OFFICIAL REPORT
AITHISG OIFIGEIL

Local Government, Housing and Planning Committee

Tuesday 27 January 2026

Session 6

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LOCAL GOVERNMENT, HOUSING AND PLANNING COMMITTEE
4th Meeting 2026, Session 6

CONVENER

*Ariane Burgess (Highlands and Islands) (Green)

DEPUTY CONVENER

*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

COMMITTEE MEMBERS

*Meghan Gallacher (Central Scotland) (Con)
*Mark Griffin (Central Scotland) (Lab)
*Fulton MacGregor (Coatbridge and Chryston) (SNP)
*Alexander Stewart (Mid Scotland and Fife) (Con)
*Evelyn Tweed (Stirling) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Fiona Campbell (Association of Scotland's Self-Caterers)
Jamie Coventry (Aberdeen City Council)
Marc Crothall (Scottish Tourism Alliance)
Gareth Dixon (Convention of Scottish Local Authorities)
Sheila Gilmore (VisitArran)
Christie Hartley (Orkney Islands Council)
Ellen Leaver (Scottish Government)
Fiona MacConnacher (Booking.com)
Malcolm MacLeod (Highland Council)
Fergus Murray (Argyll and Bute Council)
Shona Robison (Cabinet Secretary for Finance and Local Government)
Ian Storrie (Scottish Government)
David Weston (Scottish B & B Association)
Elin Williamson (City of Edinburgh Council)

CLERK TO THE COMMITTEE

Jenny Mouncer

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Local Government, Housing and Planning Committee

Tuesday 27 January 2026

[The Convener opened the meeting at 09:36]

Decisions on Taking Business in Private

The Convener (Ariane Burgess): Good morning and welcome to the fourth meeting in 2026 of the Local Government, Housing and Planning Committee. I remind all members and witnesses to ensure that their devices are on silent mode. Fulton MacGregor and Mark Griffin are joining us online.

The first item on our agenda is a decision on taking business in private. Do members agree to take items 4, 5 and 6 in private?

Members *indicated agreement*.

The Convener: Do members agree that our consideration of a draft report on the climate change plan should be taken in private at a future meeting?

Members *indicated agreement*.

Visitor Levy (Amendment) (Scotland) Bill: Stage 1

09:37

The Convener: The next item on our agenda is to take evidence on the Visitor Levy (Amendment) (Scotland) Bill. We will be joined by two panels of witnesses.

First, we will hear views on the bill from representatives of local government. We are joined in the room by Gareth Dixon, Convention of Scottish Local Authorities, and Elin Williamson, City of Edinburgh Council. We are joined online by Jamie Coventry from Aberdeen City Council, Christie Hartley from Orkney Islands Council, Malcolm MacLeod from Highland Council and Fergus Murray from Argyll and Bute Council. I welcome you all to the meeting and thank you for your attendance, particularly in light of the short notice and the tight timescales for the bill. There is no need for witnesses, either in the room or online, to turn on their microphones; we will do that for you.

I will start by asking a few questions. We want to cover a number of areas, and I will cover why the legislation is needed now. I will try to mix it up so that we do not always go first to the people in the room; however, in this instance I will do so. Gareth Dixon, I will direct my questions to you initially, so you know what is coming. What engagement have you had with the Scottish Government on the bill so far? What did local authorities ask for and what, if anything, changed as a result of that engagement?

Gareth Dixon (Convention of Scottish Local Authorities): Thank you, convener, for those three questions. I will do my best to answer them in order.

COSLA has engaged with the Scottish Government fairly regularly on the development of the bill. I imagine that you are asking about the amendment bill, rather than the original bill, which became the Visitor Levy (Scotland) Act 2024.

The Convener: Yes. This whole item is about the amendment bill.

Gareth Dixon: That is fine. There has been engagement between officers in order to share the original outline. We were first made aware of this development around September time last year, and that engagement was really just the notification, which I think became fairly public, with regard to the Housing (Scotland) Bill as it was going through stage 3.

It is worth highlighting that the reaction across local government has been fairly mixed. Some have been calling for a fixed-amount levy, on the

basis that having flexibility and local discretion will allow them to design a scheme that is compatible with, and, indeed, is the best fit for, an area.

