Agenda Item	3
Report No	HC/24/26

The Highland Council

Committee: **Highland Council**

Date: **25 August 2026**

Report Title: **Proposal for a Visitor Levy in Highland**

Report By: **Assistant Chief Executive - Place**

1 Purpose/Executive Summary

1.1 The purpose of this report is to present a Draft Visitor Levy Scheme for Highland for consideration by Members prior to undertaking the statutory public consultation required under the Visitor Levy (Scotland) Act 2024 and the Visitor Levy (Scotland) Amendment Act 2026. The Council is not being asked, at this stage, to introduce a Visitor Levy, but rather to approve a draft scheme for consultation and further development.

1.2 Tourism is one of Highland's most significant economic sectors and contributes substantially to the prosperity of communities and businesses across the region. However, continued growth in visitor numbers has also increased pressures on infrastructure, public services, communities and the natural environment. The Visitor Levy (Scotland) Act 2024 provides local authorities with the power to introduce a levy on overnight accommodation, with revenues required to be reinvested in facilities and services that support visitors and the visitor economy.

1.3 Following an extensive previous consultation on a percentage-based Visitor Levy scheme, subsequent legislative changes introduced greater flexibility, enabling local authorities to consider fixed amount and tiered fixed amount approaches. Engagement with tourism and accommodation sector representatives has continued and has informed the development of a revised draft scheme based on a tiered fixed amount levy charged per room/area, per night.

1.4 The draft scheme proposes a Highland-wide levy, a range of exemptions and relief arrangements as permitted under legislation, and a Reinvestment Framework setting out how net proceeds could be used for developing, supporting and sustaining facilities and services for the long-term sustainability of the visitor economy as well as the potential support that can be given to major opportunities such as the UK City of Culture 2029. The draft scheme also outlines proposed governance, reporting and review arrangements, including the establishment of a Highland Visitor Levy Forum.

1.5 Subject to approval, the draft scheme will be published for statutory consultation for a minimum period of 12 weeks. Feedback received will be used to inform the final proposed scheme, which will be reported back to Members for consideration before any decision is taken on whether to introduce a Visitor Levy in Highland.

2 Recommendations

2.1 Members are asked to:-

i. **Agree** for the purpose of undertaking statutory public consultation, the Draft Visitor Levy Scheme (as set out in this report and within Appendix 4) based on a tiered fixed-amount levy per room/area per night;

ii. **Agree that** officers undertake the statutory public consultation in accordance with the Visitor Levy (Scotland) Act 2024 and the Visitor Levy (Scotland) Amendment Act 2026, and to further develop the Draft Scheme, including refinement of the tiered fixed-amount model, exemptions, governance arrangements and proposed use of revenues, having regard to consultation feedback; and

iii. **Agree** that a further report be presented to the December 2026 Highland Council meeting following completion of a statutory public consultation of 12 weeks setting out:-

- the outcome of consultation;
- a finalised proposed Visitor Levy Scheme (including recommended levy rate);
- detailed implementation, governance and administrative arrangements; and
- a recommendation on whether to adopt a Visitor Levy in Highland.

3 Implications

3.1 **Resource** - The purpose of the levy is to raise additional funding from overnight visitors so that Highland Council can reinvest in local facilities and services used by visitors, while supporting sustainable tourism and local communities. The implementation of a Visitor Levy Scheme therefore has significant resource and financial implications in relation to the anticipated funds which could be raised, the cost of implementing and administering a Visitor Levy Scheme, and thereafter decisions on the use of the net proceeds.

3.1.2 The costs to the Council in administering and managing a Visitor Levy scheme have previously been estimated by the Scottish Government to be in the range of £550k per annum. The Visitor Levy (Scotland) Act 2024 makes provisions for operating expenses to be deducted from the gross income generated from a Visitor Levy.

3.1.3 A levy income and use of funds could represent a significant income stream and addition to Council resources, and both income and use thereof would be reflected within the Council's annual budget plans and Medium-Term Financial Strategy were there to be a decision to proceed. The legislation requires local authorities to use net proceeds from a Visitor Levy to sustain, support and develop facilities and services which are substantially used by business and leisure visitors (or both). Within the first 18-months from when a Visitor Levy scheme comes into force, and for each 12-month period thereafter, local authorities are required to report on how the net proceeds have been used and the performance of the adopted scheme in relation to scheme objectives.

3.2 **Legal** - Local Authorities have powers to introduce Visitor Levy Schemes in accordance with the Visitor Levy (Scotland) Act 2024. The 2024 Act enabled such levies to be set on a percentage basis, and through the Visitor Levy (Amendment) Scotland Act 2026, local authorities can choose between a percentage-based rate, or to set either a single fixed amount or a range of fixed amounts per room/area, per night for different purposes/areas, or a tiered fixed amount.

3.2.1 Additional legislation under the Visitor Levy (Amendment) (Scotland) Act 2026 was passed on 24 March 2026 and received Royal Assent on 21 May 2026 to make further provision about the basis on which the levy is to be charged, chargeable transactions, returns and the operation of Parts 2 and 3 of the Visitor Levy (Scotland) Act; and for connected purposes.

3.3 **Risk** - The implementation of a Visitor Levy scheme presents an opportunity to raise new income specifically targeted at sustaining, supporting and developing facilities and services which are substantially used by business and leisure visitors (or both). The changes to the legislation provide more flexibility for local authorities to tailor a levy rate that reflects the unique circumstances of their area and accommodation base.

3.3.1 Scottish Government forecasting indicated there may be variances in forecasted revenues when comparing and contrasting percentage-based and fixed amount levies. Updated Guidance on the Visitor Levy for Local Authorities provides additional detail on these rate-setting considerations.

3.3.2 Although tourism has long been a cornerstone of the Highland economy, sustaining employment and livelihoods for communities across the region, the scale of its success now presents significant pressures on local infrastructure, services, and the natural environment. The latest available data from the Scottish Tourism Economic Activity Monitor in Scotland (STEAM) shows that between 2012 and 2024, visitor numbers to the Highlands increased from 5.16m to 9.4m – an increase of 82%. In Highland, direct expenditure by visitors on goods and services (including accommodation, food & drink, recreation, transport and shopping) grew from £1.192b to £2.129b over the same period – an increase of 78.6%.

3.3.3 A Visitor Levy has the potential to present a sustainable mechanism to develop, sustain and support assets, infrastructure and services that make the Highlands such a desirable destination to visit. There are known risks around the potential for reductions in existing external funding streams, including the Rural Tourism Infrastructure Fund (RTIF), for example.

3.3.4 Financial planning by Highland Council therefore reflects known or anticipated future external funding levels when considering fiscal flexibilities, such as a visitor levy, to generate new income and develop, support and sustain facilities and services used for or by visitors to Highland. The development of the UK City of Culture 2029 presents a very current opportunity that is being progressed, with a very clear focus on the visitor economy.

3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** – There are no significant Health and Safety risk implications arising directly from this report.

3.5 **Gaelic** – The growth and revitalisation of the Gaelic language partly relies on the continued success of the tourism and visitor economy. Opportunities for growth in the Gaelic economy go in hand in hand with the successful promotion of the Highland culture and the attraction of visits from the diaspora around the world. There are therefore opportunities to build on the successes of Gaelic events, facilities and promotional activities using a Visitor Levy.

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 An Integrated Impact Assessment screening has been undertaken on 14 August 2026. The conclusions have been subject to the relevant Manager Review and Approval.

4.3.2 The full impact assessment has concluded that impacts of the consultation will not have no impacts on protected characteristics and human rights. Overall, feedback received from consultation will inform the impact assessment which will be updated following the conclusion of this process. Members are asked to consider the summary within **Appendix 1** to support the decision-making process.

4.3.3

Impact Assessment Area	Full Assessment
Equality	No impact
Socio-economic	No impact
Human Rights	No impact
Children’s Rights and Well-being	No impact
Island and Mainland Rural	Minor differences – support will be available to assist residents in completing the consultation
Climate Change	No impact
Data Rights	No impact

5 Background and Context

5.1 The Visitor Levy (Scotland) Act 2024 came into effect in May 2024. The Expert Group, led by VisitScotland developed Visitor Levy Guidance for local authorities, which was published in October 2024. The Visitor Levy (Scotland) Act 2024 enables local authorities to apply a visitor levy on overnight stays, on the accommodation element only. Other charges, including catering and parking, are not subject to a levy. The Council engaged with the Scottish Parliament, through written and oral representations, during the progression of the Visitor Levy Bill and the Visitor Levy (Scotland) Act 2024. Under the legislation, funds generated from a Visitor Levy must facilitate the achievement of a scheme's objectives and should develop, support and sustain facilities and services for or used by visitors to a local authority area for leisure or business purposes.

5.2 A statutory consultation on a draft Visitor Levy Scheme was approved by the Economy & Infrastructure Committee on 14 November 2024 and undertaken from 15 November 2024 – 31 March 2025.

5.3 Following feedback from industry stakeholders during the consultation period, the Convener of Highland Council wrote to the Minister of Public Finance on 12 February 2025, sharing concerns that they "share considerable concern that a percentage rate [levy] introduces complexities for them, third party platforms, and visitors alike. **Providers would prefer a flat rate per person per night** on the basis that a flat rate is not linked to the amount paid for overnight accommodation and is therefore simpler for them to calculate and for visitors to understand." The letter further inquired as to potential changes to the legislation that would allow local authorities to choose either a percentage rate or flat rate.

5.4 Following the formal consultation, at a meeting of the Highland Council on 11 December 2025, it was agreed by elected Members to await the implementation of new legislation to allow a range of rate options before making a decision on the implementation of any draft Visitor Levy scheme.

5.5 In March 2026, the Visitor Levy (Scotland) Amendment Act was passed. This introduced additional flexibility, enabling local authorities to apply:-

- a fixed amount(s) per room/area, per night;
- a tiered fixed amount per room/area, per night structure; or
- a percentage-based levy

5.6 The Visitor Levy (Scotland) Amendment Act received Royal Assent on 21 May 2026. New guidance has just been issued and is available here.

5.7 The Visitor Levy (Scotland) Amendment Act was developed following feedback from local authorities, accommodation providers and tourism sector representatives across Scotland regarding the practical operation of percentage-based visitor levy models. The amendments received cross-party support during Parliamentary consideration and reflected broader recognition that greater flexibility was required to allow local authorities to develop approaches better suited to local circumstances. Industry and tourism bodies have also been more broadly supportive of the additional flexibility provided through the Amendment Act, particularly in relation to the potential for simpler fixed-amount models which may reduce administrative complexity for accommodation providers and improve transparency for visitors.

5.8 At a meeting of Highland Council on 25 June 2026, Members agreed to explore the additional options presented by the power to draft a new Visitor Levy Scheme based on a fixed amount or tiered fixed amounts and undertake further consultation with stakeholders over Summer 2026 in order to inform a new draft scheme. Members will recall the table at the end of the report to June Council which set out what were seen as some of the pros and cons of individual options at that time.

5.9 Over the course of the summer period, engagement has been undertaken with a representative group of industry representatives from the Highland Chambers of Commerce, Scottish Tourism Alliance, Association of Scottish Self Caterers, Highland Tourism CIC, Highland Hotels Association, VisitScotland and Highlands and Islands Enterprise. Communications have also been received from other interest groups such as Hostelling Scotland.

5.10 Several options were developed to test the best approach for reframing of the levy scheme. **Appendix 2** sets out the three working options that were developed along with how the various elements relating to rate, geography, exemptions etc were considered. The three options were a Percentage rate, a fixed amount and a tiered fixed amount scheme. For the avoidance of doubt, the do-nothing option has remained part of the discussions.

