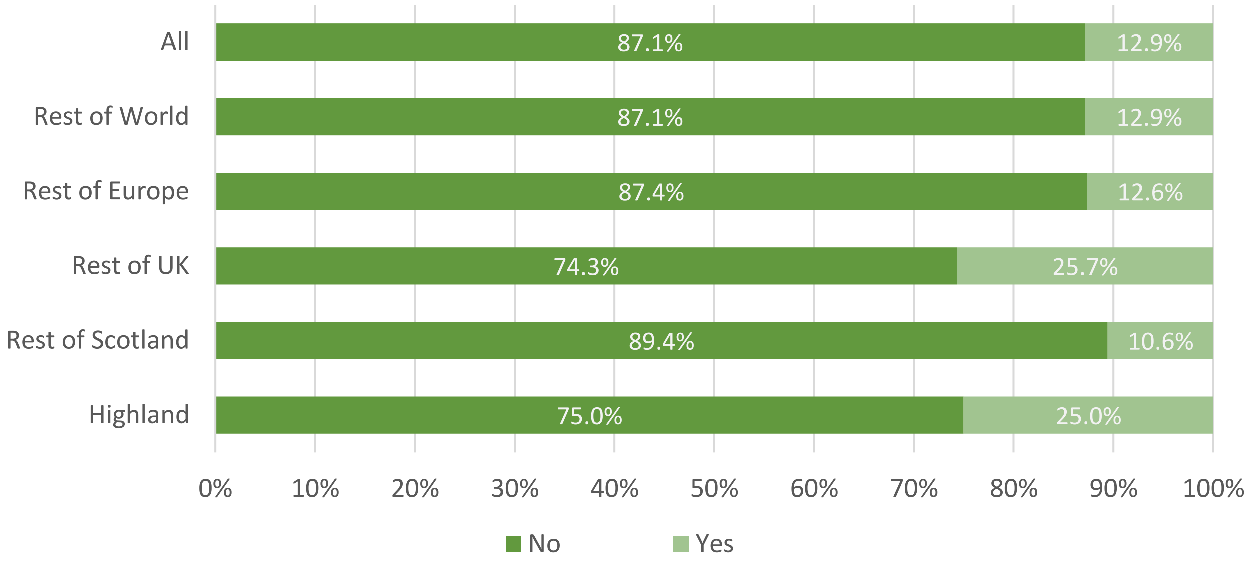


Figure 14 – Whether a Highland TVL would influence visitors' future behaviour, by visitor residence
Source: *Question 2.6: Would a Transient Visitor Levy influence your decision to visit the Highlands of Scotland in the future? (n=950)*

6.2 How might a Highland TVL influence visitor behaviour?

The final question was posed to respondents that indicated a Highland TVL would influence their decision to visit Highland (Question 2.6). Respondents were asked to select all relevant options.

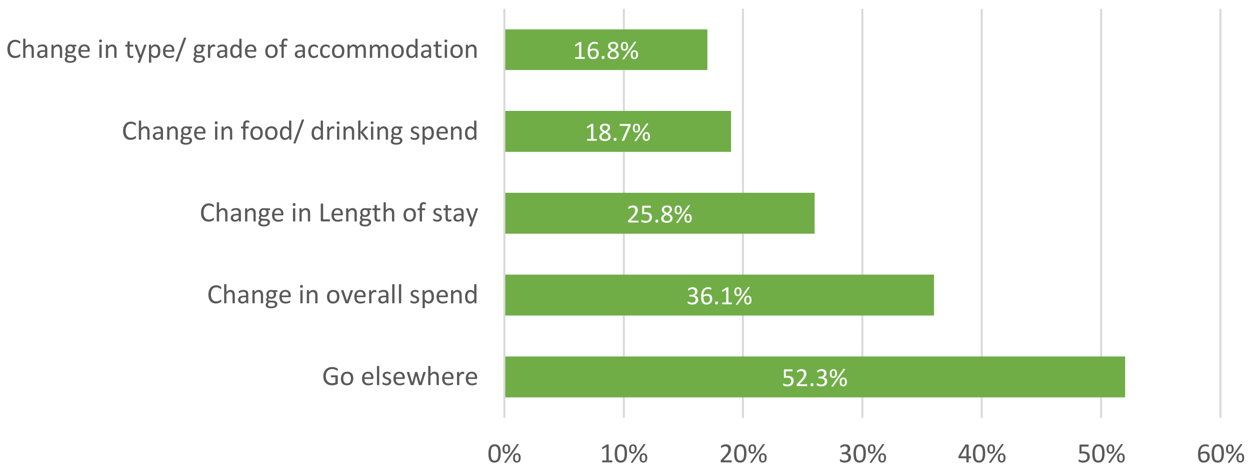


Figure 15 – How a Highland TVL would influence visitors' future behaviour
Source: *Question 2.7: If Yes, how would this impact on your decision to visit in the future? (n=155)*

Half of the respondents to this question (52.3%) selected 'Go elsewhere'. This represents 8.5% of all respondents.

All other responses related to a change in behaviour whilst still visiting. Around a third of (36.1%) were for changing their overall spend and around a quarter (25.8%) advised they would change the length of stay. Almost a fifth (18.7%) advised they would change their food or drink spending, and 16.8% selected that it would change their type/ grade of accommodation.

– ANALYSIS ENDS –

Appendix 3
Highland Transient Visitor Levy
Written Submissions Analysis

Summary of the response to The Highland Council's online consultation on a potential Highland Transient Visitor Levy

December 2019

Introduction

The Highland Council recognised that, as the online survey aimed to collect large volumes of largely quantitative information from residents, businesses or visitors, it may not have enabled local community groups, industry/ destination groups and public sector partners to make all the points they wished to contribute.

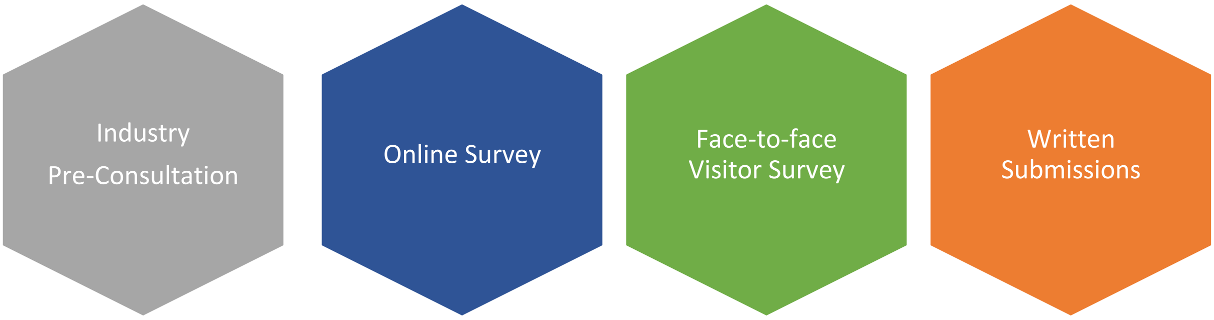
As a result, Highland Council welcomed **28 written submissions** from organisations such as public sector partners, destination organisations, industry groups, Community Councils, and local trusts.