However, it is also worth noting that, at the time, many local authorities were in a critical phase in their consideration of this issue. Some were in the formal consultation phase, while others had already done a considerable amount of work, and this has obviously caused a bit of disruption to their considerations. A few proceeded with their consideration and approved their schemes in the interim period, but others felt that they required a little bit more certainty, which led to some decisions that looked to delay that. Of course, there were others that had agreed a scheme a long time ago, and that created additional pressures and work for officers.

The Convener: That is great—thank you very much. I have a specific question for Argyll and Bute Council, Highland Council and Orkney Islands Council, but I will tuck another question in before that.

From your perspective, given what you have said about some local authorities being in critical phases of development, what problem was so urgent that it needed primary legislation now? What would happen on the ground if the bill slipped into the next parliamentary session?

Gareth Dixon: I suppose that it is worth dividing the bill into two parts. The first part is about introducing a fixed-amount levy, which will give local authorities additional flexibility to design something that suits their local area. It will aid them.

Other aspects of the bill seek to simplify the implementation of the levy as it currently stands. Some correct terminology was already understood but, on the back of further legal consideration, needed to be tightened up. The proposal on the first sale price is a ready-made solution that has potential, but there are nuances in that respect, and I am mindful of unintended consequences. In short, things that had been suggested to improve the implementation of the levy are wrapped up in the bill.

The Convener: What would happen if it slipped into the next session—after the election, basically?

Gareth Dixon: There are, I think, some legal issues. My understanding is that the chargeable transaction elements need primary legislation in order to be fixed.

We might well hear about this from other colleagues, but I think that there are still opportunities to work within the existing legislation in order to find solutions. Some of this is needed, and some of it is more optional, if that makes sense.

The Convener: Thanks very much for that. I will now ask the two questions that I have for Highland Council and Orkney Islands Council, and then I will open it up to others to come back on the two questions that I have just asked Gareth Dixon.

I am interested to understand from Fergus Murray and Malcolm MacLeod the impacts on their local authorities, because I believe that both were in a critical phase with their visitor levy schemes and then had to pause them. I know that the Highland scheme was about to go to a full council meeting, and then it got paused. I wonder whether we can hear first from Fergus and then from Malcolm at Highland Council.

Fergus Murray (Argyll and Bute Council): Argyll and Bute is at a critical stage with the visitor levy. We have undertaken the 12-week consultation, and a significant number of people across Argyll and Bute have fed into it. Of course, the consultation was based on the original bill, and we had a lot of feedback on the practicality of delivery and concerns about the use of a percentage rate. We fed that back to our councillors, who made the decision to pause the levy. They also took into account initial feedback from the Scottish Government that it was looking at the issue, which was highlighted through previous public consultations done by councils.

09:45

We wrote to the Scottish Government with some concerns about utilising the percentage rate and feedback from businesses about issues such as simplicity of collection, when the levy was to be collected and so on. A number of issues were raised through the consultation over the 12 weeks and then ekosgen did a major study of the consultation response for us.

Given the information that we gathered through the consultation, the feedback and the analysis, and the potential for some amendments to be made to the legislation—although there was no guarantee of that—the council decided to pause. We wanted to see whether some of the concerns that we heard from businesses, residents and others could be taken into account by the Government through the amendment bill. We are still in the position of taking a pause.

There will be a further meeting of the council this week, but I think the recommendation will be to continue with the pause and wait to see what amendments might come through in the bill before coming back to the council again with a further recommendation. No decision has been taken on that yet. We are just waiting to see what the bill will offer the council in terms of flexibility. That is where we are.

The Convener: Thanks very much for that picture, Fergus. Just to clarify, you held a consultation over 12 weeks, you got some very useful information, and you have some concerns. With the pause, you are not necessarily going to lose all that work, but you could add to or amend what you have based on the views received and on the amendment bill.

Fergus Murray: Definitely, we do not want to lose that work.

The Convener: Great, I am glad to hear that the consultation work has not all been undone. If I can hear from Highland Council next, that would be great.

