

The Highland Council

Agenda Item	11
Report No	ECI/17/25

Committee: Economy and Infrastructure

Date: 29 May 2025

Report Title: Scottish Government Consultation on a potential local authority Cruise Ship Levy in Scotland

Report By: Assistant Chief Executive - Place

1 Purpose/Executive Summary

- 1.1 The Highlands is one of the world's most famous and well-regarded visitor destinations. Over the last two decades the tourism sector in Highland has seen incredible growth – with latest figures from 2023 showing 8.4 million visitors. This significant growth was also reflected within the cruise industry in 2023, with passenger numbers to Highland ports reaching almost 300,000 and the gross tonnage of cruise vessels hitting around 10,000,000 GT. Within Highland 16 ports and harbours have cruise ship activities. These range in type, size and capacity from the Port of Cromarty Firth in Invergordon, which is a trust port and the busiest cruise ship port in Scotland, to Sheildaig which is a rural municipal harbour accommodating only 1 or 2 small cruise ships each year. While the growth of the sector has been welcomed and contributed to the economy, as with all visitors, cruise ship passengers can place significant pressure on local infrastructure and services.
- 1.2 The Scottish Government is undertaking a public consultation to seek views on a proposal to provide local authorities with discretionary powers to implement a levy on cruise ships. The consultation also proposes that local authorities with islands be given the power to charge a levy on those arriving to visit an island, regardless of the means of transport by which they arrived. The Scottish Government's consultation closes on 30 May 2025.
- 1.3 Appendix 1 to this report details the Council's proposed response to this consultation for Members' consideration.

2 Recommendations

- 2.1 Members are asked to **approve** the draft response to the Scottish Government's consultation on a potential Cruise Ship Levy.

3 Implications

- 3.1 **Resource** – A cross service working group, comprising officers from both the Place Cluster (Economy and Regeneration) and the Corporate Cluster (Revenues and Commercialisation) has been undertaking work on a proposed visitor levy since the start of the parliamentary process. At Officer level, The Highland Council is represented, along with other local authorities, on the Cruise Ship Levy Working Group which is chaired by CoSLA. Work on a potential cruise ship levy is being taken forward by this same group of Officers thus enabling skills, experience and lessons learned to be transferred.
- 3.2 **Legal** – There are no legal implications arising from this report at this time, but the potential introduction of a cruise ship levy requires the passing of legislation by the Scottish Government and would provide local authorities with discretionary powers to implement a levy in accordance with the legal framework.
- 3.3 **Risk** – There are no risk implications arising directly from this report.
- 3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** – There are no Health and Safety risk implications arising directly from this report.
- 3.5 **Gaelic** – There are no Gaelic implications arising directly from this report.

4 Impacts

- 4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.
- 4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.
- 4.3 **Integrated Impact Assessment – Summary**
- 4.3.1 As this is a response to a Scottish Government consultation, there is no requirement placed on the Council to undertake an Integrated Impact Assessment screening. Should the legislative powers be made available to local authorities to implement such a levy, and thereafter the Council considers undertaking a consultation regarding a proposed levy in Highland, then Officers will undertake an Integrated Impact Assessment screening, and if where this screening requires a full assessment, the Council will publish a Full Assessment.
- 4.3.2 The Scottish Government published a partial Business and Regulatory Impact Assessment (BRIA) on 2 May 2025, noting that "This partial BRIA accompanies the consultation on a potential local authority level Cruise Ship Levy in Scotland. A full BRIA will be developed if the proposal progresses beyond the public consultation stage." The Scottish Government's partial BRIA can be accessed at the following [link](#).

5 Background

- 5.1 The issue of a cruise ship levy was raised by a range of stakeholders during the passage of the Visitor Levy (Scotland) Act. In response, the Scottish Government indicated it was open to exploring a Cruise Ship Levy.
- 5.2 During September and October 2024, roundtable events were undertaken by the Scottish Government in Greenock, Inverness, Kirkwall and Edinburgh involving cruise ship operators, port authorities, local authorities, tourism organisations and others to discuss the implications of potential discretionary powers for local authorities to implement a cruise ship levy.
- 5.3 If implemented, such powers would be the first in the UK although cruise ship levies are already in place internationally, including Amsterdam, Barcelona, Dubrovnik and Venice.
- 5.4 The Scottish Government's partial BRIA states that "The largest cruise port areas in Scotland by passenger numbers are Invergordon (Highland), Orkney (Kirkwall and other harbours and anchorages), Edinburgh (including Newhaven, Leith and South Queensferry), Lerwick (Shetland), and Greenock (Inverclyde)." The partial BRIA also includes the following table, denoted Table 1, detailing port calls and passengers.