Submissions covered a range of points but there were also distinct areas of commonality. This document pulls together and summarises 60+ pages of responses for ease of use in decision-making. Every intention has been made to do so fairly, and so as not to change the intended inferences but, as a summary it will necessarily condense arguments and omit some detail.

It is not practicable for all comments in all submissions to be represented in this summary, especially those only raised in one submission. However, this body of submissions will be a useful and insightful resource that the Council should continue to draw on in any further work on a potential Highland TVL.

In context

These written submissions are one of a number of pieces of evidence gathered by the Highland Council to investigate a potential Highland Transient Visitor Levy. The results should be considered alongside the results of the Pre-Consultation, Online Survey, and Face-to-face Visitor Surveys.



Contents

Section 1: Respondent characteristics

1.1 Respondent summary

The Highland Council received 28 written responses to the Highland TVL Consultation. These can be categorised by organisation type and position declared on a Highland TVL.

Position → / Organisation ↓	Against	For	Undisclosed position	Total
Business Groups	8	0	1	**9**
Community Councils	1	3	1	**5**
Public sector partners	0	0	3	**3**
Individual businesses/ organisations, Residents and Visitors	8	1	2	**11**
Total	**17**	**4**	**7**	**28**

Table 1 – Written submissions received to Highland TVL Consultation

The responses of business groups, community councils and public sector partners (Table 2) are available in full to Highland Council Members and the Officer Project Board to aid decision-making.

All responses from individual businesses, visitors and residents have been read and have informed the below summary. They will be kept anonymous, however, and analysed in keeping with the analysis of responses from businesses, visitors and residents to the Online Survey and Face-to-face Visitor Survey.

Business Groups	Community Councils	Public sector partners
Skye Connect*	Invergordon	VisitScotland
Joint Chamber Statement (Inverness, Caithness, Fort William*)	Tongue Melness and Skerray	Cairngorms National Park Authority
Federation of Small Businesses (Highland)*	Aultbea	Scottish Natural Heritage
Caithness Chamber*	Dores and Essich	
Inverness Chamber*	Strathnairn	
Cairngorms Business Partnership*		
Inverness B&B Association		
Inverness BID*		
Joint – Resort Development Organisation/ European Resort Owners Coalition		

Table 2 – Business groups, community councils and public sector partners that sent written submissions to Highland TVL Consultation

* denotes the business groups that also attended the Council's Industry Pre-Consultation sessions.

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Section 2: Support or opposition

2A. Opposition

Overall, 17 of the 28 submissions opposed the introduction of a Highland TVL. In particular, almost all responses from business groups (eight of the nine) were opposed to the introduction of a Highland TVL. The strength of feeling in this regard is difficult to overemphasise – those that wrote in opposition were very strongly opposed.

2A.1 Reason for opposition: Key contextual factors

Submissions to the Council in opposition to the introduction of a Highland TVL commonly included the following key contextual points:

- **Tourism is of vital importance to Highland's economy** – any potential loss of business resulting from the implementation of a Highland TVL could have significant knock-on effects for the wider Highland economy and communities owing to the crucial role of tourism in the region.

- **Highland tourism is fragile** – factors such as the relatively short tourism season, weather, supply and demand, and quality were raised by groups as additional causes for concern about the ability of Highland tourism to withstand further perceived pressure brought on by the introduction of a TVL.

- **Highland tourism is not as 'booming' as is reported** – groups reported that the Highland regions and sectors that have seen real increases in visitor numbers are limited and for most of the industry and region, visitor numbers are static and spend has plateaued.

Notably, none of the submissions opposing a TVL disputed the need for investment in Highland. Most respondents, even when strongly opposed to a Highland TVL, explicitly acknowledged the need for investment in infrastructure for both residents and visitors. They did *not* agree, however, that a Highland Transient Visitor Levy is the right or best vehicle for doing so.

2A.2 Reason for opposition: reduced visitor numbers and spend

The primary reason cited for opposition to the introduction of a Highland TVL was the concern that doing so would lead to a reduction in visitor numbers and/ or visitor spend, which in turn would pose risks to the Highland economy, businesses and communities, all of which are reliant on tourism.

Whilst wording and reasoning around this impact vary, a potential reduction in visitor numbers and spend as a result of introducing a Highland TVL was the crux of most submissions in opposition.

Two key reasons were posed for a TVL reducing visitor numbers and spend:

i. **Unwelcoming messaging and negative publicity** – principally that introducing a TVL could be perceived to be making a statement that Highland is expensive and not open to visitors or businesses.

ii. **Increased costs for visitors** – increasing costs to visitors by charging a levy would lower the price competitiveness of the region leading to fewer visitors as they opt to visit cheaper alternatives (i.e. displacement) and/ or reduce visitor spend as they scale back on spending to accommodate the levy.

2A.2.1 Evidence

Some submissions provided corroborating evidence, including:

- **Nottingham University's Tourism and Travel Research Institute (2007) –** suggests that a 1% increase in UK prices or relative exchange rates would lead to a 0.61% fall in tourism expenditure.

- **Marketing Edinburgh Research (2018)** – a Marketing Edinburgh visitor survey found that 3% of visitors said they would not have visited if a £2 per room per night charge was introduced. The Federation of Small Businesses (Highland) submission applies this to Highland and advises visitor spend could fall by over £25 million a year (2017 data).

- **Cairngorm Visitor Survey, Cairngorms National Park Authority (2019**) – found that if a charge of £1 per adult per night were in place, 87% would not have changed their plans but 13% would have, with 3% advising they would have stayed elsewhere.

2A.2.2 Compounding factors

Submissions cited a number of factors specific to the UK and Highland that could increase the likelihood, or scale, of a Highland TVL reducing reduced visitor numbers and spend:

- **Contiguous uncertainty potentially compounded by a TVL** – it was frequently highlighted that external factors such as Brexit and climate change are already causing uncertainty and concerns for potential significant macro-economic changes, new immigration policies, visitor behaviours or differences in material costs.

- **UK global price competitiveness** – the UK is already expensive for visitors with high costs and taxation rates. Submissions cited the UK World Economic Forum ranking of international destination competitiveness, wherein the UK rates 135/136 for price competitiveness compared to 5/136 in overall competitiveness.

- **Highland's Scottish price competitiveness** – the cost for visitors to Highland is already higher than most of Scotland due to the remoteness and cost of travel. Highland businesses also struggle to provide value for money owing to high business costs. This would be compounded if Highland is one of the few local authorities in Scotland to introduce a TVL. Concerns were also raised about neighbouring regions increasing wider competitiveness due to development initiatives such as Aberdeen's port developments.