5.11 The discussions that have taken place in the time available have generally been carried out in a positive and collaborative environment. Differences remain and it is fair to say that no option received full support at this stage, although the consensus was that the tiered fixed amount option offered the best option going forward, subject to further work on impacts assessments and the outcome of a consultation.

5.12 Industry colleagues also asked for greater clarity on the uses that a Levy would be put to should it ultimately be agreed. This is an important part of this report. The consultation will offer a further consideration of and feedback on the spend profile, the spend priorities and the governance for the spend. As set out in the Act, a Visitor Levy Forum must be set up within 6 months of any decision to implement a scheme. Under the Act, membership must contain a reasonable balance of representatives from communities, businesses engaged in tourism, and tourist organisations. It is expected that the forum advises on the development of any levy spending plans.

5.13 In this context, the proposals set out within this report are being brought forward based on the Act and anticipated commencement arrangements. **The Council is not being asked at this stage to implement a Visitor Levy**, but rather to approve a draft scheme for the purposes of statutory public consultation. Any final decision to adopt a Visitor Levy, including the model to be applied, will be taken by Council at a later date and will be subject to the relevant legislation being in force at that time.

5.14 In line with the requirements of the Visitor Levy (Scotland) Act 2024 (update), and the newly published Scottish Government Guidance**,** a minimum 12-week statutory public consultation must be undertaken before any final decision is taken on the introduction of a Visitor Levy Scheme in Highland.

The consultation will seek views on a draft Visitor Levy Scheme and will include specific questions on the key elements of the scheme, including:-

- the proposed levy model and rate (including any variation or caps);
- the scope of application, including geographical coverage;
- exemptions;
- the proposed use of revenues and the balance of investment priorities;
- governance and decision-making arrangements, including the role of any Visitor Levy Forum;
- the anticipated impacts on businesses, communities and the visitor economy;
- implementation arrangements and timescales; and
- monitoring, reporting and review of the scheme

This consultation will provide stakeholders, including local communities, businesses, and the tourism sector, with the opportunity to inform and shape the final scheme prior to consideration by Council.

5.15 Transformational Opportunity

Tourism is one of Highland's most important economic sectors. Over recent decades, continued growth in visitor numbers has helped establish Highland as a world-class destination, supporting businesses, jobs and communities across the region. However, this success has also increased demands on infrastructure, public services, communities and the natural environment.

5.16 At the same time, the Council has experienced many years of financial constraint, rising costs and the need to deliver substantial savings. While visitor numbers and visitor-related pressures have continued to grow, the resources available to invest in supporting and developing the visitor economy have become increasingly limited.

5.17 In this context, a Visitor Levy has the potential to create a transformational and enduring source of investment for Highland. Unlike many existing tourism-related funding programmes, which are often competitive, time-limited and dependent on decisions made elsewhere, levy proceeds would provide a significant source of locally controlled funding that can be directed towards Highland's priorities.

5.18 The proposed Reinvestment Framework shown in **Appendix 3** reflects many of the long-standing priorities identified through the Council’s Sustainable Tourism Strategy 2024-2030 and wider engagement with businesses, communities and stakeholders. A Visitor Levy therefore offers an opportunity not simply to identify priorities, but to deliver them, supporting a more strategic, coordinated and long-term approach to investing in Highland's communities, infrastructure, culture, environment and visitor economy

6 Proposed Visitor Levy Scheme

Tiered Fixed Rate Visitor Levy Scheme

6.1 The feedback from the previous consultation has been used to inform the approach that is being recommended for wider consultation. As Members will recall from the report presented in December 2025, The Diffley Partnership's independent findings from the consultation analysis, which was based on a percentage-based levy, found that cross-cutting themes recurred across sections of the consultation:-

- The perceived advantages of a flat per-night fee rather than a percentage-based levy;
- Exemptions for Highland residents and in-area essential travel (such as medical appointments and work commitments);
- Opposition to exclusions in the legislation for off-campsite motorhomes and cruise passengers, who are often deemed high-impact visitors;
- Administrative burden on small accommodation providers, and VAT implications for small-turnover businesses;
- Concerns and confusion on how to practically administer the levy for different types of accommodation and portioning charges as per the guidance;
- Negative consequences for accommodation providers, including implications for VAT, costs by third party booking services and concern that visitors will go elsewhere. All of these resulting in loss of income;
- Concern that the levy would apply to people staying in accommodation for the purposes of unpaid care or work;
- There were many respondents upset by the exclusion of motorhomes and campervans not at a licenced campsite. As noted, this is directed to the exclusion in the legislation set by Scottish Parliament, rather than any proposal by The Highland Council;
- Alternative mechanisms to raise funds from incoming visitors were suggested, none of which required administration by accommodation providers; and
- Some investment suggestions for funds raised by the levy were made.

6.2 It is a challenge to provide a Levy proposition that will address all of the matters which arose in the previous consultation. However, with the new arrangements put in place through the amendment to the original Act, and having cognisance to the wish to deliver a working, practical Visitor Levy, officers propose that the Draft Visitor Levy Scheme as detailed in **Appendix 4** be based on a tiered fixed-amount levy per room/area per night applied for the full length of stay across Highland Council area.

6.3 This tiered fixed-amount approach also reflects feedback from early engagement with accommodation providers and is considered to provide:-

- simplicity and transparency for visitors;
- reduced administrative complexity for accommodation providers; and
- greater certainty of income to support investment

6.4 The proposal for the Levy suggests the following scheme design elements as required by the Act under section 14 – Required content of a scheme:-

Levy Scheme Element	Proposal	Rationale
Rate	Introduce a £2 fixed-amount for campsites and hostels and £5 fixed-amount for the remaining accommodation industry	A £5 rate is considered a fair option (noting the 18-month implementation period and the inability to build in annual increases in line with inflation) which will generate meaningful revenue while being unlikely to have a greater impact on visitor demand than any percentage-based alternative. Reducing the rate to £2 for lower cost accommodation helps avoid unintended impacts on the attractiveness and use of these managed accommodation facilities and recognises the generally lower-cost nature of these forms of accommodation. It also ensures that all accommodation types contribute.
Geography	Levy to apply to the whole Highland Council area	Investment is needed throughout the Highland Council area, and variations would both restrict strategic investment and add significant complexity to the scheme.
VAT	Do not exclude businesses under the VAT threshold	By not excluding businesses under the VAT threshold, it is felt that that this will minimise market distortions. There is a risk that if the Council did exempt businesses that would hand a direct competitive advantage to the exempt businesses. For example, two guest houses on the same street, one charging the levy and one not, would create a price distortion created by the Council Itself. Similarly. the exempt business also escapes the collection workload its competitor carries. Other elements of this levy proposal, such as avoiding collection during the low season and businesses retaining a proportion of the Levy to support them are also positive mitigations.

Exemptions	Do not exempt Highland Residents	Following a full analysis of what this would mean it is recommended not to have an exemption for Highland residents. The reasoning behind this is that the exemption would be complex to manage and costly to administer. The costs of managing the processes for validating proof of Highland residence would potentially take a significant proportion of visitor levy income. The Levy would have to be paid and then reclaimed from the Council by the individual, which is likely to cause confusion and a burden on accommodation providers. The levy will be used to support, develop and sustain the visitor economy and all visitors, irrespective of residence, will benefit from this investment, which will be over and above what the Council is currently able to provide from other funding sources.
	Overnight stays for hospital appointments	It is proposed that a financial grant can be provided direct to NHS Highland to offset the levy costs. This helps avoid impacts on residents requiring essential healthcare and does not present any conflict with NHS policies on patient entitlement for overnight stays for medical treatment.
	Do not exempt overnight stays by charities for charitable purposes	It is recognised that exempting charities would support organisations operating for public benefit. However, it has become clear from experience elsewhere that the definition and process of managing an exemption such as this is problematic and likely to be an administrative burden on accommodation providers. Whilst there is no intention to include it within the option being recommended for consultation, it is recommended that it remain under consideration during that consultation period for potential inclusion in the final scheme.

		It is however intended that certain accommodation providers may apply to the Council for a discretionary local exemption where both of the following criteria are met:- • the property is occupied by a charity or a trustee of a charity; and • and overnight stays are wholly or mainly for charitable or educational purposes.
Capping	Do not introduce a cap on the number of nights a levy would apply	Avoids adding complications to the scheme and this issue did not emerge as a priority from the previous Highland consultation.
Seasonality	Apply the levy only during selected periods of the year (e.g. the high and shoulder seasons).	It is intended that the Highland Visitor Levy will apply for only nine months of the year excluding the months of December, January and February. Applying the levy only during the high and shoulder seasons helps reduce the relative burden of a fixed rate charge during lower demand periods. It is also considered that this approach is straightforward to manage and can be implemented effectively. It may also support some businesses to have confidence to extend the seasonal offer.
Business Support	Develop tailored guidance and support mechanisms for Highland businesses, with input from partners and industry.	Helps minimise the administrative burden on businesses, support compliance, and provide clearer, more tangible business benefits from the levy.
	Provide a 5% administration allowance to offset business collection and compliance costs.	Helps minimise the administrative burden on businesses, support compliance, and provide clearer, more tangible business benefits from the levy. This is above the 2% that is being promoted in other parts of Scotland and is intended to support businesses with the process of embedding the visitor levy within business as usual.

	Ensure reasonable proportion levy expenditure delivers direct benefits to businesses through marketing, destination development and initiatives to grow visitor demand.	Helps minimise the administrative burden on businesses, support compliance, and provide clearer, more tangible business benefits from the levy.

6.5 Members should note that even with a tiered fixed-amount approach may result in a proportionally higher charge at lower-cost accommodation. However, on balance, it is considered that the overall benefits of this approach, in terms of simplicity, transparency and administrative efficiency, outweigh the differences in the remaining proportional impact between lower-cost and premium accommodation.

6.6 The following indicative tiered fixed-rate option has been modelled:-

- £5 per night for **Hotels, short term lets, rooms in houses, inns, pods, cabins, guest houses and B&Bs**; and
- £2 per night for **campsites and hostels**

6.7 Based on data provided by Visit Scotland it is estimated that there will be approximately 2.4m room nights per annum based on the nine-month period described above in **section 6.4**. Estimated gross annual income is forecast at around **£9.8m**.

These figures are indicative and will be subject to adjustment on further assessment, any amendments made and the outcomes of the consultation.

6.8 The proposed levy will apply to all chargeable overnight accommodation based within Highland Council boundary. This includes:-

- Hotels;
- Hostels;
- Guest houses;
- Bed and breakfast accommodation;
- Self-catering accommodation, including short-term lets;
- All paid accommodation on caravan sites and camping sites, including:-
    - static caravans;
    - touring caravans;
    - campervan and motorhome pitches;
    - temporary tent pitches; and
- Accommodation in a vehicle or vessel which is permanently or predominantly situated in one place; and
- Any other premises where a room or area is provided for residential purposes and is not the visitor’s only or usual place of residence.

6.9 The Visitor Levy is payable by any person staying overnight in accommodation within the Highland Council area where that accommodation is not the person's only or usual place of residence.

6.10 Individuals who do not have an only or usual place of residence are therefore excluded from liability to pay the levy. This includes, but is not limited to:-

- people who are homeless or at risk of homelessness;
- refugees and asylum seekers; and
- individuals whose homes are unfit or unsafe for habitation, including those experiencing domestic abuse or other forms of violence

6.11 Members of Gypsy/Traveller communities staying on dedicated sites are also excluded from paying the levy.

6.12 In addition to the exclusions above, individuals defined in section 14(1) of the Visitor Levy (Scotland) Act are exempt from paying the levy (albeit they would need to claim a refund from the Council in retrospect). Exemptions under section 14(1) apply to individuals in receipt of the following benefits:-

- Disability Living Allowance (DLA);
- Disability Assistance;
- Attendance Allowance;
- Pension Age Disability Benefit; and
- Personal Independence Payment (PIP)

6.13 In recognition of changes to disability benefits in Scotland from 2025, exemptions will also apply to individuals in receipt of:-

- Adult Disability Payment (ADP);
- Pension Age Disability Payment (PADP); and
- Scottish Adult Disability Living Allowance (SADLA)

6.14 It is also intended that certain carers are also exempt from the Visitor Levy, specifically individuals in receipt of:

- Carer's Allowance; and
- the Carer's Element of Universal Credit

Payment, Reimbursement and VAT

6.15 Individuals who are exempt or excluded from paying the levy will be required to pay the levy at the point of purchase to the accommodation provider and subsequently apply to the Council for reimbursement, unless the accommodation has been arranged and paid for directly by the Council.