Table 1: 2024 Scheduled Port Calls and Passengers for Scottish Cruise Ports

Port	Port Calls	Passengers ('000)	Average passengers per call (rounded to closest hundred)	Maximum passengers scheduled for single day (rounded to closest hundred)
Invergordon	118	261	2,200	9,600
Orkney ^[1]	230	247	1,100	6,200
Edinburgh ^[2]	117	192	1,600	5,600
Lerwick	151	161	1,100	6,300
Greenock	84	133	1,600	6,100
Stornoway ^[3]	90	57	600	3,000
Aberdeen	54	33	600	3,300
Portree	31	29	900	3,000
Ullapool	39	25	700	1,300
Rosyth	27	21	800	1,300
Tobermory	37	17	500	1,400
Dundee	16	16	1000	1,300
Scrabster	13	12	900	2,100
Fort William	16	3	200	600
Montrose	2	<1	<100	<100
TOTAL	1,025	1,208	1,200	19,000

May not sum due to rounding

[1] All harbours and anchorages

[2] Newhaven, Leith & South Queensferry

[3] Actual passenger numbers. When port calls were cancelled the passenger numbers were zero.

Source: Scottish Government Analysis of Cruise Schedules

- 5.5 Scottish Government notes that Table 1 above does not include staff and crew on board. This can be a significant proportion of the total number of people onboard, but they are generally excluded from industry estimates and from arrival taxes.
- 5.6 There are a range of levy financial models that could be considered for implementation. For example, levies could be based on:-
- gross tonnage of the vessel (such as Denmark);
 - total passenger capacity of the vessel (such as Dubrovnik);
 - total numbers of passengers onboard; or
 - the total number of passengers disembarking (such as Amsterdam, Barcelona and Venice).

This list is not intended to be exhaustive and is provided for illustrative purposes.

6 Wider Context

- 6.1 Scottish Government research indicates that although highly seasonal, significant increases in passenger numbers demonstrate the cruise ship sector is growing three times faster than the rest of the tourism sector. As an example, in 2019, 893 cruise ships docked in Scottish ports, carrying 817,000 passengers and by 2024 this had increased to 1,000 cruise ships carrying 1.2 m passengers with the busiest day seeing 9,600 visitors arrive in the Port of Invergordon.
- 6.2 Any potential cruise ship levy would need to carefully consider the impact on market conditions and the effects on local economies, communities and islands.
- 6.3 The Scottish Government consultation includes a question about setting the rate of any eventual levy (Question 7 refers). A levy rate could be set nationally or could be decided locally by individual implementing local authorities. Having a rate set nationally would have the advantage of simplicity for those paying and collecting the levy and enable clear communication about the rate that applies in Scotland. A rate set locally by individual implementing local authorities would enable rates to be set that reflect local circumstances, including the costs of developing and maintaining infrastructure and services, while also reflecting responses and feedback from local consultations and engagement. Rates across European ports range from approximately €3-14 per passenger.
- 6.4 Question 18 of the Scottish Government's consultation invites views on a potential "point of entry" levy for local authorities with islands. This could involve giving local authorities with islands discretionary powers to charge a levy on those arriving to visit an island, **regardless of the means of transport** by which they arrived. While more discussion is required with the Scottish Government to confirm the definition and policy intent of points of entry, should such powers be legislated, then this may provide the legislative vehicle to levy motorhomes and campervans.
- 6.5 To ensure the levy is properly understood by all, the naming of the levy will be important, particularly given a point of entry levy could potentially apply regardless of the means of transport.