Malcolm MacLeod (Highland Council): We took our report to the December council meeting seeking agreement to pause the implementation of the levy until after the bill process. That was on the back of a statutory consultation that we carried out in the first half of last year. We ended up with just over 4,000 responses. Not surprisingly, perhaps, to those who are aware of the issues, the top result was feedback on the perceived advantages of a per-night fee rather than a percentage-based levy. We had gone with a 5 per cent levy as part of our consultation.

Our convener wrote a number of times, presenting the views that were coming from both the consultation and the visitor levy group that we set up with industry and reflecting the fact that a flat rate was seen as a more appropriate way forward.

Like in Argyll and Bute, the one thing that came out of our consultation generally, both in meetings and through people writing in, was that people were not against the principle of a levy, but they were certainly not happy with the percentage basis offered. That sums it up very simply. Should the legislation be amended, we will do a full statutory consultation again. That is not about throwing out the original consultation; it is just that we feel that the amendment bill will bring in such a change. That is why we will go through a 12-week consultation again. However, we hope that having certainty in being able to choose what route we go down will lead to a lot more buy-in. There are still some other issues, but they are not for today, I guess.

The Convener: Okay, great. Thanks very much. I will go to Elin Williamson next—no, sorry, I actually have a question for Orkney Islands Council first. Christie Hartley, Scotland's three all-island local authorities have decided against introducing a visitor levy at this time. Speaking on behalf of them, could you give us a view as to why Orkney Islands Council has decided that?

Christie Hartley (Orkney Islands Council): Back in March and April of last year, Western Isles Council, together with Orkney Islands Council and Shetland Islands Council, commissioned external consultants to undertake feasibility investigations for each island authority. Those investigations included a programme of engagement with stakeholders and a cost benefit analysis.

What we found for Orkney—I will just speak for Orkney—is that there is support in principle for a levy that funds long-term investment in infrastructure, environmental conservation and tourism, but the threshold for acceptance among stakeholders is fairness. The theme of fairness rang true through every consultation. There is an expectation that any visitor levy should apply more broadly to include high-impact tourism segments, especially cruise tourism. Here in Orkney, cruise tourism accounts for, on average, half of all visitors. Including cruise tourism is a clear red line for acceptance. There is also an expectation that local residents would be exempt.

In our cost benefit analysis, using conservative estimates, we were unable to accurately forecast the level of exemptions that would apply. However, given the visitor numbers, and the fact that a levy on overnight accommodation would apply to less than half of our visitors, there would simply not be sufficient revenue to make it viable.

However, we are discussing a point-of-entry levy. At the same time that the consultation was happening, the Scottish Government launched its cruise ship levy consultation, and question 18 in that consultation asked about the potential for a point-of-entry levy for island authorities. Stakeholders widely saw that as a much fairer option. It meets the threshold of fairness by applying more broadly, and it would include motorhomes, which are an increasing concern here, as well as cruise tourism. Also, given that we already have mechanisms in place from our transport operators for exemptions for local residents on flights and ferries, that would be most welcome. That type of levy is widely seen as the most—

The Convener: Thanks very much for that clarity. That is a good point about the cruise ships.

I know that other witnesses have not had a chance to speak yet, but in the interests of time, I will move on to the theme of changes to the basis on which a visitor levy can be charged. I will bring in Meghan Gallacher, who has a number of questions. Meghan, I hope that you can bring in the people who have not spoken yet.

Meghan Gallacher (Central Scotland) (Con): Thank you, convener, and good morning to the witnesses. I am interested in how multiple schemes could operate within a local authority

area. Certainly, it appears to me that, if the visitor levy is to go ahead and be implemented in local authority areas, it has to be a system that is simple, easy to process and not overburdensome for the operators, by which I mean all the people who work in the sector.

I am looking to find out what the operational risks are of having multiple schemes running, in the context of dynamic pricing, variable length of stay and multiple booking platforms. What contingency modelling has been done—if any local authority has done such modelling—specifically in relation to compliance loss and collection error?

I am not sure who might want to pick up on that, but I am interested to hear from those who have not been able to come in yet.