- **Prevalence and importance of especially price-sensitive markets:**
  (a) *Domestic visitors* – Visitors from the UK make up over two thirds (67%) of visitors to Highland. It is argued this group are more price-sensitive owing to wider financial pressures (e.g. Brexit) and they may feel they should not be required to pay again.

  (b) *Cruise trade* – it is proposed that this market is especially price sensitive and cruise liners may cancel visits to Highland if a levy was introduced for those disembarking cruise ships in Highland. The example of Amsterdam where a new levy led to reduced cruise visits was cited twice. As well as the direct impact, this would have knock-on effects on the coach trade to surrounding regions.

(c) *Business travel* – Submissions flagged that Highland can already be perceived as expensive to do business in due to remote location, costly amenities and smaller/sparser populations, etc and a levy would compound this issue due to increased costs and unwelcoming messaging.

2A.3 Reason for opposition: pressures on business profitability and viability

A second key reason cited for opposition to the introduction of a Highland TVL was that pressures it could bring would impact business profitability and viability. This in turn would pose risks to the Highland economy and communities as tourism businesses play a key role in regional employment and economic impact.

Submissions consistently raised concerns that the introduction of a TVL, regardless of how implemented, would have the following negative impacts on tourism businesses:

i. Reduced profitability – reduced visitor numbers and visitor spend (section 2A.2) would reduce the income of Highland businesses directly and indirectly related to tourism, and thus erode profit. The risk of this is compounded by a number of factors (see below).

Submissions also posed that whilst considered as a 'levy on *visitors*', for many businesses it is not as simple as 'visitor pays' and the price will often be absorbed by the business. This further reduces profitability.

ii. Administrative burden – submissions flagged the additional administrative burden, and associated costs for businesses both to implement a scheme, and to continue to fulfil recording and payment requirements. It was argued a TVL may necessitate businesses getting new systems/ data requirements and staff training.

One submission advocated that businesses should be permitted to keep a proportion of the money raised to cover their costs.

The underlying concern was that these impacts could ultimately cause some businesses to close, or potentially reduce their seasons, if they become less profitable, unprofitable, or burdensome.

2A.3.1 Compounding factors

Akin to the concerns about reduced visitor numbers and spend (section 2A.2), submissions cited a several factors specific to the UK and Highland that compound the pressure on Highland businesses.

- **Taxed enough already as UK businesses** – businesses face high taxation rates and no reduced VAT on accommodation like other European countries. This is also a burdensome system administratively for some. It is proposed they cannot withstand more taxation

- **Significant existing cost pressures for businesses** – in addition to the tax rates, submissions raised pressures such as increased business rates, wages rise, recruitment costs, utility bills, etc. This means businesses already have tight profit margins. Submissions flagged that turnover does not equate to profitability and whilst visitor numbers may be increasing, so too are business costs.

- **Existing significant other pressures for businesses** – submissions consistently highlighted the pressures businesses face such as the challenges of recruitment and retention of skilled staff.

- **Prevalence of small/ micro businesses** – A lot of Highland tourism businesses are very small and would be disproportionately affected by the potential impacts raised.

2A.4 Reason for opposition: industry opposition in existing polls and surveys

Submissions from business groups highlighted existing polls and surveys that indicate that businesses do not support the introduction of a Highland Transient Visitor Levy.

Nearly all business groups also sought to reiterate that the submission provided reflects the views of the majority of their significant memberships and, thus, whilst counted as one submission should be interpreted as the views of many within the industry.

2A.4.1 Evidence

Some submissions provided corroborating evidence of this industry opposition:

- **Highland business survey (Spring 2018)** – conducted by the FSB with the support of Visit Loch Ness, SkyeConnect, Visit Wester Ross, Venture North and Discover Glencoe. Results revealed that 73% of businesses opposed the introduction of the tax, 75% believing that it would have a negative impact on local economies.

- **FSB Scotland Survey (2016)** – 82% of Scottish businesses and 88% of Scottish tourism businesses were against a TVL. In the Highlands & Islands, 93% of businesses from all sectors opposed a TVL with 99% of Highlands & Islands respondents advising that it would damage their businesses and 96% that it would damage other businesses and their local economies.

- **Media coverage –** some submissions also point to archives of media coverage including interviews with industry representatives opposed to a TVL.

2A.5 Reason for opposition: the principle

Some submissions raised fundamental points of opposition to the principle of implementing a Highland TVL, principally on the grounds of unfairness. Points included:

- **A 'tourist tax' is discriminatory on a single sector** – it would place disproportionate and inequitable additional burden on a single business sector (tourism). This was deemed especially unfair when the challenges cited as needing investment – such as roads and local infrastructure – are not solely the result of tourism but also other business traffic, heavy goods vehicles, etc.

- **It constitutes regressive taxation** – some submissions called for more positive and progressive measures that encourage tourism but in a responsible and sustainable way.

- **Visitors contribute enough –** some submissions felt that visitors already contribute through high taxation rates, and by purchasing goods and services, and that this is sufficient. To tax further would be unfair.

● **Where revenue will be spent** – the fact that the Council has not yet specified how and where TVL revenue would be spent, if introduced, was a cause for concern for some and mistrust of this led to some opposition for some individual residents, businesses and visitors.

2A.6 Reason for opposition: logistics and costs of implementation and enforcement

Submissions consistently raised concerns about the logistical complexities and costs of implementing, and running, a Highland TVL scheme. For some, the perceived risks and cost led to opposition.

Outstanding questions raised included – how would the tax be levied? Who would collect it/ when/ how? How would it be collected by the Council? How would compliance (business and visitor) be identified and enforced? Where would revenue be spent, and who decides?

Concerns were also raised that income would not outweigh costs – the costs, both financial and administrative, for Highland Council to introduce a TVL scheme and then to implement, collect, enforce and allocate monies were raised as a concern across many submissions. It was posited that costs would be so high it would significantly erode TVL revenue to the point where the potential gain would not be worth the potential risk.

2A.6 Reason for opposition: other

The following were also raised as reasons for opposition:

● **Impact on the accessibility of the region** – the increase in price could make Highland less accessible to different types of market/ potential visitors.

● **National Climate Emergency** – a levy to visit Highland may discourage Scots from ‘staycations’ as it becomes cheaper to visit other regions/ countries, meaning they travel further or abroad.

● **Preferable alternatives** – Commonly cited was the need to address funding for the Highland region to better account for tourism pressures, and significant in-year fluctuation in population. The question of alternatives is also covered in Section 5.2.

2B. Support

Submissions in support of a Highland TVL were received by three Community Councils and one business.

2B.1 Reason for support: Key contextual factors

The key foundation for almost all submissions in support of a Highland TVL was the context of the demands tourism places on services (such as parking, public toilets, refuse management, chemical toilet waste disposal, etc) and by concerns about current under-funding and thus under-delivery of tourism services.

2B.2 Reason for support: investments/ improvements it could enable

The potential for revenue derived from a TVL to be invested in upgrading local infrastructure to cope with the increased visitor numbers and helping mitigate the effects tourism pressures are having on residents’ quality of life was a key driver for support for a Highland TVL.