7 Key areas in the Council's Response

- 7.1 A copy of the consultation questions with the Council's proposed responses is detailed at **Appendix 1** to this report for Members' consideration.
- 7.2 The Highland Council welcomes all visitors to the Highlands and recognises the significant annual contribution that cruise ship passengers make to the visitor economy and to Highland's wider economy. The proposed response confirms The Highland Council supports the proposal to give local authorities the power to create a cruise ship levy in their area as it would provide additional annual recurring funds to help mitigate the impacts of tourism and ensure the area remains a world leading and sustainable tourism destination.
- 7.3 Funds such as the Rural Tourism Infrastructure Fund (RTIF) have been greatly welcomed and have had an important and material impact in certain parts of Highland. However, these funds have only delivered part of the solution. Grant funds such as these are also often only temporal, and there is a reliance on the Scottish Government to make them available. The ability to derive a consistent and reliable income stream which can be tailored to the needs of Highland and the tourism sector will have significant benefits for visitors and communities. Unlike grant funds which have a series of criteria and conditions to be met, a levy could be designed to address a wider range of impacts and be flexible to support local priorities. A levy could also provide a degree of predictability for financial forecasting and planning, and for budget setting purposes.
- 7.4 The primary aim of a cruise ship levy is to ensure that local authorities experiencing pressures from the industry have sufficient additional funds to address these pressures and help contribute towards a thriving and sustainable tourism sector. While local authorities are funded primarily on their population demographics, the scale of the tourism industry and the pressures it places on the region are not factored into the Council's funding allocations from the Scottish Government. An alternative arrangement which could achieve the same aims of a cruise ship levy would ultimately need to deliver both additional and annual recurring funds to local authorities from other sources. Additional annual recurring funding could, for example, be made available by the Scottish Government as part of local authority budget settlements for investment in the sector. For these reasons, it will be important to clearly define who is liable to pay the proposed levy and who is responsible for collecting the levy and remitting levies to the implementing local authority.
- 7.5 Some grant funds have been made available to local authorities and other organisations seeking to improve infrastructure and services relating to the sector. While these have been important and are valued, and The Highland Council strongly urges Government to continue to make these available, it is considered that a cruise ship levy offers the best option to raise additional revenue as it places local decision making at the centre of how the reinvestment in the sector is delivered and does not involve general increases in taxation for local residents.

- 7.6 The benefit of using number of passengers as the primary basis of a levy charge would provide ease of administration and transparency for cruise ship operators and ease of administration for local authorities. It is recommended that the tax point (i.e. the point at which a levy becomes payable) is any tie-up or mooring in addition to dropping an anchor in open waters. A tax at the point of embarkation is not supported by The Highland Council as passengers to Scottish ports typically embark at their first port out with Scotland.
- 7.7 Statutory Harbour Authorities have a range of powers within Harbour Acts to raise charges that include environmental levies. For example, a base rate of x pence per tonne on all vessels could be the basis of charge. The Environmental Port Index has charges based on the declared emissions from cruise vessels with some vessels being rewarded for lower emissions and conversely increased charges apply for increased emissions. This methodology is in use in Norway, Iceland, Faroes, Scotland and Lisbon. Given these existing powers within Harbour Acts, Officers recommend that the Council's position be that in addition to the main basis of the charge, any cruise ship levy should **not** also take into account the environmental impact of a cruise ship.
- 7.8 Cruise ship operators would be the most suitably placed to collect the levy from cruise ship passengers for remitting to the local authority. A large number of operators are UK based which supports levy collections, and cruise ship operators receive passenger lists from vessels before berthing which would provide accurate billing information. Local authorities would however require powers to collect levies from operators that are not UK based.
- 7.9 Should powers be made available to local authorities to implement a point of entry levy regardless of the means of transport, then additional provisions may be required to extend and broaden the groups of operators that are responsible for collecting the levy and for remitting levies to local authorities, and to expand the groups of passengers who are liable to pay a levy. Furthermore, it will be important to clearly define the tax point for a point of entry levy.
- 7.10 The proposal to include a point of entry levy is welcomed as this could provide the legal mechanism to also levy motorhomes and campervans in addition to cruise ships. These assumptions are however dependent on definitions within any eventual Act. It is therefore recommended that the name of the Levy be changed from the current name of Cruise Ship Levy to Point of Entry Levy. While the Scottish Government is proposing that Point of Entry levy be made available to local authorities with islands, The Highland Council strongly urges the Scottish Government to make provisions for all Scottish Councils to be given discretionary powers to implement a Point of Entry levy.