The Convener: If that question is relevant to your situation, please indicate and I will bring you in.

Elin Williamson (City of Edinburgh Council): As the local authority that is probably furthest ahead in implementation, I can certainly speak to that. There have been issues in the past few years, and the original legislation has had some unforeseen consequences. We have done our best to work through them with stakeholders, the Scottish Government and accommodation providers.

We have prepared contingencies in the sense that we have taken a strict approach with our forecasting models, and we have made financial assumptions around not fully committing the full levy up front until we have seen the initial collection results. We have set aside money in the scheme to ensure that we have a contingency pot for further down the road, in case the basis for a levy changes or there are any other unforeseen circumstances, such as another pandemic.

The most important thing for us has been to be prudent in our financial projections. Wherever possible, we have tried to go for the lowest possible result. Whenever there is a range, we assume the lower end of that range as opposed to the higher. However, as with all financial projections, it will obviously be subject to reality once the collections start.

I am sorry—the main focus of that was contingency. Could you remind me of the question?

Meghan Gallacher: It is in relation to contingency and future proofing against potential compliance loss and collection error. I can use Glasgow City Council as an example, because its modelling has shown a 5 per cent levy generating £16.9 million—approximately £4.86 per night—while the proposed tiered banded model could generate £23.6 million, but it comes with significantly higher complexity around the modelling. The question is about compliance and the loss that is generated and what suits local authorities alongside the sector to simplify the model and make it the best possible model.

Elin Williamson: We have said from the start that every local authority needs to decide what works for it and whether a visitor levy is right for it in the first place, depending on its visitor economy and its tourism sector as a whole. We firmly believe that a visitor levy is the right approach for Edinburgh.

Edinburgh offers a wide spread of accommodation types. We have high-end luxury accommodation as well as budget accommodation—you can share a dorm bedroom, for example—and everything in between. As with Orkney, when we consulted our residents and visitors, fairness was often quoted by everyone. There was a strong sense that, if people can afford to pay £2,500 for a night in a suite, it would seem unfair that they would pay the same as someone who is paying £25 for a shared dorm bedroom. Percentage is therefore something that works for Edinburgh.

There have been issues with the implementation, but it still reflects the dynamic pricing that we see. Although Edinburgh is an all-year-round visitor city, we see an uptick in certain months of the year. I am sure that no one will be surprised to hear that August is one of the most popular months in Edinburgh. We also have strong events that will attract extra visitors, such as global artists performing, which has impacted hotel prices. A percentage takes into account dynamic pricing, seasonality and location in the city. Anyone who is staying outside the city will automatically pay less in their visitor levy, as their hotel room will likely cost much less than if they were staying in the city centre. All that is being taken into consideration, and it is one of the reasons why percentage works for Edinburgh.

I imagine that a fixed fee would work much better for a local authority that has a much more homogeneous offering, such as predominantly short-term let accommodation.

Meghan Gallacher: Thank you. I am conscious of time, convener, so I will move on to my next question.

There is a debate about whether the fixed-rate model for accommodation providers and customers should be a fixed rate per unit as opposed to per person. I would be interested to hear, briefly, from one or two local authorities why per unit is not favourable and why there seems to be more emphasis on per person.

10:00

Elin Williamson: We have looked at that. Gareth Dixon can perhaps say more on global research, but our understanding is that per person is much more common globally. A per person rate would allow for better intelligence for local authorities to understand exactly how many people are visiting the city. It would also make it easier to provide exemptions, because exemptions tend to be based on the person as opposed to the room.

A per person fee might be easier to administer from a local authority perspective, but I imagine that it would be much harder to administer from an accommodation provider perspective, as there is currently no obligation on them to know exactly how many people are in their unit at any given time. That is my understanding, though, and I apologise if that is not correct.

Malcolm MacLeod: We are not having a huge debate about that and, from our point of view, both approaches will work for us if we decide to take this way forward. What I would say is that, as we develop the scheme, flexibility is important, so that we can go through the things that were mentioned in the previous answer about what works best. Having flexibility right now is a good thing, so that we can engage with industry as we move forward. We need to reflect on the reason why this has been brought forward, which is perhaps because things were too restricted to begin with. Certainly, from Highland Council's point of view, keeping things as open as possible at this point will allow us much more room to discuss and change in the context of the consultation that we will carry out.