Submissions cited potential investments in tourism services, public toilets, motorhome service points, rubbish collection/ waste removal, road maintenance, and improving first impressions.

Submissions also cited the role a TVL could play in visitor management – by levying an enhanced rate on some activities in order to deter them (e.g. wild-camping (especially motorhomes)) and also by investing revenue in enforcement addressing negative behaviours such as parking on verges, dumping of litter and fly-tipping of waste.

2B.3 Reason for support: Improving competitiveness

There is arguably a 'flipside' to concerns about a Highland TVL negatively impacting competitiveness – that a TVL could improve Highland's destination competitiveness by enhancing the visitor experience and better meeting visitor expectations, especially in relation to environment.

2B.4 Reason for support: visitors should pay for services

For some, it was felt that visitors should contribute for the 'footprint' they leave on the region. It was cited that on average visitors produce twice the waste of conventional householders (European Commission Report) and thus should contribute financially for the enhanced services necessitated.

2B.5 Reason for support: lack of alternatives

Several submissions in favour of a Highland TVL cited the lack of alternative funding mechanisms. There was a perceived low likelihood that necessary improvements would/ could be funded in another way. Experience was also cited that suggests that a voluntary scheme would not generate enough funding.

2C. Undisclosed position

A quarter of submissions did not stipulate whether they were in support or opposition to a Highland TVL.

Such responses typically advised they could not take a position without further detail on questions such as: exactly what challenges are caused by visitors, what sort of levy is being proposed, where income generated may be invested, and the transparency of income collection and spend.

The public sector partners that submitted responses are non-departmental public sector partners of the Scottish Government and have remained officially neutral in their position on a TVL throughout. They, along with the response from a business group that did not disclose a position, focussed on those considerations and key principles they would like to see addressed before/ as part of any Highland TVL scheme, were it introduced.

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Section 3: Investing TVL Revenue

Not all submissions addressed how, and where, any TVL revenue would be invested. The topic was most frequently covered by business groups, community councils and public sector partners. Uncertainty around this issue was also presented as a reason for opposition to a Highland TVL.

Whether for or against a Highland TVL, however, submissions that addressed this issue consistently called for:

3.1 Ring-fencing to tourism uses

All submissions that referenced this issue – including all business groups and public sector partners – were in consensus that the Council would need to ensure revenue was ring-fenced for investment in maintaining and enhancing 'tourism uses' which would be fair to both the businesses and those required to pay TVL.

Introducing a TVL, it was consistently and firmly argued, should only ever be complementary to other fund-raising mechanisms and not a replacement. No submissions advocated TVL not being ring-fenced to tourism uses or being absorbed into the general Council budget.

Suggested investments included:

- Public toilets – maintenance and potentially keeping open closing facilities
- Motorhome service points – purpose-built locations to off-load waste
- Rubbish – further bins/collections; and road maintenance – upkeep of the road network.
- Maintaining and preserving Highland's nature and landscapes

Responses from public sector partners also consistently highlighted the importance of having a strategy to underpin decisions on how such revenue is invested.

3.2 Sub-Highland geographical ring-fencing

Where the topic of sub-Highland ring-fencing was addressed, almost all submissions specified that revenue should be invested in the areas that have generated the revenue. For one community council this was an important proviso of their support for a Highland TVL.

The reasons for this, where cited, were largely two-fold: it was deemed fairer, and in order to reflect/ react to the fact different regions of Highland face different offerings and challenges.

Submissions from the Chambers of Commerce raised concerns that geographical ring-fencing would mean revenues raised in one area would be insufficient to meet local needs, but also that not geographically ring-fencing would mean revenue derived form one area would be used elsewhere to fund projects deemed more pressing.

No submissions addressed the question of the geographical scale of any ring-fencing.

3.3 Consultation is key

Business groups consistently raised concerns about who would make decisions around how revenue from a Highland TVL would be spent, if introduced.

There was consensus across groups that, if a TVL was introduced, the Council really could not/ should not make such decisions in isolation. Consultation on how funds would be used would be imperative, especially with those who serve the visitors and collect the tax (i.e. local industry representation). Groups also called for input from communities (Trusts / Community Councils, etc) and local Council officers and Elected Members.

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Section 4: Highland TVL principles

Relatively few submissions raised questions or opinions on what a Highland TVL should look like, if introduced.

4.1 A strategic approach

Several submissions – especially from business groups and public sector partners – called for the Council to take highly strategic approach to its considerations of whether, and how, to implement a TVL. They called for the Council to ensure decisions are based on identifying the needs and effective spend requirements to future-proof the tourism economy, rather than just raising funds.

There were also calls for the Council to ensure it considers how it approaches tourism management – looking at the causes of the challenges tourism in Highland presents, rather than focussing on perceived financial solutions.

By extension, several submissions implored the Council to consider all options available (in place of, or in combination with a TVL) to ensure a strategic and planned approach to addressing tourism challenges and pressures. Examples included car parking charging, campervan/ motorhome waste disposal points and wider facilities and services, perhaps developed by local communities and/or businesses.

4.2 Who would pay – visitor types

Overall, there were significant and repeated concerns about any Highland TVL implemented solely as a 'Bed Tax' on overnight accommodation in Highland. It was commonly deemed not equitable or strategic.

Concerns around equity were raised in relation to:

- Businesses – that any tax should be equitably applied across the economy and not borne by one sector (such as overnight accommodation)

- Visitors/ impact – that all visitors contribute to tourism pressures, and thus all visitors should contribute to a levy. Singling out one group (such as those staying overnight) would be unfair.

Several submissions also raised that solely progressing a 'Bed Tax' would not be strategically shrewd as it would miss the opportunity to address key visitor management issues such as the:

- Rise of unregulated accommodation providers such as Airbnb
- Increases in visitors not using accommodation providers – camper vans and motorhomes 'wild camping' etc.
- Large numbers of day visitors

Another consideration raised in some submissions was a call for the Council to consider the importance of inclusive and sustainable tourism, ensuring Highland pursues and promotes its accessibility to a range different visitor markets and budgets.

The solution to these concerns were progressed by different submissions in different ways, however.

In some submissions – principally those in favour of a Highland TVL or those with undisclosed positions – these points were used to advocate the need to widen any Highland TVL to include different visitor types.

In these instances, submissions often singled-out visitor types they posited should be levied, largely based on regional pressures and perceived impact of these visitor types, such as:

- Cruise visitors – a charge for cruise liner passengers disembarking in the area.
- Motorhomes only when not staying in paid accommodation (aka 'wild camping' – principally as a mechanism to discourage and manage this behaviour.
- Day trippers

By contrast, for other submissions – principally those opposing a Highland TVL – these concerns about a 'Bed Tax' constituted reasons *not* to introduce a Highland TVL: it would not be fair and could potentially exacerbate rather than alleviate current challenges.

These submissions also raised concerns about the logistics and associated costs (for local authorities and businesses) of widening any scheme beyond a 'Bed Tax', with some advising against this owing to the difficulty of implementation.