6.16 In line with current HMRC interpretation, the visitor levy is expected to form part of the VAT-able value of accommodation. This means VAT will be applied to the levy amount where the accommodation provider is VAT registered, increasing the effective price impact on visitors. This position has been subject to ongoing professional discussion but remains the basis for current scheme design and is a matter for the UK government to take a decision on. Visitors will therefore initially pay the visitor levy inclusive of VAT where the accommodation provider is VAT-registered. The levy itself will be paid across by the Council, but the VAT element will not be recoverable, resulting in a small residual cost to the visitor excluded or exempt from paying the levy. If the accommodation provider is non-VAT-registered, there would be no residual cost to the visitor.

Discretionary Exemptions

6.17 Certain accommodation providers may apply to the Council for a discretionary local exemption where both of the following criteria are met:

- the property is occupied by a charity or a trustee of a charity; and
- and overnight stays are wholly or mainly for charitable or educational purposes

6.18 This discretionary exemption aligns with circumstances in which charities may be entitled to mandatory Non-Domestic Rates relief. Applications may therefore be cross-checked against the relevant Non-Domestic Rates records.

6.19 In addition, it is proposed that the Council includes a discretionary exemption for the low season, what this means in effect is that the levy will not apply between 1 November to 31 January inclusive.

6.20 The Council recognises concerns regarding the impact of a Visitor Levy on individuals who are required to travel and stay overnight away from home in order to access healthcare services. Rather than creating a specific medical exemption within the Scheme, the current proposal is to use levy proceeds to support existing NHS Highland patient travel arrangements, helping to offset additional accommodation costs incurred by patients who qualify for assistance under those schemes. This approach is intended to provide a simpler and more practical means of support, reducing administrative complexity for patients, accommodation providers and the Council, while ensuring that those eligible for NHS travel assistance are not unfairly disadvantaged. Further detail is provided within **Appendix 4**.

Accommodation not subject to the Levy

6.21 The Visitor Levy does not apply to the following types of accommodation or stays:-

- Local authority Gypsy/Traveller sites and registered social landlord Gypsy/Traveller sites;
- Accommodation provided in a vehicle or vessel undertaking a journey involving one or more overnight stops; this includes Motorhomes and Campervans not staying on commercial sites;
- Accommodation provided free of charge; or
- Seasonal pitches on caravan sites unless the pitch is sub-let to another visitor for an overnight stay

7 Proposed use of Visitor Levy funds

7.1 In accordance with the Visitor Levy (Scotland) Act, net proceeds from a Visitor Levy must be used to support the Scheme's objectives and to sustain, support or develop facilities and services that are substantially used by visitors to Highland. Visitor Levy income may support both revenue and capital expenditure and be carried forward between financial years where appropriate to support longer-term investment and project delivery.

7.2 The Council has developed a draft Reinvestment Framework, attached as **Appendix 3**, to provide a strategic basis for the future use of Visitor Levy proceeds. The Framework has been informed by the Sustainable Tourism Strategy, consultation feedback and engagement with stakeholders. The Framework provides a strategic basis for the future allocation of levy revenues and establishes the principles, priority themes and governance arrangements which would guide investment should a Visitor Levy ultimately be adopted.

7.3 If agreed, the draft Visitor Levy Scheme proposes that net revenues are used for developing, supporting and sustaining facilities and services which are substantially for or used by persons visiting Highland. These priorities have been developed in line with the Highland Sustainable Tourism Strategy and informed by feedback received through consultation and stakeholder engagement.

Indicative areas for investment include:-

- 50% - Effective Visitor Management, Infrastructure and Services: Supporting the infrastructure, facilities and services needed to manage visitor activity and maintain a high-quality visitor experience.
- 15% - Unlocking Tourism Benefits for Communities: Helping communities’ benefit from tourism through place-based investment, local projects and initiatives that address visitor-related opportunities and challenges.
- 20% - Celebrating Culture and Heritage: Supporting the cultural, heritage and events assets that contribute to Highland's distinct identity and visitor appeal.
- 15% - Business Growth and Skilled Workforce: Strengthening the visitor economy through investment in business development, skills, workforce capacity and destination development.

Environmental stewardship, climate resilience and sustainable tourism principles will be embedded across all investment themes, helping to ensure that tourism supports and enhances Highland's natural environment for future generations.

The proposed investment priorities are intended to provide a strategic framework for the reinvestment of Visitor Levy proceeds. Further detail on the proposed investment framework, indicative allocations and governance arrangements is provided in **Appendix 3**. The proposal will be refined having regard to consultation feedback, further engagement with stakeholders including the Visitor Levy Forum and Member approval. Some residual concerns do remain from the industry, including an ask for a published baseline of existing visitor-facing expenditure at scheme start, with levy spend reported against it annually. This has some merit, in terms of ensuring that value added can be clearly demonstrated, as well as evidence of a geographical spread of levy spend.

Scheme Administration

7.4 The introduction and operation of a Visitor Levy Scheme will require dedicated staffing, systems and governance arrangements. Key functions will include the registration of accommodation providers, collection and reconciliation of levy income, compliance and enforcement activity, administration of exemptions and reimbursements, financial management, stakeholder engagement and statutory reporting. The Council will utilise the national visitorlevy.scot platform where appropriate to support administration and collection of the levy.

7.5 The costs of administering a Visitor Levy Scheme are expected to be met from levy income, as permitted by the legislation. Current Council estimates indicate annual administration costs in the region of £550,000, although the final cost will depend on the detailed design and operation of the Scheme, including the use of national systems, compliance requirements and the volume of exemptions, transactions and claims. Based on the indicative revenue forecasts set out elsewhere in this report, administration costs would represent a relatively small proportion of total levy income, with most revenues available for reinvestment in line with the objectives of the Scheme. Detailed implementation and administration costs will be developed following consultation and refined during the statutory implementation period prior to any decision to introduce a Visitor Levy.

Collection and Enforcement

7.6 Accommodation providers operating within the Highland Council area will be considered 'liable persons' responsible for the collection of the Visitor Levy on behalf of the Council.

7.7 Providers will be required to submit quarterly returns via the national online Visitor Levy collection portal (visitorlevy.scot). These returns must detail:-

- the total accommodation charges liable for the levy; and
- the total Visitor Levy collected during the reporting period

7.8 Payment of the levy due will be made at the same time as the submission of the quarterly return.

7.9 Although not a statutory requirement, there has been provision made in the proposed draft scheme to support accommodation providers in meeting the costs associated with administering the Visitor Levy. It is suggested providers be entitled to retain a proportion of the levy collected at their establishment(s) before remitting the remaining balance to the Council.

7.10 The proposed retention rate is **5**% of levy collected for all businesses.

7.11 Accommodation providers will be required to maintain accurate and complete records of all transactions subject to the Visitor Levy.

7.12 Highland Council will undertake monitoring and inspections, where necessary, to ensure compliance with the requirements of the scheme, including the accuracy of returns and the timely remittance of levy payments.

7.13 Accommodation providers who fail to comply with the scheme may be subject to penalties and enforcement action, in accordance with the powers set out in the Visitor Levy (Scotland) Act and associated regulations.

Governance and Transparency

7.14 The Council recognises that robust governance arrangements will be essential to maintaining confidence in the Visitor Levy Scheme and ensuring that revenues are invested transparently, effectively and in accordance with the objectives of the Scheme.

7.15 Should a Visitor Levy be approved, detailed governance arrangements would be developed during the implementation period in partnership with businesses, communities and other stakeholders. In accordance with the Visitor Levy (Scotland) Act, a **Highland Visitor Levy Advisory Forum** would be established within six months of any decision to introduce a Scheme. The Forum would include a balanced representation of communities, tourism businesses and tourism organisations and would provide advice on the operation of the Scheme, investment priorities, use of levy proceeds and future reviews of the Scheme.

7.16 It is anticipated that Visitor Levy proceeds would be invested through a Delivery Programme aligned with the Reinvestment Framework. The development of future investment programmes would be informed by evidence, stakeholder engagement, local priorities and advice from the Visitor Levy Forum to help ensure that investment reflects the needs and opportunities of Highland's diverse communities and visitor destinations.

7.17 While the Forum would play an important role in advising on priorities, investment proposals and the ongoing operation of the Scheme, decisions relating to the allocation of Visitor Levy revenues would be taken by Highland Council through its established governance and budget-setting arrangements, having regard to the advice of the Forum, statutory requirements and the objectives of the Scheme.

7.18 The Council is required to maintain separate accounts for all income received through the Visitor Levy Scheme. Information on levy income, administration costs, net proceeds and expenditure would be reported through statutory reporting arrangements to ensure transparency and accountability in the operation of the Scheme

7.19 To support transparency and public confidence, the Council would publish an annual "Levy In, Levy Out" report setting out income collected, expenditure, progress against the Scheme objectives and the outcomes delivered through Visitor Levy investment. Businesses, communities and other stakeholders, including the Visitor Levy Forum, would have the opportunity to inform and comment on these reports.

7.20 In close liaison with the Visitor Levy Forum, the Council will formally review the Visitor Levy Scheme every three years to assess whether it is achieving its stated objectives and to evaluate its impacts on:-

- accommodation providers and the wider visitor economy;
- visitors to the area; and
- local communities

7.21 The findings of each review will be published, alongside a report detailing how Visitor Levy income has been spent and the benefits delivered through levy-funded projects. The findings will also contribute to a wider evaluation of the impact of tourism on Highland residents, businesses and communities. The three-year review would also be the opportunity to consider inflation impacts on the fixed amount.

7.22 Following a review, the Council must consider whether the Scheme should continue unchanged, be amended, or be revoked. Where amendments are proposed, the Council will undertake any consultation and implementation arrangements required by legislation before a decision is taken.

7.23 Certain amendments to a Visitor Levy Scheme are subject to statutory implementation periods. These include:-

- increasing the geographical area covered by the Scheme;
- increasing the fixed amount of the levy; and
- removing any existing exemptions

7.24 Where required by legislation, significant amendments will be subject to an implementation period before they can take effect. Changes to levy rates or the basis on which the levy is charged will be implemented in accordance with the requirements of the Visitor Levy (Scotland) Act and the Visitor Levy (Scotland) Amendment Act.

Economic Analysis

7.25 The economic analysis to date for the tiered fixed-rate visitor levy is based on estimating the total number of chargeable room nights across a range of accommodation types (hotels, short term lets, rooms in houses, guesthouses, B&Bs, campsites and hostels). This has been calculated by identifying the total number of rooms available within each accommodation category and applying seasonal occupancy levels to reflect variations in demand throughout the year. Once the estimated total number of occupied room nights has been established, the £5 and £2 fixed levy rate per night, per room, has been applied according to the type of accommodation. This approach provides a high-level estimate of potential levy income, while recognising differences in accommodation supply, seasonal trading patterns and visitor demand. Discounts for administration, any exemptions and other costs can then be applied. A further independent economic impact assessment is progressing to supplement the work to date.