Meghan Gallacher: I have a brief supplementary question for Malcolm MacLeod. I appreciate the remarks that you have made on flexibility for local authorities, but can you understand how difficult it could be for an accommodation provider that works across more than one local authority area, if, for example, one local authority area decides to go with per unit and another decides to go with per person? You can surely understand that a simplified system would then no longer be simple and would become complex for accommodation providers to operate. Some providers might decide to leave the sector entirely, because it is just not workable for them.

Malcolm MacLeod: Businesses that are across different local authorities tend to be larger businesses and therefore much more able to build such things into their business models. I accept that that is a complexity, but the implementation of the levy as a whole will be a challenge. I go back to the feedback that we got from our consultation, which was that businesses from small to very large were not against the principle. The devil will be in the detail, and we will look to engage on things such as that as we move forward.

The Convener: I know that other witnesses wanted to come in on that, but I will bring in Mark Griffin, in the interest of time—I will be saying that a lot this morning. I apologise for that, but I am really glad that you have all come to engage in this important bit of work. I will bring in Mark Griffin with his questions, which might provide an opportunity to bring in other points that you wanted to make.

Mark Griffin (Central Scotland) (Lab): Good morning. I want to quickly go around the witnesses to ask for their views on whether the new legislation should set a maximum amount to be charged per night.

Elin Williamson: Personally, I would say that there should be flexibility over the maximum. That was the intention of the legislation, and it should be left to local authorities to decide what the maximum should be.

The Convener: I will rephrase Mark Griffin's question, in the interests of time. Elin Williamson has said that we should keep the flexibility—echoing what was said previously—and not put in a maximum amount. Does anyone disagree with that? It seems not.

Do you want to ask your next question, Mark?

Mark Griffin: Yes, thank you, convener—that was straightforward. We have touched briefly on some of these answers already in relation to some local authorities potentially having to consult again if we introduce the flexibility. Edinburgh, Aberdeen, Glasgow, Stirling and West Dunbartonshire councils are already operating their schemes. I wonder what COSLA's view is. The City of Edinburgh Council is represented here as well, but I do not think that we have any others. What are their views on how any potential change might impact on them? What do they feel the requirements might be to reconsult on any proposed alterations to their schemes?

Jamie Coventry (Aberdeen City Council): We notified the Scottish Government in September last year to proceed with the percentage rate scheme, which was provisionally due to be implemented on 1 April 2027. With the 2024 act, we would have to reconsult for whatever the period is, but there would then be the council decision-making processes. The council would subsequently notify the Government again and give an 18-month period, like last time. That process for the percentage rate scheme takes about two years. If the consultation period or the notification period was shortened, that period could be shorter. Obviously, that is a significant period of time, both when it comes to shifting from

the percentage rate scheme and for any subsequent changes.

For instance, under the act, there is a stipulation to review the scheme every three years. If a fixed-rate scheme is used, it might be desirable to consider the rate every three years. Within about a year of that three-year cycle, it would already be the consultation period—we would perpetually be in it. I suppose that moving to that would be a consideration.

Mark Griffin: How much has that process cost Aberdeen City Council up until now? Would you expect that cost to be repeated if you had to reconsult?

Jamie Coventry: The process of designing the proposal was just done by existing staff. I do not know how much that cost, but the consultation process was fairly minimal. It cost a few thousand pounds or something. I do not know exactly how much it was, to be honest. Yes, we would have to do it again.

The Convener: If the consultation period was shorter, what would be a reasonable amount of time to shorten it to?

Jamie Coventry: I do not know. I think that it was 12 weeks previously. I am sure that we could have done it in half that time.

The Convener: So you think that you could have done it in six weeks.

Jamie Coventry: Yes. Perhaps a bigger consideration is the implementation period afterwards. Even if the consultation is six weeks, you still have 18 months after that. I am thinking more about the whole cycle that you would be in.

The Convener: So, it would be better to reduce it, because that gets kicked off every time you want to reassess the situation.