One submission specifically focussed on the considerations and practical difficulties of levying motorhome and campervan visitors. Key points specific to this visitor type included the importance, but also difficulty of:

- Accurately defining what constitutes a motorhome/ caravan/ campervan that would be required to pay a levy

- Accurately defining 'overnight parking' given different regulations around off-road parking areas, laybys, common land, etc.

- Ensuring a fair approach, and one that could sufficiently identify and address non-compliance so as not to be widely evaded or come into disrepute.

4.2.1 Double-charging

Several submissions raised concerns about visitors being double-charged and the potential compounding/ cumulative effect of having multiple levy types (overnight and visitor attractions, etc).

Some also raised concerns about the compounding effect of a TVL in additional to rising charges for visitors for existing public services.

4.3 Who would pay – businesses

Some submissions raised concerns that a scheme would be introduced in a way that only requires registered businesses paying Non-Domestic Rates to apply a levy. It was felt that this would unfairly exempt many businesses that already do not contribute for the commercial activity they are undertaking.

4.4 Who would pay – exemptions

The question of whether there should be any exemptions to a Highland TVL was not raised in many submissions. Where discussed, there was typically acknowledgement of the need to strike a balance between fairness and impact mitigation, but also avoiding excessive complications that add administration and cost.

Some submissions singled out groups – typically those they represented – that should be exempt from any Highland TVL, namely:

- **Timeshare industry** – The timeshare industry trade body and owners' association submitted that timeshare resorts, and their use by timeshare owners, should be exempt from a levy as they should be seen as 'second home owners' and they already contribute a management fee. They also stressed the importance of time share resorts to local communities.

- **Highland residents** – several submissions from Highland residents and businesses asserted that Highland residents should be exempt from contributing to any scheme. This was principally on the grounds of a TVL constituting a 'double payment' as residents already pay Council Tax.

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Section 5: Additional points raised

Several submissions covered additional points to those themes analysed above.

5.1 Criticism of the Consultation

Seven of the written submissions included criticisms of the design of the online survey, principally in relation to three features:

1. That it did not provide respondents with a free text box, or other options, to explain reasons for opposition
2. The prevalence of questions about how a TVL might look suggesting confirmation bias
3. No clarity on costs of collection, and who would bear these

5.2 Alternatives to a TVL

Several responses also proposed alternatives to a Highland TVL, or other options they would like to see considered alongside a TVL as part of addressing the challenges of tourism in Highland:

- Increase business rates (proposed by residents, and by some businesses)

- A more positive measure to encourage responsible tourism such as paid campervan parking areas, and French-style Aires.

- Address funding for Highland region to better account for tourism pressures, and significant fluctuation in population.

- Address current tax regime, and distribution of taxes, to better account for seasonal highs and lows in population, and additional investment required by local authorities to facilitate the basic infrastructure and facilities required to support the additional burden of visitors.

- Parking charges at problem locations
- Council increase efficiency savings and divert resources to required investment
- Number plate recognition technology/congestion charges with visitors and car hires being recorded at key locations with an appropriate charge.
- Reassessment of Small Business Rate Relief eligibility and redistribution of this Government funding
- Greater visitor management achieved through Change of Use and Planning legislation.

5.3 Comparisons

Several responses raised the value, or danger, of looking to other regions/ countries for examples.

- Some advocated this approach to learn from successful schemes and best practice.
- Some called on examples of TVL impacts in other regions as evidence against introducing a scheme
- Some urged caution in comparing Highland to other regions with levies (both positively and negatively) owing to our unique circumstances, and the need to consider full context.

5.4 Terminology

The terms 'Transient Visitor Levy' and 'Tourism Tax' were criticised in several submissions – as negative, regressive and unnecessarily complicated. It was suggested that a scheme, if progressed, would a need a title that better and more simply conveys the intention.

– ANALYSIS ENDS –

The Highland Council
Comhairle na Gàidhealtachd

Scottish Government
St. Andrew's House
Regent Road
Edinburgh
EH1 3DG

Please ask for: Colin Simpson
Direct phone: (01463) 702957
Your ref:
Our ref:
Date: 2 December 2019

Sent by e-mail to: TVLC@gov.scot

Dear Sir or Madam

Consultation on The Principles of a Local Discretionary Transient Visitor Levy or Tourist Tax

In view of the fact that Highland is one of Scotland's leading tourism destinations, the Highland Council welcomes the opportunity to contribute to the Scottish Government's Consultation on The Principles of a Local Discretionary Transient Visitor Levy or Tourist Tax.

The last few years have seen increasing numbers of visitors coming to Highland, cementing tourism's position as the area's most important industry. 2018 figures showed that our 6.5 million visitors spent a total of 12 million nights in the area and spent over £1 billion - creating an overall economic impact of £1.2billion and supporting 25,000 jobs. While this increase is welcome, it has also put additional pressures on many destinations and on public infrastructure. The increasing challenges of balancing demand for tourism related investment against the demand for other Council services has led to the Council including in its programme a commitment to "explore options for retaining more of the revenue generated by tourism for investment in the local area, which would include exploring the possibility of a tourist levy."

In broad terms the Council is supportive of the principle of introducing legislation that would allow Local Authorities to introduce a tourism levy should they consider it appropriate to do so. This supports the principle of subsidiarity of decision making and the decentralisation of power to a Local Authority level and the joint agreement between COSLA and the Scottish Government to focus on and strengthen local and community decision-making and democratic governance.

Although supportive of the principle, the Council has yet to reach a decision on whether or not it wishes to make use of these powers and, if so, how any scheme might be designed. However, the Council did agree in late 2018 to consult with residents, businesses and visitors to gauge their views. This consultation has now been completed and the responses analysed, and the Council will consider a report on the findings at their meeting on 9th December 2019.

J Stuart Black: Executive Chief Officer, Transformation & Economy
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In view of the closing date for responses to the Scottish Government consultation preceding the Council's consideration of the issues, this response has been submitted as an interim response so as to avoid pre-judging any Council decisions. The interim response does however include formal Council views on policy areas that have already been considered by the Council as well as some of the quantitative results from the Council's own consultation exercise. Responses have also been limited to the questions which are either of direct relevance to Highland Council or where the Council considers a response is appropriate due to potential impacts on the Highland area.

Our response is included in the annex to this letter along with the analysis of the Council's consultation responses. As was discussed previously with Scottish Government Officials the Council will follow up this interim response with further information based on any decisions taken by the Council at their 9th December meeting.

In view of the important role that Highland plays in Scottish tourism and the wealth of evidence that the Council has gathered through its own consultation the Council would recommend that further engagement take place between the Council and the Scottish Government as plans are developed. In particular the Council would be happy to be involved in giving further evidence, for example at a committee evidence session as the bill goes through the committee stages.