- 7.11 Local authorities should decide the rate of any levy. This would reflect local circumstances and help mitigate the impacts passengers have on local services and infrastructure, the implementing Council's strategic priorities, Scottish Government grant funding and budget settlements, and other grant funding. Local authority decision making is also sensitive to the impacts such a levy would have on the local sector, the visitor economy, local businesses and communities. The Council does not support a national upper limit, although to provide confidence to the sector, it is suggested that Ministers could reserve the right to introduce a national upper limit following consultation with local authorities and the industry. Officers recommend that the Council favours a flat rate per passenger.
- 7.12 The net revenue raised in a local authority area should be retained and used strategically within that local authority area. This would enable funds to be dispersed where visitors visit within the implementing local authority area and improve the wider tourist experience. Additional expenditure and investment in local areas also creates and sustains local employments, helps to support repopulation, and improves the enjoyment of the local environment, infrastructure and services for communities and residents.
- 7.13 Crew members and young people aged 18 years and under should be exempt or listed as exclusions from any eventual levy. The inclusion of other exemptions introduces complexities and dilutes the benefits of embedding simplicity within any form of levy. While the consultation seeks views on exempting disabled people and paid carers, the Scottish Government is encouraged to consider the mechanisms and cost implications of verifying benefits and payments received by disabled people and paid carers who are passengers, the method of reimbursement should an exemption apply and to undertake an integrated screening and if appropriate, a full impact assessment of doing so for both domestic and international passengers. Passengers disembarking at the final port of call should not be exempt from the levy and local authorities should not be provided with the discretion to implement local exemptions. The intention of this approach is to deliver simplicity for cruise ship operators and agents, port authorities, passengers, and local authorities.
- 7.14 It is recommended that the Council's response supports a 12-month implementation period from the date the implementing local authority decides to implement a levy. Thereafter, the levy should be treated as a fee or charge set by the local authority. This would typically involve a review of the levy rate in accordance with the reviewing local authority's fees and charges policy, or other procedures used for this purpose and set annually as part of the Council's budget setting. This approach is already familiar to cruise ship operators as it is the same process currently used for setting harbour dues and fees on an annual basis. There should be no national restrictions on this annual review which may result in the levy rate remaining the same as the previous financial year, i.e. the status quo, an increased rate, or a reduced rate. The caveat being that Ministers may wish to reserve the right to introduce a national upper limit following consultation with local authorities and operators.

8 Next Steps

- 8.1 The closing date for responses on the public consultation is 30 May 2025. No further timeline has been published by the Scottish Government at the time of drafting this report. Officers will continue to participate in the CoSLA Working Group and will engage with Scottish Government going forward.

Designation: Assistant Chief Executive - Place

Date: 7 May 2025

Author: Sheila Armstong, Chief Officer Revenues & Commercialisation
Douglas Chisholm, Tourism & Inward Investment Team Leader

Background Papers: Consultation of a potential local authority Cruise Ship Levy in [Scotland](#)

Appendices: Appendix 1 – Scottish Government's Call for Responses –
Questions and Recommended Responses

Appendix 1 – Scottish Government’s Call for Responses – Questions and Recommended Responses

Question 1

Do you support giving local authorities the power to create a cruise ship levy in their area, if they wish to do so?

☒ Yes

☐ No

☐ Don’t know

Please provide the reasons for your answer.

Council position

The Highland Council supports the proposal to give local authorities the power to create a cruise ship levy in their area as it will provide additional funds to mitigate the impacts of tourism and ensure the area remains a world leading and sustainable tourism destination.

Growth of tourism in Highland

The Highlands is one of the world’s most famous and well-regarded visitor destinations. Over the last two decades the tourism sector in Highland has seen incredible growth – with latest figures from 2023 showing 8.4 million visitors, the highest yet. This was also reflected within the cruise industry in 2023, with passenger numbers to Highland ports reaching almost 300,000 and the gross tonnage of cruise vessels totalling around 10,000,000 GT. The table below lists the 16 ports and harbours which have cruise ship activities within Highland. They range in type, size and capacity from the Port of Cromarty Firth in Invergordon which is a trust port and is Scotland's busiest cruise ship port, to Sheldaig which is a rural municipal harbour accommodating only 1 or 2 small cruise ships each year.

Name	Operator	Type	Approx. Passengers (Pax) in 2023
Portree	The Highland Council	Municipal port	30,000
Fort William	The Highland Council	Municipal port	6,148
Kyle	The Highland Council	Municipal port	1,584
Plockton	The Highland Council	Municipal port	150
Gairloch	The Highland Council	Municipal port	250
Sheldaig	The Highland Council	Municipal port	50
Raasay	The Highland Council	Municipal port	100
Inverie	The Highland Council	Municipal port	250
Eigg	The Highland Council	Municipal port	800
Muck	The Highland Council	Municipal port	100
Rum	The Highland Council	Municipal port	150
Loch Scavaig	The Highland Council	Municipal port	2,500
Ullapool Harbour	Ullapool Harbour Trust	Trust Port	20,000
Scrabster Harbour	Scrabster Harbour Trust	Trust Port	10,000
Port of Cromarty Firth	Port of Cromarty Firth	Trust Port	220,000
Port of Inverness	Inverness Harbour Trust	Trust Port	TBC

Challenges of industry growth

This growth has been a key driver of the economy and has helped support our communities to prosper across Highland. However, welcoming so many visitors has also given rise to a wide range of pressures – particularly on public infrastructure, services and the environment, which has raised concerns from some about the impacts of tourism.