Timeline and Next Steps

7.26 If approved, the draft Visitor Levy Scheme will be subject to a statutory public consultation of at least 12 weeks as recommended by the Guidance. A further report will then be brought to Council to consider the scheme, which may be amended in light of consultation feedback. Subject to approval, a statutory implementation period of 18 months would then apply before the Visitor Levy Scheme comes into effect.

8 Conclusion

8.1 The Draft Visitor Levy Scheme presents an opportunity to create a transformational and enduring source of investment for Highland, supporting infrastructure, services, communities and the long-term sustainability of the visitor economy.

8.2 The proposed tiered fixed-amount approach reflects feedback from early engagement and provides a clear, transparent and deliverable model for further consideration.

8.3 In bringing forward these proposals, officers recognise the importance of balancing the needs of the visitor economy with the interests of residents, communities and local businesses.

8.4 Approval of the Draft Scheme will enable statutory public consultation of at least 12 weeks to be undertaken, ensuring that stakeholders have a further opportunity to shape the final design of the scheme prior to any decision on implementation.

8.5 Subject to approval, and reflecting the formal consultation, a report will be brought back to Council, asking for the adoption of a Visitor Levy in Highland.

Designation:	Assistant Chief Executive - Place
Date:	12 August 2026
Author:	Douglas Chisholm, Principal Economic Development Officer James Welsh, Chief Officer Enterprise and Investment Michelle Gowans, Business Development Lead
Background Papers:	None
Appendices:	Appendix 1 – Integrated Impact Assessment Appendix 2 – Working Options used for appraisal Appendix 3 – Reinvestment Strategy Framework Appendix 4 – Proposed Visitor Levy Scheme

The Highland Council
Comhairle na Gàidhealtachd

Integrated Impact Assessment

About proposal

What does this proposal relate to? Strategy, Action or delivery plan, Introduction of a new service

Proposal name: Proposed consultation on the introduction of Visitor Levy Scheme

High level summary of the proposal: To exercise the Council's discretion to consult on the proposal to introduce a Visitor Levy Scheme. New legislation in the form of the Visitor Levy (Scotland) Act 2024 and Visitor Levy (Amendment) (Scotland) Act 2026 gives Local Authorities in Scotland the power to introduce a visitor levy on eligible overnight accommodation in their area. The Highland Council proposal is to use these powers. The Council will use the funds raised by the Visitor Levy to support investment to sustain, support or develop the visitor economy. This Integrated Impact Assessment (IIA) is for the proposal to consult on implementation of the Visitor Levy. Further IIA will be carried out examining the impacts of the spend programmes which will use revenue raised by the Visitor Levy once these have been confirmed.

Who may be affected by the proposal? Residents, businesses and visitors in the Highland Council area.

Start date of proposal: 25/08/2026

End date of proposal:

Does this proposal result in a change or impact to one or more Council service? Yes

Which Council services are impacted by this proposal? Corporate, People, Place

Does this relate to an existing proposal? No

Author details

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Service: Corporate

Responsible officer details

Name: James Welsh

Job title: Chief Officer, Enterprise and Investment

Email address: James.Welsh@highland.gov.uk

Sign off date: 2026-08-18

Evidence and consultation

What sources have you used to gather information relating to this proposal? Consultations, National or local data, National or local research, Customer complaints, Customer feedback, Wide-range of stakeholder engagement activity.

Are there any gaps or missing information in the available sources selected above? No

Have any stakeholders been involved in the development of the proposal? Yes

Which stakeholders have been involved and how you have engaged with them? Residents, businesses, communities have been involved in activity.

In addition to involving stakeholders, have there been any other formal consultations? Yes

Provide details of the consultations: A Visitor Levy consultation was run in 2024/2025, on a percentage-based scheme that received over 4100 responses. Engagement activity has continued since this consultation - such as a Reference Group with industry representatives and partners; Members Briefing and industry roundtable focussed discussions.

Will there need to be any further formal consultation undertaken prior to proposal implementation? No

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Equalities, poverty and human rights

Protected characteristics

Bearing in mind the articles of the Human Rights Act, select what impact the proposal will have on the following protected characteristics:

Sex: No impact

Age: No impact

Disability: Positive

Religion or belief: No impact

Race: No impact

Sexual orientation: No impact

Gender reassignment: No impact

Pregnancy and maternity: No impact

Marriage and civil partnership: No impact

Protected characteristics impact details: The Visitor Levy (Scotland) Act 2024 and the Visitor Levy (Amendment)(Scotland) Act 2026 will apply to all visitors using specified accommodation as set out in the Act. The Act provides exemptions for those receiving specific disability benefits.

Vulnerable groups

Select what impact the proposal will have on the following vulnerable groups:

Unemployed: No impact

Lone parent families: No impact

Young children: No impact

Older people: No impact

Homeless: No impact

Looked after children: No impact

Low-income households (in-work poverty): No impact

Vulnerable groups impact details: This proposal is to consult on a proposed scheme. Online responses will be sought, with the mitigation of a paper-form option for those that need to engage off-line. A telephone number and email address will also be published to support respondents in completing the consultation. In-person events will also be held as part of this proposal. A further Impact Assessment will be undertaken when the outcome of the consultation is taken forward for decision.

Human rights

Select what impact the proposal will have on the below human rights:

Article 8: Respect for private and family life, home, and correspondence: No impact

Article 9: Freedom of thought, belief and religion: No impact

Article 10: Freedom of expression: No impact

Article 11: Freedom of assembly and association: No impact

Article 12: Right to marry and start a family: No impact

Article 14: Protection from discrimination: No impact

Article 1, Protocol 1: Right to peaceful enjoyment of property: No impact

Article 2, Protocol 1: Right to education: No impact

Article 3, Protocol 1: Right to participate in free elections: No impact

Human rights impact details: This proposal is to consult on a proposed scheme. Online responses will be sought, with the mitigation of a paper-form option for those that need to engage off-line. A telephone number and email address will also be published to support respondents in completing the consultation. In-person events will also be held as part of this proposal. A further Impact Assessment will be undertaken when the outcome of the consultation is taken forward for decision.

Children's rights and wellbeing

What likely impact will the proposal have on children and young people? This proposal is to consult on a proposed scheme.

However, for a potential scheme, for young people choosing to book accommodation for their personal use will be subject to the levy. This is therefore a potential direct negative impact. There is also a potential a direct positive impact with the Levy giving additional capacity to invest in skills and training opportunities as well as improved transport connectivity.

There will be a direct positive impact as a family with a child receiving specified disability benefits as they will be exempt from the Levy.

A further Impact Assessment will be undertaken when the outcome of the consultation is taken forward for decision.

Impact

Select whether the proposal will have positive or negative impact on the following children's rights articles:

Article 3 - best interests of the child: No impact

Article 12 - respect for the views of the child: No impact

Article 23 - children with a disability: No impact

Article 27 - adequate standard of living: No impact

Article 28 - right to education: No impact

Article 29 - goals of education: No impact

Article 31 - leisure, play and culture: No impact

Children's rights impact details: This proposal is to consult on a proposed scheme.

However, for a potential scheme, for young people choosing to book accommodation for their personal use will be subject to the levy. This is therefore a potential direct negative impact. There is also a potential a direct positive impact with the Levy giving additional capacity to invest in skills and training opportunities as well as improved transport connectivity.

There will be a direct positive impact as a family with a child receiving specified disability benefits as they will be exempt from the Levy.

A further Impact Assessment will be undertaken when the outcome of the consultation is taken forward for decision.

Will the proposal impact any other UNCRC articles not listed above? No

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Data protection

Lawfulness, fairness, and transparency

Why will you need to process personal data as part of this proposal? This proposal is to consult, therefore personal details such as name, email address, postcode will be required as part of this process.

Will the data subjects be aware that we are using their data for this purpose? Yes

Purpose limitation

Will the data be used for purposes other than what is set out in the proposal? No

Will data be shared with other services or organisations? No

Data minimisation

Will you process personal data as part of this proposal? Yes

Will you anonymise data where possible? Yes

Have you confirmed that you will only process the minimum data required to fulfil the purpose? Yes

Accuracy

How will you ensure data is kept up-to-date and accurate? The Council has existing processes in place for the purposes of taxation/levy and shall rely on these for the purpose of the Visitor Levy.

How will you monitor the quality of the data? The Council has existing processes that involve routing check are in place for the purposes of taxation/levy and shall rely on these for the purpose of the Visitor Levy.

Storage limitation

How long will the personal data be kept for? As the law prescribes, which is normally 20 years for the purpose of this type of data.

Is this included in the Council's retention schedule? Yes

Does the IT system you use apply the retention appropriately? Yes

Integrity and confidentiality

Will you utilise the Council's existing systems to process data? Yes

List all systems that will be used to process data: Go Vocal (consultation/engagement platform)

Will data be held in the service provider's cloud? Yes

Detail the provider's security arrangements: Go Vocal is an existing corporate system. The platform ISO/IEC 27001:2013 certified.

Provide details of how you will control access to the data: Access permissions are already compliant and adopted corporately to control permissions as a corporate system is being used.

How will you ensure that staff are aware of their responsibilities? With the use of established systems, staff training is a part of the access requirements for these systems, with support and training provided when a new user is given access.

Accountability

Is there an up to date privacy notice available on the Highland Council website? No

Do you have policies and procedures for staff to follow? Yes

What information will you provide to data subjects about how their data will be used? This will be contained within the privacy notice.

Risks

Have any risks been identified in relation to personal data? No

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Island and mainland rural communities

What are the impacts on island and mainland rural communities? This proposal is to consult on a proposed scheme. A further Impact Assessment will be undertaken when the outcome of the consultation is taken forward for decision. The income generated from a proposed Visitor Levy Scheme will provide capacity to sustain, support and develop infrastructure and public services across Highland.

Given the nature of the Highland Council communities, and the wide-ranging communities represented, our primary response method is online as this doesn't require travel or physical representation and allows respondents to choose the place/timing for their responses, giving them the flexibility.

Support will be available in the form of a telephone number and email address to assist respondents in completing the consultation. .

For those that may not be digitally connected or prefer to work off-line, paper-forms are also part of our response model.

In-person events will also be held as part of this proposal.

Will the delivery of the proposal vary between impacted communities?Yes

Provide details of what the different delivery methods will be: This proposal is to consult on a proposed scheme. A further Impact Assessment will be undertaken when the outcome of the consultation is taken forward for decision. The income generated from a proposed Visitor Levy Scheme will provide capacity to sustain, support and develop infrastructure and public services across Highland.

Given the nature of the Highland Council communities, and the wide-ranging communities represented, our primary response method is online as this doesn't require travel or physical representation and allows respondents to choose the place/timing for their responses, giving them the flexibility.

Support will be available in the form of a telephone number and email address to assist respondents in completing the consultation. .

For those that may not be digitally connected or prefer to work off-line, paper-forms are also part of our response model.

In-person events will also be held as part of this proposal.

Climate change

The climate change full impact assessment does not currently sit within our digital tool. The climate change content is accessible either as an appendix to this document, or can be found on the Impact Assessment Register.

Option 1 – Percentage based model

Rate

- Option 1: Decrease % rate
- Option 2: Continue with 5% rate
- Option 3: Increase % rate
- Rationale: Demand impact is already assessed as modest - Highlands are viewed as a resilient destination. levy represents a small proportion of overall trip costs. Key concerns raised can be addressed through the design and implementation of the scheme.

Geography

- Option 1: Levy to apply to the whole Highland Council area
- Option 2: Variations throughout Highland
- Rationale: Investment is needed throughout the Highland region and variations would both restrict strategic investment and add signifcant complexity to the scheme.

VAT

- Option 1: Do not exclude businesses under the VAT threshold
- Option 2: Exclude businesses under the VAT htreshold
- Rationale: Minimises market distortions as it would emphasise the VAT threshold and avoids competitive advantage to businesses not required to collect the levy.