Yours sincerely

J Stuart Black
Executive Chief Officer – Transformation and Economy

Annex: Response to Consultation Questions

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:

The Highland Council agrees with the Scottish Government's proposal that a visitor levy should be convenient, efficient and easily understood by visitors. As such it would make sense for there to be some overarching national principles. However, part of the rationale for introducing a TVL is to give Local Authorities the ability to respond to the differing needs of their area and as such the Council would like to see any overarching national principles reflect this.

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:

Most visitors to Highland are overnight visitors staying in paid accommodation, who are also some of the main users or beneficiaries of many of the publicly provided tourism facilities and services. It would therefore be appropriate to apply any levy to these visitors. However, as this group are not the only users of these services, Local Authorities should have the ability to levy other types of visitors should this be considered appropriate in their area.

Q3: Which of the following activities do you think a visitor levy could be robustly applied to and enforced, and how?

- **Day visitors not staying overnight** ✓

Please explain how a visitor levy could be applied and enforced on day visitors:

Although some visitors could easily be levied – for example when visiting a staffed / paid attraction the Council is aware that there would be challenges with collecting a levy from others such as those who visit to take part in informal activities without coming into contact with any businesses. Although the Highland Council has not yet decided whether or not it would wish to levy day visitors, it is the Council's view that the legislation should be introduced in such a way to allow different visitor types to be levied in future.

- **Cruise ship passengers who disembark for a day before re-joining the vessel** ✓

Please explain how a visitor levy could be applied and enforced on cruise ship passengers:

Cruise passengers are all required to go through some form of security when disembarking from the cruise ship so identifying those doing so should be relatively straightforward. Any levy charged could be collected at this time or, if preferable to avoid delays, could be collected by the cruise operator or port authority in a similar way to how accommodation businesses collect this from overnight visitors. Although the Highland Council has not yet decided whether or not it would wish to levy cruise ship passengers, it is the Council's view that the legislation should be introduced in such a way to allow different visitor types to be levied.

- **Wild or rough camping, including in motorhomes and camper vans** ✓

Please explain how a visitor levy could be applied and enforced on rough camping, including motorhomes and camper vans:

The Council is aware that there could be challenges with collecting a levy from visitors such as these. However, today's rapid advances in technology particularly in areas such as number plate recognition or sensor technology could make this more practical in the very near future. Those truly wild camping in tents i.e. away from roads and habitation are unlikely to be making use of public facilities and if/when they do visit other areas could be levied as with other groups so could be liable for any levy at that point. Again, it is the Council's view that the legislation should be introduced in such a way to allow different visitor types such as these to be levied in future.

The Council would support the Government's underlying principle that any levy should be fair as this matches the Council's own value that "we will be fair, open and accountable". The recent TVL consultation carried out by the Council showed significant support for levying motorhome visitors not staying on paid sites (84% of respondents thought motorhome users should be included, if a Highland TVL was introduced. This was 10% higher than the number who thought those staying in paid for overnight accommodation should pay). In addition, when asked what revenue raised should be spent on, two of the three most common responses were for the provision of more facilities and services for motorhomes. A scheme that didn't levy one type of visitor while much of the income raised was allocated to providing services specifically for that type of visitor could be considered unfair.

Q4: The consultation paper sets out four options for the basis of the charge (section 5.1). Please tick which one you think would work best in Scotland? (Tick one box below)

- **Flat rate per person per night**
- **Flat rate per room per night**
- **A percentage of total accommodation charge**
- **Flat rate per night dependent on the quality of accommodation**

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

The Council has not yet considered or agreed the basis for any charge. However, the recent TVL consultation carried out by the Council did show a spread of opinions on this matter with the majority of respondents to this question (58%) selecting a flat rate per room per night with less than a quarter favouring a percentage approach.

Q5: In addition, for each option in Q4 what are: the considerations for accommodation users, accommodation providers and local authorities.

As the Council has not yet considered or agreed the basis for any charge, work on identifying the range of implications has yet to be undertaken. However, as outlined in our accompanying letter the

Council would be happy to engage further with the Scottish Government on this element as plans are developed.

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?

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

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

The Council has not yet considered or agreed the basis for any charge. However, the need for a simple approach that is not overly complicated for visitors was raised in Highland Council's Pre-Consultation with the industry, and in responses to its Consultation. While this in itself does not suggest whether the basis of the charge should be set out in a national framework or be for a local authority to decide it does emphasise the need for a simple approach. In achieving this it is likely that some elements should be set centrally so as to be more easily understood by visitors and to make compliance easier for businesses that operate in multiple areas of Scotland.

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?

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

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

The programme for The Highland Council "Local Voices/Highland Choices" sets out the Council's current priorities which include "continue to make the case for the subsidiarity of decision making and the decentralisation of power to a regional or local authority level" and "work towards local authorities controlling a greater proportion of their funding." This mirrors the joint agreement between COSLA and the Scottish Government to focus on and strengthen local and community decision-making and democratic governance. In keeping with this, the Council view is that the rate of the visitor levy should therefore be for the local authority to decide. From a practical point of view this would also allow Local Authorities across Scotland to respond more effectively to the particular challenges each faces.

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 rate of any visitor levy would need careful consideration of a number of factors. Key amongst these would be striking an appropriate balance between the price sensitivity of the tourism market and the impacts of failing to invest in essential tourism facilities and services to ensure there is no undue impact on visitor numbers. Bearing in mind that these factors will vary from place to place it is appropriate that such decisions should be taken locally where there is a greater understanding of the local situation.

Over the years there have been many examples of national policies set at either a UK or Scottish level having unintended consequences in areas such as Highland because they were not designed to cater for areas with differing needs. Local Authorities are best placed to recognise these factors and take them into account in setting appropriate local rates. Indeed, the Council has a formal commitment to “work collaboratively to drive economic growth and champion innovation as well as ensuring our infrastructure meets the needs of businesses as well as citizens and visitors”. The Scottish Government should have confidence that the Highland Council, as well as other Local Authorities, would not set a rate that would be detrimental to the economy of their area as this would be counterintuitive.

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?

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

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

The Council has yet to consider the question of a cap in any detail. Also, it is unclear whether this question relates solely to capping the rate per night or whether there should be some way of limiting the amount any individual might pay during their trip. With the former, the principles above regarding subsidiarity of decision making and the decentralisation of power should apply, and no national cap be set. Again, the Scottish Government should have confidence that local authorities would not set a rate that would be detrimental to the economy of their area.

As concerns a cap related to length of stay, preparatory work undertaken prior to the launch of the Council’s consultation did suggest that this would be challenging in some circumstances. Since many visitors tour around Scotland – and even within an individual Local Authority area, applying such a cap, whether at a national or regional level, would require “tracking” a visitor’s travel around the country. This is unlikely to be realistic from both a practical and a privacy sense.

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?

- **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** ✓

Q11: Which additional exemptions from the list below do you think should be applied to a visitor levy?