The Council recognises the findings of VisitScotland's report on '*Cruise Tourism in Scotland: Review & Sustainable Development Opportunities*' (2020) that "cruise visitors, notably from large ships in small rural or island locations, can result in negative social impacts. Issues include pressure/congestion on the local transport network, demand for amenities such as public toilets and services and overcrowding, not just at visitor attractions but also in town centres, and these effects can be considerable." VisitScotland's report also found that "with large numbers of visitors concentrated in certain locations, site-specific environmental challenges also exist. These are caused where there are large numbers of passengers repeatedly converging on an area or site at the same time. Ineffective management results in erosion and other environmental degradation."

Due to these pressures and the ongoing pressures on local authority budgets, there is a need for the Council to obtain additional resources to sufficiently tackle these challenges and to ensure the visitor experience is a positive one for tourists and for our communities.

Existing funding streams

Funds such as the Rural Tourism Infrastructure Fund (RTIF) have been greatly welcomed and had an important impact in certain parts of Highland. However, these funds have only delivered part of the solution. Grant funds such as these are also often only temporal, and there is a reliance on the Government to make them available. The ability to derive a consistent and reliable income stream which can be tailored to the needs of Highland and the sector will have significant benefits for visitors and communities. Unlike grant funds which have a series of criteria and conditions to be met, a levy could be designed to address a wider range of impacts and priorities. A levy could also provide a degree of predictability for financial forecasting and planning, and for budget setting purposes.

Consultation on levies in Highland

In 2019 The Highland Council engaged in a public visitor levy consultation, the outcome of which resulted in a decision to support 'in principle' the introduction of a visitor levy. It found that nearly 70% of respondents believed that cruise ship passengers should be included in a Highland visitor levy, just behind those 'Overnight Visitors staying in paid accommodation' (74%) and 'Motorhome Users (not staying at paid sites)' (84%). This reflected one of the main themes which emerged from the consultation – that of fairness and the need for any visitor levy to not unfairly charge one type of visitor over another. This position was regularly voiced by respondents as part of the consultation which the Council recently ran between November 2024 and March 2025 on the draft outline visitor levy. Many respondents felt it was essential for any visitor levy to apply to all visitors.

Potential negative impacts of a Cruise Levy

The Council recognises there has been significant challenges affecting the tourism and hospitality sectors over recent years, such as rising operating costs and staff shortages, and the introduction of a cruise ship levy needs to be carefully approached to avoid where possible and mitigate negative impacts and unintended consequences on the industry. Many of the port authorities in Highland aspire to accommodate more cruise ships and increase the number of passengers to the region and the Council is generally supportive of this as a means to drive economic growth and support communities. The Council believes that the emphasis needs to be on the key impacts and mitigation measures needing to be identified through the legislative process and that local implications are led by the relevant local authority, should they wish to introduce a cruise ship levy.

Role of the Council

The Council is the most appropriate and well-placed organisation to implement and manage a cruise ship levy (in the same way as the Visitor Levy which was recently approved by Scottish Government). The Council supports the principles of local decision making, particularly to help the people affected most by the challenges of local tourism, while empowering local government and strengthening local democracy by giving Councils the discretionary fiscal power to implement a levy to support the region. A levy could also provide a degree of predictability for financial forecasting and planning, and for budget setting purposes.

Question 2

What alternatives (if any) do you think would achieve the same goals as a cruise ship levy? Please provide details of any alternative option(s).

The primary aim of a cruise ship levy is to ensure that local authorities experiencing pressures from the industry have sufficient new and additional funds to address these pressures and help contribute towards a thriving and sustainable tourism sector.

While local authorities are funded primarily on their population demographics, the scale of the tourism industry and the pressures it places on the region are not factored into the Council's funding allocations by the Scottish Government. An alternative arrangement which could achieve the same aims of a cruise ship levy would ultimately need to deliver new and additional funds to local authorities from other sources. Additional annual recurring funding could, for example, be made available from the Scottish Government as part of local authority budget settlements for investment in the sector. For these reasons, it will be important to clearly define who is liable to pay the proposed levy and who or which body is responsible for the collecting the levy and remitting levies to the implementing local authority.

Some grant funds have been made available to local authorities and other organisations seeking to improve infrastructure and services relating to the sector. While these have been important and are valued, The Highland Council strongly urges the Scottish Government to continue to make these available, it is considered that a cruise ship levy offers the most appropriate fiscal lever to raise new and additional revenue as it places local decision making at the centre of how the reinvestment in the sector is delivered and does not involve general increases in taxation for local residents and businesses.