Exemptions

- Option 1: Do not introduce local exemptions
- Option 2: Exempt Highland Residents
- Option 3: Exempt overnight stays for hospital appointments
- Option 4: Exempt overnight stays by Charities for charitable purposes
- Option 5: Exclude those staying in tents & motorhomes on formal sites
- Option 6: Introduce other exemptions
- Rationale: Highland resident exemption would be complex and costly to administer.

  Financial grant can be provided direct to NHS Highland to offset the levy costs. This helps avoid impacts on residents requiring essential healthcare, while exempting charities supports organisations operating for public benefit.

  Exempting tents and motorhomes on formal sites helps avoid unintended impacts on the attractiveness and use of managed accommodation facilities and and recognises the generally lower-cost nature of these forms of accommodation.

Capping

- Option 1: Do not introduce a cap on the number of nights a levy would apply
- Option 2: Introduce cap on the number of nights
- Rationale: Avoids adding complications to the scheme and not emerged as a priority from consultations.

Seasonality

- Option 1: No seasonal variation in the levy.
- Option 2: Apply the levy only during selected periods of the year (e.g. the high and shoulder seasons).
- Option 3: Apply a reduced levy rate during selected periods of the year (e.g. reduce the rate to 2% during the low season).
- Rationale: Maintain straightforward and predictable charging structure and a % levy adjusts according to the cost of accommodation.

Business Support

- Option 1: Provide no additional support beyond national mechanisms.
- Option 2: Develop tailored guidance and support mechanisms for Highland businesses, with input from partners and industry.
- Option 3: Provide a 5% administration allowance to offset business collection and compliance costs.
- Option 4: Ensure reasonable proportion levy expenditure delivers direct benefits to businesses through marketing, destination development and initiatives to grow visitor demand.
- Rationale: Helps minimise the administrative burden on businesses, support compliance, and provide clearer, more tangible business benefits from the levy.

Option 2 – Fixed rate based model

Rate

- Option 1: Decrease fixed rate amount
- Option 2: Introduce a £5 per room fixed rate
- Option 3: Increase fixed rate amount
- Rationale: A £5 per room rate is considered a balanced option (noting 18 month implementation period), generating meaningful revenue while remaining unlikely to have a greater impact on visitor demand than the percentage-based alternative.

Geography

- Option 1: Levy to apply to the whole Highland Council area
- Option 2: Variations throughout Highland
- Rationale: Investment is needed throughout the Highland region and variations would both restrict strategic investment and add signifcant complexity to the scheme.

VAT

- Option 1: Do not exclude businesses under the VAT threshold
- Option 2: Exclude businesses under the VAT htreshold
- Rationale: Minimises market distortions as it would emphasise the VAT threshold and avoids competitive advantage to businesses not required to collect the levy.

Exemptions

- Option 1: Do not introduce local exemptions
- Option 2: Exempt Highland Residents
- Option 3: Exempt overnight stays for hospital appointments
- Option 4: Exempt overnight stays by Charities for charitable purposes
- Option 5: Exclude those staying in tents & motorhomes on formal sites
- Option 6: Introduce other exemptions
- Rationale: Highland resident exemption would be complex and costly to administer.

  Financial grant can be provided direct to NHS Highland to offset the levy costs. This helps avoid impacts on residents requiring essential healthcare, while exempting charities supports organisations operating for public benefit.

  Exempting tents and motorhomes on formal sites helps avoid unintended impacts on the attractiveness and use of managed accommodation facilities and and recognises the generally lower-cost nature of these forms of accommodation

Capping

- Option 1: Do not introduce a cap on the number of nights a levy would apply
- Option 2: Introduce cap on the number of nights
- Rationale: Avoids adding complications to the scheme and not emerged as a priority from consultations.

Seasonality

- Option 1: No seasonal variation in the levy.
- Option 2: Apply the levy only during selected periods of the year (e.g. the high and shoulder seasons).
- Option 3: Apply a reduced levy rate during selected periods of the year (e.g. reduce the rate to £2.50 during the low season).
- Rationale: Applying the levy only during the high and shoulder seasons helps reduce the relative burden of a fixed rate charge during lower demand periods.

Business Support

- Option 1: Provide no additional support beyond national mechanisms.
- Option 2: Develop tailored guidance and support mechanisms for Highland businesses, with input from partners and industry.
- Option 3: Provide a 5% administration allowance to offset business collection and compliance costs.
- Option 4: Ensure reasonable proportion levy expenditure delivers direct benefits to businesses through marketing, destination development and initiatives to grow visitor demand.
- Rationale: Helps minimise the administrative burden on businesses, support compliance, and provide clearer, more tangible business benefits from the levy.

Option 3 – Tiered fixed rate based model

Rate

- Option 1: Decrease fixed rate amounts
- Option 2: Introduce a £2 fixed rate for campsites etc and £5 fixed rate for the remaining accommodation industry
- Option 3: Increase fixed rate amounts
- Rationale: A £5 per room rate is considered a balanced option (noting 18 month implementation period) generating meaningful revenue while remaining unlikely to have a greater impact on visitor demand than the percentage-based alternative. Reducing the rate to £2 for lower cost accommodation helps avoid unintended impacts on the attractiveness and use of managed accommodation facilities and and recognises the generally lower-cost nature of these forms of accommodation.

Geography

- Option 1: Levy to apply to the whole Highland Council area
- Option 2: Variations throughout Highland
- Rationale: Investment is needed throughout the Highland region and variations would both restrict strategic investment and add signifcant complexity to the scheme.

VAT

- Option 1: Do not exclude businesses under the VAT threshold
- Option 2: Exclude businesses under the VAT threshold
- Rationale: Minimises market distortions as it would emphasise the VAT threshold and avoids competitive advantage to businesses not required to collect the levy.

Exemptions

- Option 1: Do not introduce local exemptions
- Option 2: Highland Residents
- Option 3: Overnight stays for hospital appointments
- Option 4: Overnight stays by Charities for charitable purposes
- Option 5: Exclude those staying in tents & motorhomes on formal sites
- Option 6: Introduce other exemptions
- Rationale: Highland resident exemption would be complex and costly to administer.

  Financial grant can be provided direct to NHS Highland to offset the levy costs. This helps avoid impacts on residents requiring essential healthcare, while exempting charities supports organisations operating for public benefit.

Capping

- Option 1: Do not introduce a cap on the number of nights a levy would apply
- Option 2: Introduce cap on the number of nights
- Rationale: Avoids adding complications to the scheme and not emerged as a priority from consultations

Seasonality

- Option 1: No seasonal variation in the levy.
- Option 2: Apply the levy only during selected periods of the year (e.g. the high and shoulder seasons).
- Option 3: Apply reduced levy rates during selected periods of the year (e.g. reduce the rate by 50% during the low season).
- Rationale: Applying the levy only during the high and shoulder seasons helps reduce the relative burden of a fixed rate charge during lower demand periods.

Business Support

- Option 1: Provide no additional support beyond national mechanisms.
- Option 2: Develop tailored guidance and support mechanisms for Highland businesses, with input from partners and industry.
- Option 3: Provide a 5% administration allowance to offset business collection and compliance costs.
- Option 4: Ensure reasonable proportion levy expenditure delivers direct benefits to businesses through marketing, destination development and initiatives to grow visitor demand.
- Rationale: Helps minimise the administrative burden on businesses, support compliance, and provide clearer, more tangible business benefits from the levy.

Appendix 3 - Reinvestment Framework

How would the net proceeds be invested?

The Visitor Levy (Scotland) Act 2024 requires local authorities operating a Visitor Levy (VL) scheme to apply net proceeds only for specified purposes. Funds must be used to support the achievement of the scheme's objectives and to develop, maintain and sustain facilities and services that are used by visitors for leisure or business purposes. While the Act sets clear parameters for the use of levy revenues, it also provides flexibility for local decision making.

This Reinvestment Framework provides a strategic basis for discussion on the potential use of Visitor Levy net proceeds. It is not a final investment programme and given a decision on whether or not to introduce a levy is yet to be made does not commit the Council to specific projects, funding allocations or delivery mechanisms. The legislation requires an 18 month 'implementation period' to allow for final plans to be put in place.

Scheme Objectives and Strategic Alignment

The proposed Visitor Levy scheme objectives for Highland are to:

- SUSTAIN public services and infrastructure used by businesses, communities and visitors to ensure the impacts of visitors are strategically and sustainably managed.
- SUPPORT the delivery of a thriving tourism sector offering a wide range of visitor experiences by working together, in partnership, with businesses, visitors and communities.
- DEVELOP innovative approaches to balance strategic demands and opportunities ensuring that Highland achieves its full potential as a highly positioned destination for visitors.

The Visitor Levy scheme objectives have been developed directly from the priorities, outcomes and evidence contained within the Sustainable Tourism Strategy 2024-2030 for Highland. The Sustainable Tourism Strategy establishes the Council's long-term vision for a thriving tourism industry that is effectively managed, delivers positive outcomes for communities and the environment, and provides outstanding visitor experiences.

The Sustainable Tourism Strategy sets out four key priority outcomes:

1. **Communities** – Tourism must be a force for good for all Highland communities and a means to improve our quality of life, enhance our culture and heritage, provide high-quality job opportunities for Highland people and address demographic challenges.
2. **Environment** – Highland to be a leading example of a climate-resilient tourism destination, which has taken responsibility for and the necessary actions to ensure tourism enhances the natural environment while, addressing the risks and impacts of climate change.
3. **Economy** – A vibrant, dynamic and resilient industry that develops attractive careers and job opportunities, has year-round appeal, is spread evenly across the region and contributes towards a greener future.

4. **Visitors** – Visitors embrace slow tourism, are conscious of and act responsibly towards our local heritage, communities and the environment, have exceptional and authentic experiences across Highland and are met with a warm Highland welcome.

The proposed investment priorities would therefore contribute towards delivering the wider vision of a thriving tourism sector which delivers positive outcomes for communities, visitors, businesses and the environment across Highland.

Investment decisions would not be made in isolation but would be shaped by existing strategic priorities, community-led plans and partner investment frameworks, helping to ensure that Visitor Levy proceeds deliver the greatest possible benefit for Highland's communities, businesses and visitors.

his would include consideration of:

- The Council's Programme and related Delivery Plans;
- Area Place Plans;
- Locality Plans and other community-led frameworks;
- Relevant tourism, economic development, transport, cultural and infrastructure strategies;
- Partner investment plans and priorities.

This approach ensures that investment is rooted in both strategic priorities and local circumstances, helping maximise benefits for communities, businesses and visitors.

What could the net proceeds be spent on?

The Visitor Levy would provide a unique opportunity to transform investment in facilities and services that support visitors, businesses and communities.

The use of net proceeds would be guided by the following indicative allocations across the Priority Areas set out in the Sustainable Tourism Strategy.

- 50% - Effective Visitor Management – Infrastructure & Services
- 15% - Unlocking Tourism Benefits for Our Communities
- 20% - Celebrating Our Culture and Heritage
- 15% - Business Growth and Skilled Workforce

Rather than being treated as a standalone funding theme, environmental stewardship, climate resilience and sustainable tourism principles (Protecting Our Environment) would be embedded across all investment categories. This approach allows Visitor Levy income to contribute towards both economic and environmental outcomes, rather than limiting environmental investment to a single dedicated budget allocation.

Investment Principles

The allocation and use of Visitor Levy net proceeds would be guided by a set of investment principles designed to ensure funding delivers long-term benefits for communities, businesses and visitors across Highland.