- **Disabled people and registered blind/deaf and their carers**
- **Those travelling out with their local authority area for medical care, and their carers or next of kin**
- **Children and young people under a certain age**
- **Students**
- **Long stay guests (e.g. people staying for more than 14 days)**
- **Business travellers**

- **Local resident (paying for overnight accommodation within the local authority in which they reside permanently)**

The Council has yet to consider the question of any exemptions in any detail and as such cannot give a formal Council position on which of the above groups should be exempted. However, on the same basis as the response to Question 7 regarding subsidiarity of decision making and the decentralisation of power to a regional or local authority level having at least some exemptions set at a local level would be considered appropriate. There does however appear to be merit in a number of nationally set exemptions for groups not using accommodation for typical tourism purposes – e.g. homeless people, asylum seekers/ refugees, those temporarily rehoused etc. as outlined in the Scottish Government consultation documents. This approach would be consistent with Council policies on supporting such groups.

Also of relevance are the different circumstances faced by residents in a large area such as Highland. While residents in most of Scotland's local authority areas will be able to access essential services locally or at least within a distance that allows a day trip to access them. The large distances in Highland which accounts for a third of Scotland's land mass, includes a number of islands and which often cannot sustain regular public transport services mean overnight trips by residents to access services are common. The Council should have to ability to consider and apply exemptions for instances such as this should they consider this appropriate. During the Council's TVL consultation respondents were asked which groups they thought should receive some form of exemption from a Highland TVL, were one introduced, and this question was the one that received the strongest views with more than 9 in 10 respondents – including businesses, residents and visitors – suggesting that Highland residents should receive some form of exemption or reduction.

The consultation responses also showed broad support for exemptions for some of the groups listed above, notably Disabled people (8 in 10 said they should either not be levied or should receive a reduced levy), their carers (8 in 10 supporting this), children (8 in 10) and business travellers (7 in 10).

Q12: Are there any other exemptions that you think should apply?

Please list together with reasons below:

The Council has yet to consider the question of exemptions in any detail and as such cannot give a formal Council position on any other exemptions.

Q13: What is your view of the proposal that accommodation providers should be ultimately responsible for the collection and remittance to the appropriate local authority, even if the tax is collected by a third party booking agent or platform

- **Agree**
- **Disagree**
- **Please explain and provide any other comments on this proposal:**

The Council has yet to consider the detail of collection mechanisms and as such has not specifically looked at who should ultimately be responsible for the collection and remittance to the Council of the levy. However, past experience with the collection of other levies demonstrates the need for there to be a clear definition of who is legally liable – for example with BID levies whether the property owner or the occupant is the liable party and a similar approach would be essential to ensure efficient collection of a levy. The recent growth of online platforms/ agents does offer some opportunities for easy collection of a levy but this should not be offered without a clear definition of who is legally liable.

Q14: If accommodation providers were required to remit visitor levies after the overnight stays to which they relate (even if the payment was made well in advance) how frequently should the levies collected be required to be remitted to the levying local authority?

- **Ongoing basis (e.g. each night)**
- **Monthly**
- **Quarterly**
- **Annually**

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

The Council has yet to consider the detail of collection mechanisms for any levy. However, based on the Council's experience in collecting other local taxes and levies such as Council tax and the levies collected on behalf of the Business Improvement Districts (BIDs) in Highland it is likely that the best approach to collection would vary depending on the collection mechanism(s) available.

In most circumstances, the Council supports and encourages collection by direct debit as this is a simple and cost-effective mechanism and, were this approach to be used, then monthly collection would be preferable. However, were a system to be used that involves invoicing businesses then the cost of collection rises significantly and as such less frequent invoicing – perhaps quarterly or even annually would be preferable. A further factor would also relate to the value to be remitted. Longer time periods between collections may be more appropriate for smaller businesses to avoid frequent low value transactions (and higher remittance and collection/ administration costs) whereas the collection of levies from larger businesses or multiples which would involve more substantial amounts would not face the same issues.

Q15: What information should an accommodation provider be required to collect and retain to ensure compliance?

Please list below and explain why you think that information is needed for the four different scenarios below:

If the basis of the charge is on a:

a) flat rate per person per night

b) flat rate per room per night

c) percentage of total accommodation charge

d) flat rate per night dependent on the quality of accommodation

The Council has yet to consider the detail of collection mechanisms for any levy which makes it difficult to define precisely what information might be required to be gathered by any business collecting the levy. However, in view of the previously made points regarding simplicity it would be appropriate to base any new scheme on those already in place for example for VAT collection. Similarly, there may be elements of the collection mechanisms used for Non-Domestic Rates that could be mirrored in a new visitor levy scheme to limit any duplication of effort in terms of information collection by the businesses collecting the levy. It is however recognised that not all business liable to collect the levy will currently pay these and as such some new systems would be required to ensure for example non rated businesses using online platforms are still captured.

Depending on the scheme design, there may also be a need to collect some additional information, in particular if evidence to justify exemptions is required.

Q16: How can a local authority choosing to apply a visitor levy ensure it has a comprehensive list of all those providing overnight accommodation on a commercial basis in their local authority area?

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

At present the Council does not have a comprehensive record of all those providing overnight accommodation on a commercial basis in Highland and at present it would be difficult to produce such a list as there is no legal obligation on businesses to provide this information. In introducing the legislation regarding a visitor levy it will therefore be necessary to include within this a legal obligation for all those offering this service to be registered. Recent Scottish Government work on the collaborative economy has already considered this issue and it would be appropriate to use this as the basis for a new registration scheme. In view of the aforementioned points regarding levying other visitor types there may also be a need to incorporate other business types in any registration system defined in the legislation

Q17: What enforcement powers should a local authority have to ensure compliance and prevent avoidance and evasion by accommodation providers?

Local Authorities, through their approved financial regulations already ensure that there are arrangements in place for recovery action including the option that, in the event of non-payment, agents can be employed to undertake diligence to affect recovery. These regulations are primarily supported by national legislation and are commonly used in relation to Council Tax and Non-Domestic Rates collection. Equivalent powers would be required in relation to the collection of any visitor levy. These powers should allow Local authorities to approach debt recovery through a summary warrant process rather than using a sundry debt process as the former is simpler and has significantly lower costs thereby reducing the overall cost of administering a visitor levy.

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

Q18: Should non-compliance by an accommodation provider be subject to a civil penalty (i.e. a fine) and if so, what would be the appropriate level be? Tick one:

- **Yes** ✓
- **No**
- **Don't Know**

Please state level of civil penalty (fine) (in £ pounds sterling) that you think is appropriate?

In principle the Council would agree that non-compliance by an accommodation provider should be subject to a civil penalty but on the basis that appropriate recovery legislation is in place to allow this to be done. Past experience, for example from collection of the Community Charge, indicates that many of those to which civil penalties (fines) were issued simply ignored these penalties as well indicating that a more robust penalty system would be required. The Council does not however have a view on the precise level that is appropriate although the level should be set at a substantial enough level to act as a deterrent to non-compliance.