As has been found in the Scottish Government's background paper 'Consultation on a potential local authority Cruise Ship Levy in Scotland', cruise ship levies have operated in other countries for several years and have taken a variety of formats. Given the increasing growth of the sector in Scotland, it is expected that an appropriate system in Scotland can also be introduced successfully.

What should the primary basis of a Cruise Ship Levy charge be, if introduced in Scotland? Select one

- ☐ Tonnage of a ship
- ☐ Passenger capacity of a ship
- X Number of passengers on board a ship
- ☐ Number of passengers to disembark from a ship
- ☐ Other (please specify)
- ☐ Don't know

Please provide the reasons for your answer.

The benefit of using number of passengers as the primary basis of a Cruise Ship Levy charge would provide ease of administration and transparency for cruise ship operators and ease of administration for local authorities. It is recommended that the tax point (ie the point at which a levy becomes payable) is any tie-up or mooring in addition to dropping an anchor in open waters. A tax at the point of embarkation is not supported by The Highland Council as passengers to Scottish ports typically embark at their first port out with Scotland. Crew members should not be counted in passenger numbers and should be excluded from the levy.

Question 4

In addition to the main basis of the charge, should any cruise ship levy also take into account the environmental impact of a cruise ship?

- ☐ Yes
- x No
- ☐ Don't know

Question 5

Who should collect any cruise ship levy? Select one.

- X Cruise ship operator
- ☐ Port operator
- ☐ Local authority
- Other (please specify)
- ☐ Don't know

Please provide the reasons for your answer:

Cruise ship operators would be the most suitably placed to collect the levy from cruise ship passengers for remitting to the local authority. A large number of operators are UK based which supports levy collections and cruise ship operators receive passenger lists from vessels before berthing, which would provide accurate billing information. Local authorities would however require powers to collect and pursue levies from operators that are not UK based.

Question 6

What enforcement powers should a local authority, or other relevant body, have to ensure compliance (and prevent avoidance and evasion) by those required to pay a cruise ship levy? Please select all of the powers you think the body should have.

- ☒ Powers to request, and obtain or inspect, the information necessary to assess the cruise ship levy liability of a body.
- ☒ Power to apply a penalty (e.g. a fine) if a cruise ship levy is not paid when it is required to be.
- ☒ Power to apply a penalty (e.g. a fine) if a body provides inaccurate information in relation to a cruise ship levy or destroys requested information.

Question 7

Do you think the rate of any cruise ship levy should be set at a national level or should it be for a local authority to decide?

☐ Set at the national level

☒ Decided by local authorities

☐ Don't know

Please provide the reasons for your answer.

Local authorities should decide the rate of any levy. This would reflect local circumstances and help mitigate the impacts passengers have on local services and infrastructure, support the implementing Council's strategic priorities, while reflecting Scottish Government grant funding and budget settlements, and other grant funding. Local authority decision making is also sensitive to the impacts such a levy would have on the local sector, the visitor economy, local businesses and communities. The Council does not support a national upper limit, although to provide confidence to the sector, it is suggested that Ministers could reserve the right to introduce a national upper limit following consultation with local authorities and the industry. The Highland Council favours a flat rate per passenger, set locally by the implementing local authority.

Question 8

If the rate of any cruise ship levy were to be set by individual local authorities, should an upper limit be set at a national level?

- ☐ Yes
x ☒ No
☐ Don't know

Question 9

Which (if any) of the following proposed actions do you believe local authorities should be required to undertake before being able to introduce a cruise ship levy? Please select yes, no, or don't know for each proposed action below.

Have held a consultation to gather views from all those who will be affected by a cruise ship levy.

- x ☒ Yes
☐ No
☐ Don't know

Have conducted relevant impact assessments, e.g. impact on business, equality impacts, etc.

- x ☒ Yes
☐ No
☐ Don't know

Have set and published objectives for any cruise ship levy and what it was seeking to achieve (either directly and/or through the use of revenue raised).

- x ☒ Yes
☐ No
☐ Don't know

Have assessed and documented the administrative burden from a proposed cruise ship levy and any steps taken to minimise this.

- x ☒ Yes
☐ No
☐ Don't know

If a cruise ship levy rate is set locally, demonstrated why the chosen rate is suitable for that area.

- x ☒ Yes
☐ No
☐ Don't know

Have appropriate mechanisms in place to allow for collection (and if necessary, remittance) of a cruise ship levy.

☐ Yes

x No

☐ Don't know

Have made information about the cruise ship levy and how to pay it available in the public domain, for businesses and others.

☐ Yes

x No

☐ Don't know

Established an approach to monitoring and publicly reporting on revenues raised and their use on an annual basis.