Jamie Coventry: Yes—and that will be a consideration for anybody who is in a fixed-rate scheme, because of inflation or, perhaps, deflation in local authority circumstances. We might come on to that.

Gareth Dixon: I was going to say, in the interests of time, that my colleague has summarised the points that I was going to raise very well, but there are a few things that I could add.

On the costs of consultation, a local authority has various options. It could externally commission the consultation, for instance. That was estimated at around £20,000 in previous submissions. Some local authorities have experienced a high response rate, which has required additional support, such as an independent analysis. Those that have would have a figure for the cost of that. I am speculating, but it could cost more than £20,000.

On the points relating to the consultation period and whether it could be shortened, local authorities have a lot of experience in running consultations, and I think that it is right that the period is proportionate to the consideration involved. Meaningful time is needed to allow for due consideration, so we need to ask whether shortening the consultation period would be the right thing, or whether it is about looking at the whole system, as my colleague outlined, in terms of that implementation notice period.

The Convener: The 18-month implementation notice period is part of that whole system.

Gareth Dixon: Yes, that period plays into it. It kicks in after local authorities have decided. There is the consultation, then the analysis of findings, and then that 18-month notice period.

The Convener: From talking to colleagues, is your sense that the 18-month period could reasonably be shortened?

Gareth Dixon: It is something that could be looked at.

The Convener: Fergus Murray, you indicated that you wanted to come in, but I will move on and bring in Alexander Stewart, who has questions on additional flexibility—that seems to be today's word of the day—around the different fixed-amount models. You might want to speak to that issue, and then you can respond to other bits as well.

Alexander Stewart (Mid Scotland and Fife) (Con): We have talked about additional flexibility. Are there risks that such flexibility for local authorities could mean confusion for businesses and consumers? Is anything required in the bill to ensure that visitor levies are not more confusing than they need to be?

Elin Williamson: We are underestimating the consumer. Having travelled to countries where there have been different rates in different parts of the country, I have never felt confused by it.

However, there is a risk of unintended consequences. We have talked about a fixed tiered rating system, for example. What would those tiers be based on? Would it be pre or post-VAT, or would the percentage be based, as it is to be currently, on accommodation only? There are other possible unintended consequences.

Flexibility is desirable for local authorities, and they should be given the opportunity to decide. We have legislation, and it is working. There have been issues, and we are working through them. We are risking opening ourselves up to more confusion when it comes to implementation, rather

than focusing our efforts on solving the challenges that are in front of us. At the three-year review, we should absolutely see whether what we have implemented has worked or whether we need to make other changes. There could be a lot of unintended consequences—not necessarily for the consumer but for local authorities and businesses in the area.

Gareth Dixon: I want to emphasise that communication is important for any local authority that is putting in place a visitor levy. It is important that attention is given to that. That is why engagement with businesses is important, as is comms work to educate potential visitors. I have seen a number of local hoteliers, especially in Edinburgh, putting that information out on their site. That is to be encouraged and welcomed. We can all collectively send that message.

On the point about confusion, it is worth reminding ourselves that a visitor levy is not a new thing. We all travel, we are all exposed to different rates, and there is variation within all countries. Some countries have percentages and some have fixed rates, but they operate levies and have done so for decades. There is still learning that we can apply, but it is worth knowing that.

Fergus Murray: I want to re-emphasise the points that have been made. It is about the flexibility that can be delivered at the local level. The consumer will see what the levy is if we clearly communicate about it. Experience in Europe and elsewhere has shown that. The key thing is to communicate the simplicity of the system that is delivered at a local level. We should remember that councils regularly speak to each other about such issues and co-operate with each other at different levels. We will want to continue to do so as part of the introduction of any kind of levy in Scotland.

Alexander Stewart: The scheme cannot set different percentage rates for different types of accommodation, but the amendment bill will allow different flat rates for different types of accommodation. Do you have any views on that?

10:15

Gareth Dixon: It comes down to the good taxation principle of proportionality. Having the ability to vary the rate depending on the type of accommodation is a useful option for local authorities that want to consider that proportionality when they are designing the scheme—it is obviously up to them how they decide that with their local communities. There is always a balance between achieving proportionality and simplicity, and it is for local authorities to decide on how they design and implement a scheme.