Investment supported through the Visitor Levy should:-

- Support the Scheme Objectives and the requirements of the Visitor Levy (Scotland) Act 2024.
- Deliver community benefit by helping communities share in the positive impacts of tourism and addressing challenges associated with visitor activity.
- Support sustainable tourism by embedding environmental stewardship, climate resilience and responsible tourism principles across all investment decisions.
- Strengthen Highland's economy by supporting business growth, skills development, community wealth-building and a resilient year-round visitor economy.
- Support strategic and local priorities by ensuring investment addresses both community needs and wider regional opportunities.
- Deliver value for money through evidence-based investment that achieves measurable outcomes.
- Maximise impact by working collaboratively and leveraging additional investment wherever appropriate.
- Be transparent and accountable through clear governance, reporting and stakeholder engagement.

This distribution of levy proceeds is reflective of the feedback received during the formal consultations and taking account of the wide range of engagement undertaken.

Funding decisions would be informed by these principles alongside evidence of need, stakeholder engagement, deliverability and anticipated contribution towards the Scheme's objectives.

Set out below are the types of projects which could be delivered as part of investing levy proceeds. Detailed work and engagement regarding specific projects and funding allocations would still need to take place during the implementation period, with the aim of presenting a full initial investment programme to relevant strategic committees/Council, as part of the Council’s financial decision-making process.

Illustratively, if annual net proceeds were £9 million the percentages below would equate to the indicative investment values shown.

Effective Visitor Management - Infrastructure and Services (50%)

Indicative annual allocation: £4.5m

Tourism places significant demands on infrastructure and public services across Highland. This investment area would focus on developing, supporting and sustaining the facilities, services and infrastructure that help communities and businesses accommodate visitor activity while maintaining a high-quality visitor experience and supporting Highland's reputation as a world-class destination.

Investment opportunities could include:-

- Permanent Highland-wide Ranger services to improve visitor management, education, stewardship and enforcement activity.
- Support and develop transport infrastructure to create a more sustainable and connected destination, including public transport, path network, active travel, viewpoints and lay-bys.
- develop visitor information, interpretation, wayfinding and other signage.
- Sustain and develop public conveniences, parking facilities, waste management infrastructure and litter services.
- Develop digital visitor management tools and visitor information systems.
- Support and develop Police Scotland’s operations relating to visitor management, road safety and community safety.

Unlocking Tourism Benefits for Our Communities (15%)

Indicative annual allocation: £1.35m

This investment area would focus on helping communities shape, influence and benefit from tourism, building local resilience and ensuring that tourism contributes positively to community wellbeing. In particular, investment could help tackle housing pressures, support community wealth-building and deliver priorities identified through place-based plans and community-led development frameworks across Highland.

Investment opportunities could include:-

- Creation of a **Visitor Levy Housing Investment Fund** which could be used to help tackle challenges with tourism workforce accommodation, housing pressures arising from visitor demand, and sustaining the visitor economy.
- Creation of a **Community & Cultural Tourism Investment Fund** to support place-based improvements and enhancement of local amenities and services, capacity-building for community organisations, community-led initiatives and enterprises, improvements to the public realm and our public spaces*
- **Community-led tourism projects** and **community facilities** that support both residents and visitors, particularly where projects encourage visitors to spend more time and money within local communities.
- Establish clearer channels to **actively engage local communities** as valued stakeholders in tourism development and delivery, e.g. regular resident survey and representation on the VL Forum.

**This could form part of an additional funding streams to the Community Regeneration Fund* (CRF) *to support grass roots level community-led schemes which are tourism related. Many applications to CRF already have a strong tourism element (either to address pressures and/or community enterprise projects). Bolstering this would provide direct opportunities for communities to benefit from the visitor levy while enhancing the visitor experience.*

Celebrating Our Culture and Heritage (20%)

Indicative annual allocation: £1.8 million

Highland's culture, heritage and events are central to both community identity and the visitor experience. This investment area would support the preservation, enhancement and promotion of the unique assets that distinguish Highland as a world-class destination, while helping communities derive greater social, cultural and economic benefit from them. Investment could also support efforts to increase visitor spend, encourage longer stays and promote a greater year-round and geographic spread of tourism activity across Highland.

Investment opportunities could include:

- Dedicated support for the events and entertainment industry including grant funding, coordination and partnership support – all of which will be underpinned and shaped by a new Highland Events Strategy produced in partnership with industry and other stakeholders
- Support Gaelic language and other Highland heritage and cultural initiatives, assets, attractions and venues which are integral to the appeal of the region for visitors.
- Development of ancestral tourism, place-based storytelling and interpretation projects.
- Support for the creative industries where they contribute to the visitor economy.
- *An additional allocation to the Community & Cultural Tourism Investment Fund could be introduced to provide funding for tourism related projects which deliver heritage conservation and interpretation, support the creative industry, improve and promote visitor attractions.*

Business Growth and Skilled Workforce (15%)

Indicative annual allocation: £1.35 million

A successful visitor economy depends upon a resilient business base, a skilled workforce and continued investment in destination development. This allocation would support initiatives that strengthen the long-term competitiveness and sustainability of Highland's tourism sector, complementing activity already delivered by organisations such as Business Gateway, Highlands and Islands Enterprise and VisitScotland.

While all investment themes will be shaped through ongoing engagement with industry, communities and delivery partners, this allocation could offer the greatest flexibility to respond to sector priorities, emerging opportunities, creating a unique opportunity for industry to help influence investment in business growth, skills, destination development and market-facing initiatives.

Investment opportunities could include:-

- Destination and product development projects, such as marketing and low season demand-generation campaigns.
- Support for business events, conferences and convention bureau activity to help grow the MICE sector in Highland.
- Collaborative projects delivered through Destination Management Organisations and industry partnerships.
- Market intelligence, visitor research and data-led tourism development to better inform public sector and industry decision making.
- Business support and innovation grants to help tourism enterprises grow, diversify, and adopt sustainable practices
- Tourism and hospitality skills development and training programmes to address recruitment challenges and upskill the workforce, such as apprenticeships and career pathways to attract young people into tourism and hospitality careers
- Digital transformation support, including e-commerce, marketing, and data tools
- Collaborative programmes with Business Gateway, HIE, and other partners to deliver tailored advice, mentoring, and sector specific support

How will decisions on the proceeds be made?

Strategic Investment and Funding Leverage

Visitor Levy proceeds may support investment at a range of scales, from projects addressing local priorities and visitor pressures within individual communities through to strategic initiatives delivering benefits across multiple destinations and the wider Highland visitor economy.

The Council recognises the importance of communities and businesses being able to see tangible benefits from Visitor Levy investment in their area. Equally, some opportunities and challenges are best addressed through coordinated investment at a regional scale. Investment planning will therefore seek to balance local priorities with strategic opportunities, ensuring levy proceeds deliver the greatest overall benefit for Highland's communities, businesses and visitors.

Visitor Levy proceeds may also be used alongside other funding sources to maximise impact and leverage additional investment from regional, national and third-sector partners.

Governance

The Council recognises that strong governance arrangements will be fundamental to maintaining confidence in the Visitor Levy and ensuring that revenues are invested transparently, effectively and in line with the objectives of the Scheme.

As this is a draft scheme for consultation purposes, detailed governance arrangements have not yet been finalised. Should a Visitor Levy be approved, these arrangements would be developed during the statutory implementation period in partnership with representatives from industry, our communities and other stakeholders.

The governance framework would be expected to reflect the principles of transparency, accountability, inclusiveness and effective stakeholder engagement. It would also ensure that investment decisions remain aligned with the requirements of the Visitor Levy (Scotland) Act 2024 and the agreed objectives of the Highland Visitor Levy Scheme.

It is anticipated that final arrangements would include:-

- a clear role for elected Members within the Council's existing governance structure;
- formal mechanisms for business and community engagement;
- transparent reporting on income, expenditure and outcomes achieved;
- regular review of investment priorities and programme performance; and
- proportionate monitoring and evaluation arrangements.

As part of the Highland Council area is designated within the Cairngorms National Park, the Council will regularly engage with the Cairngorms National Park Authority and have regard to the Cairngorms National Park Partnership Plan.

Developing Investment Priorities

The Council intends that Visitor Levy revenues would be invested through a planned programme of activity rather than through individual funding decisions taken in isolation.

During the implementation period, further work would be undertaken with communities, businesses, public sector partners and other stakeholders to develop an initial Delivery Programme setting out proposed investment priorities, projects and outcomes.

This approach would help ensure that levy proceeds are directed towards agreed strategic priorities while retaining flexibility to respond to emerging opportunities, changing visitor trends and local circumstances.

Investment proposals may originate from a range of sources, including Council services, community priorities, industry feedback, partner organisations, existing strategies and evidence gathered through monitoring and engagement activity.

Highland Visitor Levy Forum
Subject to the introduction of a Visitor Levy, the Council proposes to establish a Highland Visitor Levy Forum in accordance with the requirements of the legislation. The Forum would provide a formal mechanism through which businesses, communities and partner organisations can contribute to the ongoing operation of the Scheme and help shape priorities for the use of Visitor Levy proceeds.

The Forum would play a central role in informing strategic investment priorities, reviewing the performance of the Scheme, considering emerging opportunities and challenges, and providing advice to the Council on the allocation of Visitor Levy revenues. It would also contribute to the development and periodic review of the Delivery Programme, helping to ensure that investment reflects both regional priorities and local needs.

While the Forum would have an important role in shaping priorities and informing investment decisions, responsibility for approving expenditure and determining the allocation of Visitor Levy revenues would remain with Highland Council through the appropriate governance arrangements.

Decision Making
It is currently anticipated that investment proposals would be developed by officers in conjunction with partners and stakeholders, informed by the agreed Reinvestment Framework and Delivery Programme.

The Highland Visitor Levy Forum would have the opportunity to consider and comment on proposed priorities and investment programmes before recommendations are presented through the Council's governance structure.

Final decisions regarding the allocation of Visitor Levy revenues would remain the responsibility of Highland Council and/or the relevant Strategic Committee in accordance with the Council's Scheme of Delegation and governance arrangements.

How will performance be reported?

The Council would ensure transparent reporting and regular review of any Visitor Levy Scheme. All expenditure proposals would be assessed against Scheme objectives and legislative requirements.

In addition to statutory reporting requirements, the Council will seek to provide public reporting on:

- Levy income collected.
- Investment by theme.
- Delivery progress.
- Key outcomes achieved.
- Geographic distribution of investment.

This would support transparency and help businesses, communities and visitors understand the benefits generated through the scheme.

Annual Reporting

Each year, the Highland Council will prepare an Annual Report for the Visitor Levy Scheme. This report will detail how the net proceeds - defined as the funds collected minus the costs of operating the levy - have been used. It will also outline progress made towards achieving the Scheme's objectives.

These reports will be presented to the relevant Strategic Committee or to a full meeting of the Highland Council. In addition, the Council will engage with the Highland Visitor Levy Forum on the content of the reports, seeking advice on operational matters and ensuring transparency in how decisions are made.

Three-Year Review

At least once every three years, a formal review of the Scheme will be undertaken. The findings of this review will be reported to the appropriate Strategic Committee or to the Highland Council. The Visitor Levy Forum will be consulted as part of this process, helping to ensure that the Scheme remains responsive to regional needs and priorities.

Reporting to the Scottish Government

In line with national requirements, the Council will also report to the Scottish Government on several key aspects of the Scheme. This includes the total amount collected, how the net proceeds are being used, and evidence demonstrating that investments align with the commitments made under the Scheme.

Administration, Collection and Financial Management

Administrative costs

The Council will incur costs associated with administering, collecting, monitoring and reporting on the Visitor Levy Scheme.

For planning purposes, annual administrative costs are currently estimated at approximately £550,000 per annum, although this figure will be refined during the implementation period. These costs would be met from levy income before the calculation of net proceeds available for reinvestment.

Administrative costs would include operation of the collection system, customer support, compliance and monitoring activity, financial administration, governance, reporting and evaluation arrangements required to operate the scheme effectively.