☐ Yes

x No

☐ Don't know

Established an approach to monitoring and publicly reporting on the impact of a cruise ship levy on an annual basis.

☐ Yes

x No

☐ Don't know

Question 10

How should revenue raised by a cruise ship levy be used? Select one:

x Revenue raised by a cruise ship levy should be required to be spent on facilities and services used by cruise ship passengers and/or the cruise ship industry.

☐ A local authority should be able to use revenue raised by a cruise ship levy in any way it wishes.

☐ Don't know.

Please provide the reasons for your answer:-

Whilst we agree the net revenue raised by a cruise ship levy should be required to be spent on facilities and services used by cruise ship passengers and/or the cruise ship industry, it will also be important that local authorities have the flexibility to spend the revenue on facilities or services related to the wider visitor economy.

Messaging and communications surrounding a Cruise Ship Levy should emphasise the benefits to tourists and residents alike, highlighting the services enjoyed by both groups, while also recognising the unique relationship between the cruise industry and the destinations it chooses to visit.

Question 11

Should any of the following groups be granted exemptions from payment of a cruise ship levy?

Passengers who are 18 years or under

☒ Yes

☐ No

☐ Don't know

Passengers who are disabled

☒ Yes

☐ No

☐ Don't know

Passengers who are paid carers

☒ Yes

☐ No

☐ Don't know

Crew members

☒ Yes

☐ No

☐ Don't know

Passengers disembarking at the final port of call

- ☐ Yes
- x No
- ☐ Don't know

Question 12

If national exemptions are introduced, do you think local authorities should be able to create additional exemptions at a local level?

- ☐ Yes
- x No
- ☐ Don't know

Question 13

Should there be an implementation period for any cruise ship levy? (This would be a required period to run from the time a local authority formally decides to introduce a cruise ship levy to when it came into force).

- x Yes
- ☐ No
- ☐ Don't know

Question 14

If there should be an implementation period how long should it be? Select one.

- ☐ Less than 6 months
- ☐ 6 months
- x 12 months
- ☐ One complete financial year
- ☐ 18 months
- ☐ More than 18 months

Question 15

What, if any, transition arrangements should apply when a cruise ship port call is arranged before a local authority chooses to impose a cruise ship levy, but the port call takes place after the levy has been put in place?

- ☐ a cruise ship levy should be paid in this situation
- x a cruise ship levy should not be paid in this situation

Question 16

What impact do you think a cruise ship levy would have on the following?

Cruise ship operators

- ☐ Very positive impact
- x Somewhat positive impact
- ☐ Neither positive nor negative impact
- ☐ Somewhat negative impact
- ☐ Very negative impact
- ☐ Don't know

Ports

- ☐ Very positive impact
- x Somewhat positive impact
- ☐ Neither positive nor negative impact
- ☐ Somewhat negative impact
- ☐ Very negative impact
- ☐ Don't know

Businesses linked to cruise ship industry

- ☐ Very positive impact
- x Somewhat positive impact
- ☐ Neither positive nor negative impact
- ☐ Somewhat negative impact
- ☐ Very negative impact
- ☐ Don't know

Local Communities

- ☐ Very positive impact
- x Somewhat positive impact
- ☐ Neither positive nor negative impact
- ☐ Somewhat negative impact
- ☐ Very negative impact
- ☐ Don't know

Local authorities

- ☐ Very positive impact
- x Somewhat positive impact
- ☐ Neither positive nor negative impact
- ☐ Somewhat negative impact
- ☐ Very negative impact
- ☐ Don't know

Scotland as a whole

- ☐ Very positive impact
- x Somewhat positive impact
- ☐ Neither positive nor negative impact
- ☐ Somewhat negative impact
- ☐ Very negative impact
- ☐ Don't know

Please provide the reasons for your answer(s). This helps with developing a robust BRIA which considers as wide a range of impacts as possible. If there are any other groups that would be impacted by a cruise ship levy, please also list them below, together with the extent to which you believe they would be impacted:

- Levy powers would provide local authorities with key additional annual recurring resources for investment in vital local services. This will both improve Scotland's tourism offer and mitigate the impact of growing number of cruise ship tourists, ensuring that Scotland continues to be a destination of choice.
- The administrative burden of a Levy should be minimised as much as possible. The Levy should be charged on a flat fee per-passenger basis, for all those onboard a cruise ship, and be collected by the cruise ship operator.
- Local flexibility should be a key element of a Levy. There should be no national direction on the rates set by local authorities and the use of revenue should be up to the discretion of local authorities. To provide assurances to the sector, Ministers may wish to reserve the right to implement an upper limit following consultation with cruise ship operators and local authorities.
- The powers contained in any legislation should be expanded to allow all local authorities, not limited to local authorities with islands, to apply a Levy at the point of entry. This could then provide the legislative vehicle to enable local authorities to levy a charge on motorhome and campervans journeying in their area.
- Disability exemptions should apply to both adults and children with disabilities. This exemption will need to be impact assessed to ensure all visitors who are eligible to receive a disability exemption are able to supply the supporting evidence as prescribed within legislation.
- While there is a risk that the implementation of a levy could have a negative impact on passenger numbers, the significant increase in passenger numbers demonstrate that this is a growth sector. To help mitigate this risk, local authorities should have the discretion to set a flat rate without national direction.

Question 17

Would the name 'cruise ship levy' be appropriate for a potential levy as explored in this consultation paper?

☐ Yes

x No

☐ Don't know

If you believe another name would be more appropriate, please suggest it below:

The Highland Council welcomes the proposal to provide local authorities with discretionary powers for a Point of Entry levy. Given the potential Point of Entry Levy is proposed in the consultation to be "regardless of the means of transport," it would seem more appropriate to refer to the levy as a Point of Entry Levy.

Question 18

Do you believe local authorities with islands should be given the power to create a broader 'point of entry' levy for one or more islands in their area, if they wish to do so?

x Yes

☐ No

☐ Don't know

Please provide the reasons for your answer:

The Highland Council welcomes the opportunity for local authorities to be given discretionary powers to charge a Point of Entry levy. However, The Highland Council does not agree that such discretion should be limited to local authorities with islands.

The Highland Council strongly encourages the Scottish Government to not focus solely on islands and instead to introduce a point of entry levy for all of Scotland, enabling all Scottish local authorities to exercise their discretion to introduce a Point of Entry levy within its geographical boundaries. A Point of Entry levy should not therefore be limited to local authorities with islands.

The Highland Council is preparing a proposition based on a means of having the ability to charge at points of entry into the Highlands, which will go some way to address the impacts of motorhomes and campervans.

Including provisions for a Point of Entry Levy within the eventual Act currently being consulted on within the Cruise Ship Levy consultation, would provide the much-needed discretionary powers to enable Scottish local authorities to levy motorhomes and campervans journeying within a local authority area.

To ensure such powers can be implemented and are workable, the legislation would need to identify who is liable to pay the levy, and thereafter which body is responsible for collecting the levy and for remitting levies to the local authority. To support a point of entry levy, The Highland Council would urge the Scottish Government to make provisions for a national exemption or exception for local residents. The Highland Council would welcome further dialogue with the Scottish Government and CoSLA on a Point of Entry Levy for all Scottish Councils to implement at each Council's discretion.

Question 19

If there any other points you would like to make in relation to a potential cruise ship levy that you have not been able to make elsewhere in this consultation, please add them below:

To support The Highland Council's response to Question 4, statutory Harbour Authorities have a range of powers within Harbour Acts to raise charges that include environmental levies. For example, a base rate of £0.xx per tonne on all vessels could be the basis of charge. The Environmental Port Index has charges based on the declared emissions from cruise vessels with some vessels being rewarded for lower emissions and conversely increased charges apply for increased emissions. This methodology is in use in Norway, Iceland, Faroes, Scotland and Lisbon.

Given these existing powers within Harbour Acts, Officers recommend that the Council's position be that in addition to the main basis of the charge, any cruise ship levy should **not** also take into account the environmental impact of a cruise ship.

The revenue raised in a local authority area should be retained and used strategically within that local authority area. This would enable funds to be dispersed where visitors visit within the implementing local authority area and improve the wider tourist experience. Additional expenditure and investment in local areas also creates and sustains local employments, helps to support repopulation, and improves the enjoyment of the local environment, infrastructure and services for communities and residents.

It is recommended that the Council's response supports a 12-month implementation period from the date the implementing local authority decides to implement a levy. Thereafter, the levy should be treated as a fee or charge set by the local authority. This would typically involve a review of the levy rate in accordance with the reviewing local authority's fees and charges policy, or other procedures used for this purpose and set annually as part of the Council's budget setting. This approach is already familiar to cruise ship operators as it is the same process currently used for setting harbour dues and fees on an annual basis. There should be no national restrictions on this annual review which may result in the levy rate remaining the same as the previous financial year, i.e. the status quo, an increased rate, or a reduced rate. The caveat being that Ministers may wish to reserve the right to introduce a national upper limit following consultation with local authorities and operators.