The Convener: Fulton, I believe that you might have a supplementary in this area.

Fulton MacGregor (Coatbridge and Chryston) (SNP): It is not so much a supplementary as a different question. When I was looking through our briefing papers, I felt that this was probably the best place to bring it in. If you can bear with me, I am happy to bring it in now or at the end—at your discretion, convener.

The Convener: Please just go ahead.

Fulton MacGregor: Okay, thanks, convener. My question is probably best directed to Gareth Dixon. It might not be fair for the other witnesses to answer it. If the amendment bill passes and the visitor levy is introduced, do you see any situation in which certain local authorities might be financially disadvantaged by a levy?

In local authorities such as Edinburgh and Glasgow, for example, we can see the huge appeal of such a levy, but if other local authorities, such as my own in North Lanarkshire, decide to bring it in or not to bring it in, could there be any financial disadvantage for them? How could that be remedied by the Government in the amendment bill?

Gareth Dixon: It is really up to local authorities to do that forecasting and to work out whether they are raising enough revenue or whether they want to design a scheme that works for their local area and get the balance right between the two. Forecasting is part of the equation. Five local authorities have advanced the percentage scheme and they have all designed it slightly differently. That is a perfect example of why local discretion is important, because the schemes are designed in collaboration with businesses, residents and visitors. It is a good example of localism.

Fulton MacGregor: I guess that you are saying that we will need to see how the levy works in the fullness of time. I understand that; I am asking questions when we do not know how things will work out.

More broadly, I am pointing out that Glasgow, Edinburgh, Aberdeen and some of the other council areas that have been mentioned and are represented here today are able to introduce visitor levy schemes that raise significant sums of money, which can be reinvested in local services. There are other council areas, however, where the tourism infrastructure, particularly for overnight stays, just is not there to the same extent and they could not generate the same money to put back into services. At the end of the financial year, there would be a disparity. Would the Scottish Government need to be involved in levelling the playing field, if you like, for want of a better expression?

Gareth Dixon: I will use that favourite word—flexibility. It is about the comparison between a fixed amount and a percentage. A percentage has built-in future proofing, because it will rise or fall depending on the price or the success or otherwise of the visitor economy. A fixed amount is static and it will remain the same unless it is changed.

There are stipulations in the legislation that elongate the process for change to an already established scheme and that might fit with what you are saying about a potential financial disadvantage, because if a scheme is developed that uses a fixed amount, the benefits could erode with inflation over time, whereas a percentage has that in-built protection.

Fulton MacGregor: Thank you; that is useful.

The Convener: Thank you for that clarity, Gareth.

We will move to a new topic and seek clarification about chargeable transactions and third-party operators. Evelyn Tweed has some questions.

Evelyn Tweed (Stirling) (SNP): Good morning and thank you for your answers so far.

My question is for Elin, because I want to consider Edinburgh, which is further ahead in the process than some other local authorities and has already introduced a 5 per cent levy on any advance bookings made since October 2025 for stays on or after 24 July 2026. Will the provisions that we are discussing today impact bookings that have already been made through third-party operators?

Elin Williamson: We have consistently said that any enforcement response will be proportionate and reasonable. We absolutely appreciate that the legislation will not be retrospective and that that is the simplest solution and will provide clarification for both accommodation providers and local authorities. I fully anticipate that we will enforce the legislation as it is now laid, as opposed to how it was. It would be difficult to ask accommodation providers to give evidence that the law was different at the time of the booking, because we would have to ask for even more evidence and clarification than before. We have assumed from the start that, if the legislation changes, we will apply that to all bookings.

Does that answer your question?

Evelyn Tweed: You are talking about flexibility and changing with the times.

Elin Williamson: Absolutely. We are collaborating with the industry, which has raised the issue. We have been doing our best for the past year to work together with the industry and to find solutions so that the levy can be applied in a way that is easy and achievable for everyone.

The Convener: We will move on to talk about section 6 of the bill, which says that

"The Scottish Ministers may by regulations make further provision about the operation of Parts 2 and 3"

of the 2024 act. I will bring in Willie Coffey.