The Council would publish annual information on the costs of administering the scheme as part of its statutory reporting arrangements, ensuring transparency and accountability in the management of visitor levy income.

Contingency - 5%

To ensure the long-term sustainability of investments supported through the Visitor Levy, a proportion of levy income will be set aside to provide financial resilience against future fluctuations in revenues or unforeseen operational requirements. It is currently proposed that up to 5% of levy income could be allocated to this reserve, subject to further development of the Scheme's financial arrangements during the implementation period.

Accommodation Provider Collection Fee - 5%

Consistent with the flexibilities available under the Visitor Levy (Scotland) Act 2024, the Council proposes to allow accommodation providers to retain 5% of the levy collected in recognition of the set up costs and the administrative role they undertake in collecting and remitting levy income.

NHS patient contributions

To help mitigate the impact of the visitor levy on patients required to stay overnight in the Highlands for medical treatment, an annual grant will be provided to the NHS Highland Patient Travel Scheme. This funding will ensure that the patient allowance for overnight stays is increased to cover any additional costs associated with the levy.

By providing direct financial support, the Council avoids placing additional administration on NHS patients through exemption or reimbursement processes. Final agreement of the annual grant will be reached during the implementation period. This approach ensures that patients are not disadvantaged while maintaining the integrity and fairness of the visitor levy scheme.

What difference will the reinvestment of Visitor Levy proceeds make in Highland?

The introduction of a Visitor Levy has the potential to create a transformational source of investment for Highland's visitor economy. More significantly, it would provide an opportunity for communities, businesses and partners to help shape how investment is prioritised and delivered across the region.

The investment framework set out above reflects many of the priorities, opportunities and challenges identified through the Sustainable Tourism Strategy, community plans and wider stakeholder engagement over many years. Whether investing in visitor infrastructure, supporting communities, enhancing culture and heritage, addressing workforce challenges or developing Highland's tourism offer, a Visitor Levy could provide the long-term funding platform needed to turn shared ambitions into deliverable programmes of investment.

By providing a significant source of locally controlled funding, the levy would support a more planned, coordinated and sustainable approach to investment, reducing reliance on short term and increasingly competitive external funding programmes, while helping Highland take greater ownership of its tourism future and the long-term development of its visitor economy.

Appendix 4

Proposed Visitor Levy Scheme

Background

Power to Introduce a Levy

1. The Visitor Levy (Scotland) Act 2024 (referred to hereafter as “the Act”), was passed by the Scottish Parliament in May 2024, and received Royal Assent on 5th July 2024. The Act gives local authorities in Scotland the power to introduce a levy that is charged on the purchase of overnight accommodation. It will be for each local authority to decide after consultation, whether to introduce a Visitor Levy Scheme.

2. Additional legislation under the Visitor Levy (Amendment) (Scotland) Act 2026 was passed on 24 March 2026 and received Royal Assent on 21 May 2026 to make further provision about the basis on which the levy is to be charged, chargeable transactions, returns and the operation of Parts 2 and 3 of the Visitor Levy (Scotland) Act; and for connected purposes.

3. A local authority will determine many of the elements of a Visitor Levy Scheme, such as the basis on which a levy is to be charged - percentage rate(s) or fixed amount(s); the geographical area where it applies; and local discretionary exemptions from paying a visitor levy.

4. Statutory Guidance has been produced for local authorities that are considering developing and implementing a Visitor Levy Scheme in their area. It may also be of use to accommodation providers responsible for collecting and remitting a levy, and others with an interest in a proposed Visitor Levy Scheme. The Guidance has been developed collaboratively between local authorities and tourism and accommodation provider organisations, working together in an Expert Group led by VisitScotland.

Types of accommodation to which a levy applies

5. Under the Act, overnight accommodation is considered a room or area that is used by a visitor for residential purposes but is not their only or usual place of residence. Therefore, a visitor levy does not apply to accommodation that is being used as someone’s only or usual place of residence.

6. The types of accommodation included within scope of the legislation, and would therefore be included in a Visitor Levy Scheme, are:

Hotels	Camping Sites
Hostels	Caravan Parks
Guest Houses	Bed and Breakfasts
Self-catering	
Accommodation in a vehicle, or on board a vessel, which is permanently or predominantly situated in one place	
Any other place at which a room or area is offered by the occupier for residential purposes otherwise than as a visitor's only or usual place of residence	

7. A visitor levy cannot be charged for accommodation on local authority gypsy and traveller sites, and registered social landlord gypsy and traveller sites. It also cannot be charged for accommodation in a vehicle, or on board a vessel that is undertaking a journey involving one or more overnight stops.

8. Before introducing or modifying a Visitor Levy Scheme, a local authority must prepare and publicise: an outline of the proposed scheme; a statement about the cases and circumstances under the proposal in which the levy (or a sum equivalent to the levy) is not payable or may be reimbursed; a statement about the objectives of the proposal, including how the authority intends to measure and report on the achievement of those objectives; and an assessment of the impacts of the proposal in the authority's area.

9. Section 14 of the Act details the 'Required content of a scheme' which forms the basis of the proposed outline scheme on which a local authority must consult those parties likely to be affected by the proposal; the subsequent report which summarises the consultation responses received; states whether or not the authority intends to proceed with the proposal (or the proposal as modified in light of the consultation), and sets out the authority's reasons for whether or not it intends to proceed. Section lettering in this proposed scheme follows that on page 9 in the Guidance on the Visitor Levy for Local Authorities published on behalf of Scottish Ministers by VisitScotland.

Scheme Details

A - The geographical area covered by the scheme

Legislative Context

The Visitor Levy (Scotland) Act 2024 states a local authority may introduce a scheme or schemes to impose the levy for all or part of its area (referred to in this Act as a "Visitor Levy Scheme").

The Highland Council's Proposed Position

The levy will apply to purchases of overnight accommodation throughout the whole of the Highland Council area.

The Highland Council's Justification

Tourism is a key industry for the Highlands, contributing significantly to the economy and filtering through all corners of the region. Whilst the Act enables a local authority to introduce a scheme or schemes to impose the levy for all or part of its area, The Highland Council proposes to introduce the levy throughout the whole of the Highland Council area.

Our visitors travel widely throughout the region which gives rise to varying pressures and opportunities. A universal scheme which applies throughout the Highland Council region will enable revenue generated from a levy to be invested in ways that help to deliver the scheme objectives throughout the region, as variation would both restrict strategic investment and add significant complexity to the scheme.

This approach also helps to ensure the scheme is as simple as possible to understand and operate for our visitors, businesses and residents in Highland.

B - The date on which the scheme is to come into force

Legislative Context

The Act states the date on which a Visitor Levy Scheme is to come into force, must be at least 18 months after the date on which the local authority decides to implement a visitor levy.

The Highland Council's Proposed Position

The Visitor Levy Scheme will come into force by the Highland Council at the earliest practicable date as permitted by law, giving due regard to the Act and the Council's decision-making processes. The Council anticipates introducing the Visitor Levy Scheme in Highland by Summer 2028.

The Highland Council's Justification

Based on the projected timeline, which takes account of the legislative requirements and necessary Council governance processes, the earliest that a levy can be introduced for the Highlands is Summer 2028.

The Act requires local authorities to undertake a statutory consultation before introducing a Visitor Levy Scheme. The Highland Council will be guided by best practice and is publishing this statutory consultation for a period of 12-weeks. The feedback received from respondents will be taken into account in the preparation and publication of a report to the relevant Strategic Committee/Highland Council which:

- Summarises the consultation responses received.
- States whether or not the authority intends to proceed with the proposal (or the proposal as modified in light of the consultation), and
- Sets out the authority's reasons for whether or not it intends to proceed.

In addition to the statutory consultation, the Act requires that the date on which a Visitor Levy Scheme is to come into force must be at least 18 months from the date of The Highland Council's decision to introduce a Visitor Levy Scheme.

C - The period of time in which the scheme will be active

Legislative Context

The Act sets out that a scheme period should be defined and is the period of time in which a Visitor Levy Scheme will be active (which can be indefinitely).

The Highland Council's Proposed Position

Following its introduction in Highland by Summer 2028, the Visitor Levy Scheme will remain in force until further notice (indefinitely).

The Highland Council's Justification

The Highland Council welcomes visitors to enjoy our iconic landscape, heritage and culture, ecology and our world-class produce and wide-ranging high-quality products. Our aim is to ensure our infrastructure and services continue to deliver the best possible experience for our residents, our businesses and our visitors.

The financial pressures facing the Council means it is increasingly difficult to contribute to the visitor economy in a way that delivers positive outcomes for visitors, the environment, communities and businesses. The Council considers the levy will form an integral, long-term source of funding for achieving the scheme objectives and help towards sustaining, supporting or developing the facilities and services used by visitors and communities in Highland.

While the Highland Council does not propose setting an end date in which the scheme will remain in force, the Council will prepare annual reports on the scheme including information about how the net proceeds have been used and the extent to which the Scheme Objectives are being met, using appropriate measurements. In addition, the Council shall undertake a review every 3 years and report the outcome to the Council. The Council will share and seek representations from the Visitor Levy Forum about these reports and other relevant advice the Forum has on the operation of the scheme in Highland.

D - When during the scheme period the date of stay will be liable for a visitor levy

Legislative Context

The Act gives a local authority the power to determine when a purchase of overnight accommodation results in a levy being applied, which may be at all times of the year.

The Highland Council's Proposed Position

The Visitor Levy will only apply during the high and shoulder seasons (March through November).

The Highland Council's Justification

The Council has considered the operational application of having a levy for some or part of the year, or alternatively for a levy to be applied every day throughout the year. Applying the levy only during the high and shoulder seasons (March through November) helps reduce the relative burden of a fixed amount charge during lower demand periods.

E - The basis on which the visitor levy is to be charged and the percentage rate(s) or fixed amount(s) per room/area per night

Legislative Context

When seeking to introduce a scheme, the Act requires local authorities to set the percentage rate(s) or fixed amount(s) the visitor levy will be charged at and publicise this as part of the outline of the proposed scheme. It will be for the local authority to determine the percentage rate(s) or fixed amount(s) to suit local circumstances.

The rate(s) or amount(s) may be different for different purposes or areas within a local authority boundary. A local authority could, for example, set different rates at different times of year. Different fixed amounts can also be set for different categories of overnight accommodation.

The Highland Council's Proposed Position

The levy rate will be £2 per room/area, per night for accommodation on Campsites and Caravan Parks and £5 per room/area, per night for all other accommodation types.

The Highland Council's Justification

A £5 per room/area, per night rate for most forms of accommodation is considered a balanced option for generating meaningful revenue while remaining unlikely to have a greater impact on visitor demand than the percentage-based alternative.

Reducing the rate to £2 per room/area, per night for lower cost accommodation helps avoid unintended impacts on the attractiveness and use of managed accommodation facilities and recognises the lower-cost nature of these forms of accommodation, offering a degree of proportionality in a tiered fixed amount scheme.

F - The scheme's objectives

Legislative Context

The Act states that the objectives of the Scheme must relate to sustaining, supporting or developing facilities or services which are substantially for or used by those visiting the Scheme area for leisure or business purposes (or both).

The Highland Council's Proposed Position

The aim of the introduction of a Visitor Levy Scheme in Highland is to sustainably manage the visitor economy and the movement of visitors through the maximisation of co-investment opportunities that sustain, support or develop facilities or services which are substantially used by those visiting for leisure or business purposes.