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? (please tick the appropriate box)

The Council has yet to consider the detail of these requirements specifically in relation to a visitor levy. However, based on the Council's normal processes for engagement and reporting, there are a number of the requirements below that the Council can agree are appropriate. Some requirements have already been addressed through the Council's own visitor levy consultation. The Council does not necessarily disagree with the remainder, but they are not ones where the Council has an established approach.

If you have any other suggestion for requirements, then please add these in the box below together with your reasons

	Agree	Disagree
Produce an initial statement of intention to consider introducing a visitor levy	✓	
A timeframe for introduction of at least one financial year following conclusion of consultation and engagement activities		
Have held a consultation in their local area to gather views from all those who will be affected by the visitor levy	✓	
Have conducted required impact assessments	✓	
Have assessed the administrative burden on businesses and taken steps to minimise this	✓	
If the legislation allows the rate to be set locally the local authority has demonstrated why the chosen rate of the visitor levy is optimal for that area		
Have appropriate mechanisms in place to allow visitor levies collected to be remitted to the local authority	✓	
Have made information about the visitor levy and how to pay it available and in the public domain, for both business and visitors	✓	
The approach to collaborative decision making on revenue spending is set out in the public domain	✓	
Establish an approach to monitoring and publically reporting revenues raised and their expenditure on an annual basis	✓	
The approach to monitoring and reporting on the impact of the visitor levy on an annual basis, is clearly set out in the public domain		
Establish an approach to evaluating and publically reporting, the impact of the visitor levy, within a reasonable period after introduction	✓	

Please add any other comments on the requirements listed above **Please list any other requirements you think might be necessary, together with reasons below:**

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

- **Yes**
- **No** ✓
- **Don't Know**

Q21: Under what circumstances should Scottish Government be able to do this?

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

As described above, The Highland Council has an agreed position on subsidiarity of decision making and the decentralisation of power to a local authority level and on local authorities controlling a greater proportion of their funding. In keeping with this, the Council view is that any decisions on the use of a visitor levy should be for the local authority to decide.

Q22: What requirements might be placed on local authorities to engage with local stakeholders to determine how revenues are spent?

No further requirements are considered necessary.

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

Local Authorities already carry out consultations with local stakeholders on a range of subjects ranging from budget consultations to statutory consultations such as those on Development Planning. In keeping with the joint agreement between COSLA and the Scottish Government to focus on and strengthen local and community decision-making and democratic governance the Council would consider that decisions on how spend should be consulted on should be taken locally. From a practical point of view this would also allow Local Authorities across Scotland to make use of existing consultation and engagement mechanisms where possible (recognising that these may vary depending on local circumstances) rather than creating further requirements or structures.

The Council also included a question in its online TVL Consultation survey on which groups should play a role on determining how revenue would be invested, if a levy was introduced. There was no clear majority as to who might be involved but a strong underlying principle that others should have a say in how revenues are spent. Community Councils and local tourism/ destination groups being involved were the options receiving the most significant support.

Q23: How might this engagement be best achieved?

See response to Q24 below.

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

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:

The Council has previously adopted the Highland Tourism Strategy as the document that guides the Council’s investment in tourism. While this strategy runs until 2020 so is soon to be replaced the Council would expect its own future tourism priorities to be agreed with partners and defined in a new Highland strategy. In recognition of the size of Highland a number of destination strategies also exist or are under development and would be a useful way of defining priorities at a more local level. This strategic approach gives a sound basis for a range of local stakeholders to assist Local Authorities in identifying the priorities on which any tourism levy revenue would be allocated. It is however also important to note that while such strategies could influence allocations, Local Authorities still have legal obligations around the management of their own finances and as such final decisions would still need to be the responsibility of each individual Local Authority.

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:

The Council has not yet considered this specifically in relation to the introduction of a Visitor Levy. However, the Council does support this principle. The Council has committed to actively engage in the Local Governance Review which seeks to explore how all public services can be more accountable to the people they serve - and this would involve ensuring there is transparency over how Council resources are used.

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:

While the Council is yet to decide on how revenues might be distributed, as described above, the Council is committed to actively engaging in the Local Governance Review. This includes a further, more specific commitment to “accelerate and support work to bring more decision-making to local areas to reflect local priorities and local needs” and as such the Council would contend that Local Authorities should be given the powers to make decisions on revenue distribution.

In its recent TVL consultation, the Council also included questions on the principle of geographically ring-fencing TVL revenue at a sub-Highland level, asking respondents for a preference between locally raised funds being ring-fenced to be used locally, or all revenue raised being collecting into a Highland fund for redistribution in the region, or a mix of both. Responses were varied, with no majority response but an overall preference for a mix with some revenue ring-fenced to be spent where generated and some allocated to a Highland fund. If this was to be done it is considered that Local Authorities would be best placed to decide on the appropriate distribution of revenue.

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:

Some feedback was received by the Council during the consultation that the term 'Transient Visitor Levy' was too complicated and tautological. 'Visitor levy' is simpler. Informal feedback from residents, businesses and visitors also suggest the term 'levy' is preferable to a 'tourist tax', which has some negative/ regressive connotations.

Q28: If not, what do you consider to be a better alternative and why?

N/A

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

Q29: What requirements should apply to ensure accommodation prices transparently display a visitor levy?

While the Council has not specifically considered issues around how a levy might be displayed the Council does strongly support the principle of transparency and as such would support elements in the legislation that ensure transparency around both overall pricing and the levy element. Legislation already exists around the display of prices for visitor accommodation with advice on compliance and enforcement through the Council's trading standards team. This approach should provide a simple yet robust basis for any new requirements.

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

Q30: What, if any, transition arrangements should apply when accommodation is reserved and paid for in advance of a local authority choosing to impose, or subsequently vary, a visitor levy for the period the accommodation is let?

The Council has not yet considered transition arrangements in relation to the introduction of a Visitor Levy. However, if the levy is to be considered fair there is likely to be a need to provide adequate warning of any changes to groups such as businesses who collect the levy and the visitors who might have to pay it. This would increase transparency and avoid disputes, particularly ones around additional charges that come into effect after contractual arrangements are made. While examples do exist of changes to taxation at short notice, most tax changes are only fully implemented some time after they are announced, and this approach could be used to avoid the need for transition arrangements.

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

Q31. Should these transition arrangements be set out in a national framework or be decided by local authorities?

Tick one box:

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

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

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**

Q32: 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?

While not related to the direct impacts of a visitor levy it is also important that any impact assessments also consider the consequences of a "do nothing" approach. In view of current public finance constraints some tourism facilities and services are not or may not get the investment they require and this in turn could also have an impact on the groups identified above. The impacts of failure to invest therefore need measured alongside any impacts that might be seen were a levy to be introduced.

Please specify group and additional impact.

Q33: Are there any other groups not listed here that should be given attention in the impact assessments?

No – the list of groups as described in the Scottish Government's partial BRIA would appear to cover all appropriate groups and includes all the groups which the Highland Council actively targeted in its consultation on a visitor levy.

Please list and state how they will be affected.