The Visitor Levy Scheme Objectives are to:

- **SUSTAIN public services and infrastructure used by businesses, communities and visitors to ensure the impacts of visitors are strategically and sustainably managed.**
- **SUPPORT the delivery of a thriving tourism sector offering a wide range of visitor experiences by working together, in partnership, with businesses, visitors and communities.**
- **DEVELOP innovative approaches to balance strategic demands and opportunities ensuring that Highland achieves its full potential as a highly positioned destination for visitors.**

The Visitor Levy Scheme Objectives together with the Council's Sustainable Tourism Strategy will provide the strategic direction for making those decisions.

The Council will engage with the Visitor Levy Forum to help inform a Delivery Programme, setting out the necessary investment plans and actions to deliver the Scheme's objectives to sustain, support or develop, facilities and services which are substantially for or used by persons visiting the local authority area for leisure or business purposes.

As part of the Highland Council area is designated within the Cairngorm National Park, the Council will regularly engage with the Cairngorm National Park Authority and have regard to the Cairngorm National Park Partnership Plan.

The Highland Council's Justification

The Visitor Levy Scheme objectives are closely linked to The Highland Council's recently prepared Sustainable Tourism Strategy for Highland. The Sustainable Tourism Strategy establishes the Council's ambition, including the vision for sustainable tourism by 2035 of a thriving industry which is effectively managed, delivers positive impacts for our communities and environment and offers the best possible visitor experience. The Sustainable Tourism Strategy makes references to monitoring and evaluation of the outcomes.

The priority outcomes, as outlined in the Sustainable Tourism Strategy, which the Council seeks to help achieve include:-

1. **Communities** – tourism must be a force for good for all Highland communities and a means to improve our quality of life, enhance our culture and heritage, provide high-quality job opportunities for Highland people and address demographic challenges.
2. **Environment** – Highland to be a leading example of a climate-resilient tourism destination, which has taken responsibility for and the necessary actions to ensure tourism enhances the natural environment while, addressing the risks and impacts of climate change.
3. **Economy** – a vibrant, dynamic and resilient industry that develops attractive careers and job opportunities, has year-round appeal, is spread evenly across the region and contributes towards a greener future.
4. **Visitors** – visitors embrace slow tourism, are conscious of and act responsibly towards our local heritage, communities and the environment, have exceptional and authentic experiences across Highland and are met with a warm Highland welcome.

Although the Sustainable Tourism Strategy has a central focus on the role of the Council, success demands a positive and effective relationship between communities, visitors, businesses and the environment.

G - Whether the liable person is permitted to deduct and retain an amount from the visitor levy payable and if so the maximum amount of the permitted deduction

Legislative Context

The Act gives a local authority the power to permit liable persons to deduct and retain an amount from the levy payable in respect of a chargeable transaction to help mitigate some of the administrative costs that may be incurred. The local authority must also set the maximum amount which may be deducted in respect of a chargeable transaction.

The Highland Council's Proposed Position

Liable persons would be permitted to deduct and retain a maximum of 5% from any levy payable in respect of a chargeable transaction.

The Highland Council's Justification

There is no statutory requirement for a local authority to provide any specific assistance for liable persons. In recognition of strong feedback gathered from accommodation providers during engagement, the Council would permit liable persons to retain 5% from any levy payable to offset business collection and compliance costs.

This deduction is not intended to reflect the full administrative costs and is to help mitigate any administrative burden on businesses, support compliance, and provide clearer, more tangible business benefits from the levy.

Other assistance for businesses will be considered as part of a future levy delivery programme, such as the development of tailored guidance and support mechanisms for Highland businesses, with input from partners and industry, as well as through marketing, destination development and initiatives to grow visitor demand.

H - The arrangements for review of decisions that relate to the scheme

Legislative Context

The Act sets out that a local authority operating a Visitor Levy Scheme must review the scheme:

- Before the end of the period of 3 years beginning with the date on which the scheme came into force, and
- Before the end of each subsequent period of 3 years, the local authority must publish a report setting out its findings
- The local authority must provide a copy of the published report to the Visitor Levy forum for that scheme; and
- As part of the review process, local authorities must also consider the scheme should be modified or revoked

The Highland Council's Proposed Position

Annual reports will be prepared for the Visitor Levy Scheme and will include a range of information, for example, how the net proceeds have been used and progress on achieving the Scheme objectives. These reports will be presented to the relevant Strategic Committee or a meeting of the Highland Council.

At least every 3 years a review of the Scheme will be undertaken, and a report of the findings will be presented to the relevant Strategic Committee or a meeting of the Highland Council, and a decision taken at that time to determine whether to continue the scheme unchanged, modify it, or revoke it.

The Council will share and engage with the Visitor Levy Forum regarding these reports and will seek advice from the Forum on relevant matters, including operation of the Visitor Levy Scheme in Highland.

The Highland Council's Justification

The Act requires the Council to undertake such reviews. To comply with this requirement the Council shall follow its governance arrangements for considering such matters at both Strategic Committees and meetings of the Highland Council. All reports and minutes are published on the Council's website for 6 years and retained permanently. All meetings of Strategic Committees and the Highland Council are webcast to ensure public access to decision making.

I - Any exemptions that mean a visitor levy is not payable or may be reimbursed (which must include an exemption where the visitor is entitled to disability benefits, payments or allowances specified in the Act)

Legislative Context

The Act enables local authorities to include discretionary exemptions within their individual schemes. Where a local authority considers a local discretionary exemption should apply, this will be in addition to the list of national exemptions which are detailed within section 14 of the Act as determined by the Scottish Parliament.

The Highland Council's Proposed Position

To ensure the administration of the Scheme is kept to a minimum, and to maximise the revenues generated to sustain, support and develop the visitor economy, the Council will only use its discretion to apply local exemptions to overnight stays for charitable purposes for those businesses defined as Charitable Organisations under the non-domestic rates register.

The Highland Council's Justification

When considering whether local exemptions should apply, the Highland Council has considered a range of factors, including:

- Administrative burden on accommodation providers
- Local authority administrative costs
- Enforcement, compliance and notification
- Unintended consequences and mitigation
- Purpose and rationale
- Scope and eligibility
- Impact and effectiveness
- Communication and messaging

Consistent industry feedback has been to minimise any scheme variations as much as possible, as these add significant administrative complexity for both business and visitors. Resident feedback has expressed strong sentiment for a discretionary exemption for residents, particularly those residents travelling to access NHS medical treatment.

The Council has considered that a Highland resident exemption would be highly complex and costly to administer, thereby negating much of the resident benefit. As part of levy spend plans, it is intended that a financial grant would be provided directly to NHS Highland to offset any levy costs incurred by patients entitled to travel costs under their travel schemes. This would help to reduce impacts on NHS budgets while exempting charities supports organisations operating for public benefit.

J - The arrangements for the administration of any exemptions
K - The evidence required and manner in which it can be proved that the exemption related to specified disability benefits applies to a relevant transaction

Legislative Context

Individuals in certain circumstances do not fall within the scope of the Act and are therefore not liable to pay a visitor levy charge. Individuals in these circumstances are not considered visitors to an area for business or leisure purposes and are therefore not liable to pay a visitor levy charge. These circumstances are:

a. Overnight accommodation which is being used as a visitor's only or primary residence. This could be due to:
    i. being homeless or at risk of homelessness,
    ii. very poor housing conditions (such as overcrowding, serious damp or disrepair),
    iii. experiencing domestic abuse or other forms of violence,
    iv. someone's residence being unfit for habitation,
    v. someone being an asylum seeker or refugee

In addition, the visitor levy does not apply in the following circumstances:

a. someone staying on a dedicated gypsy or traveller site run by a local authority or registered social landlord
b. those residing overnight in vehicles or on-board vessels that are undertaking a journey involving one or more overnight stops. As a result, the following forms of overnight accommodation are out with the scope of the Act:
    i. the provision of a cabin on a ferry or cruise ship, unless the vessel is permanently moored
    ii. the provision of a cabin on an overnight sleeper train
    iii. use of a hired or privately-owned campervan or motorhome where they are staying in informal overnight settings

The Act requires that a scheme must provide an exemption for the Visitor Levy, or amount equivalent to the Visitor Levy, paid by individuals entitled to specific disability or injury related benefits, payments and allowances – the list of these entitlements is detailed in section 14 of the Act and is subject to change. These are 'national exemptions' that will apply to any scheme. It is for the local authority to determine whether the Visitor Levy will be not payable, or will be reimbursed, in the case of the national exemptions and if reimbursed, the process for doing so.

Local authorities also have the power to put in place local discretionary exemptions. As set out in the Act, a local authority must include in its scheme the cases or circumstances where the Visitor Levy is not payable or may be reimbursed. It also requires local authorities to outline the process through which this exemption is administered.

The Highland Council's Proposed Position

As these are prescribed in the Act, the Highland Council will include all national exemptions in its scheme. The arrangements for the administration of all exemptions will be on a reimbursement basis, upon presentation of the relevant documentary evidence of entitlement directly to the Council.

The Highland Council's Justification

It is important to protect the relationship between accommodation providers and their guests, and to ensure the dignity of visitors who are entitled to an exemption.
Local authorities have the skill set to verify and award exemptions and a key design principle for the levy is to ensure the administrative burden for accommodation providers is kept to a minimum. For these reasons, accommodation providers will be responsible for collecting levies from visitors.
Once levies have been paid by visitors, the Highland Council will have arrangements in place to enable eligible visitors to claim their exemptions and to be reimbursed by the Council.

L - The way the local authority intends to make decisions on the use of the net proceeds from a Visitor Levy

Legislative Context

The Act sets out that a local authority operating a Visitor Levy Scheme must use the net proceeds of the scheme for the purposes of facilitating the achievement of the scheme's objectives, and so far, as not needed for the achievement of the scheme's objectives otherwise sustaining, supporting or developing facilities and services which are substantially for or used by persons visiting the area of the local authority for leisure or business purposes (or both).

The Highland Council's Proposed Position

As required under the Act, The Highland Council will establish a Visitor Levy Forum within 6-months of deciding to implement a Visitor Levy Scheme, with representation from Highland tourism businesses, communities and relevant tourism organisations. The Forum will have an important role in considering and advising on the use of the net proceeds. The Forum will be advisory, and its purpose will be to provide advice to the Council in a number of areas relating to the operation of a Visitor Levy Scheme.

The Council's governance arrangements for decision-making will be used to make the decisions on the use of the net proceeds from the scheme. These decisions will be made by Strategic Committees or at meetings of the Highland Council.

The Scheme objectives together with the Council's Sustainable Tourism Strategy will provide the strategic direction for making those decisions.

The Highland Council's Justification

This Highland Council welcomes the requirement to establish a Visitor Levy Forum. Given the representative views of the Forum, it will, for example, provide feedback on the Council's Annual Report, which shall set-out information including net proceeds and performance of the Scheme.

The Highland Council will use its existing democratic decision-making governance arrangements and structures to make decisions about the use of net proceeds. These established democratic arrangements provide an inclusive, transparent, flexible and robust process for decision-making on the use of net proceeds.

M - Whether or not the visitor levy is payable in relation to accommodation with an annual turnover below the VAT threshold, set by UK Government

Legislative Context
The Act sets out that any amount charged by an accommodation provider for the visitor levy will be included in their turnover, which is used to determine if they need to register for VAT. For both VAT-registered and non-VAT registered accommodation providers, the visitor levy counts towards turnover. Local authorities must set out intentions in any scheme for including or excluding businesses which fall below the VAT threshold set by UK Government.

The Highland Council's Proposed Position
The Visitor Levy Scheme will be payable by all accommodation businesses, including those which have an annual turnover below the VAT threshold.

The Highland Council's Justification
As the Council has received mixed feedback from industry stakeholders without a clear consensus on a VAT exemption for smaller businesses, it does not intend to offer a discretionary exemption for those businesses trading under the VAT threshold.

This also minimises any market distortions created by offering an exemption, as this could emphasise the VAT threshold and avoids any competitive advantage to businesses not required to collect the levy.