Willie Coffey (Kilmarnock and Irvine Valley) (SNP): Do any of the witnesses have a particular view on that issue? If any further changes to the visitor levy are required, would it, in your view, be okay to do that via the Scottish Parliament's secondary legislation process? Any comments on that would be most welcome.

The Convener: Does anyone want to answer? Gareth, you seem to be the main spokesperson.

Gareth Dixon: As you all know, the secondary legislation process involves a little less scrutiny than the other one. It is important not to circumvent scrutiny and the opportunity for effective and meaningful engagement between the Government and stakeholders. I would like to have some assurance about that engagement and I have confidence in the officers and ministers. It is fairly common to have that ability to refine legislation and the Government is committed to making the visitor levy work. I, and my colleagues in other local authorities, appreciate that, and it is another reason why we have the bill in front of us today.

The Convener: Does anyone else want to come in?

Willie Coffey: There is still a requirement to consult, but, as Gareth Dixon said, the scrutiny element would be diminished compared to the scrutiny of a whole bill.

Convener, did I see a hand waving in the bottom right of the screen?

The Convener: I thought that Fergus Murray was indicating that he would like to come in, but I was wrong.

I have a follow-up question to yours, Willie, if I can jump in. Gareth, you said that you have been working really well with the Scottish Government on the process. Is that partly because of the Verity house agreement and the commitment to a more collaborative co-design approach? I would like to think that, if we can keep that agreement in place and follow the Verity house principle of communication, there would be engagement with COSLA and local authorities at an early point in any change process.

Gareth Dixon: That is definitely worth raising. The Verity house agreement has delivered a number of successes. There are still things to build on, improve and baseline. It is definitely

encouraging, and I would like to see more of that, so that would be welcome.

Elin Williamson: I do not know whether it is due to the Verity house agreement—I do not have prior experience of working with the Scottish Government on this type of matter—but the engagement and the exchange of experience and understanding have been very good over the past year. I have nothing but praise for the Scottish Government in that sense—for listening and then trying to act.

The Convener: That is a good point.

We have a few minutes left, because we have managed time so well. I am aware that some witnesses have indicated that they want to come in. If anyone online has a burning issue that they want to get on the record, I have—dare I say—a few more minutes in which to bring you in. If you do not have anything that you want to say now, but you think of something afterwards, you can always put that in writing to us.

I think that Fergus Murray is indicating that he wants to come in.

Fergus Murray: Yes, I am. I want to reiterate the point about consultation arising as a result of the Visitor Levy (Amendment) (Scotland) Bill. Public consultation is critical and, if we as a council continue with the levy process, we will go out and speak to all stakeholders across the region, which is a large area of Scotland. It will cost a considerable amount of money to consult 23 inhabited islands and so on, but doing so is critical. The key point that I want to emphasise is the 18-month period before a scheme can be implemented, which is of considerable concern. That is my focus. Can that period be shortened, bearing in mind that we must carry out full public consultation on the important issue of the levy?

The Convener: Thanks very much for underscoring that point, which we have heard a few times. What would be a reasonable or realistic implementation period that would work better for you? I hear your point about the 23 inhabited islands and all that—I am familiar with Argyll and Bute.

Fergus Murray: Of course—sorry about that.

I do not have a specific period in mind, but it could be shorter. Obviously, there must be a period of transition and understanding, but several colleagues who are giving evidence today are going through the process and we could learn from them, including on how to set up a system. We have a group that talks about, for example, the practicalities of the administration of the levy across Scotland, so I believe that that period could be considerably shortened. Once we start a public consultation, we cannot trigger the 18-month implementation period until the consultation is finished and the council has made a decision. There would have to be a transition period, but it could be shorter.

The Convener: Gareth Dixon, in the discussions with the Government and with colleagues, has any shorter period been discussed as to what would be reasonable?

Gareth Dixon: At this stage, no.

The Convener: No, not at this stage. Okay. Meghan Gallacher wants to come back in—very briefly, please.

Meghan Gallacher: On Fergus Murray's point, I appreciate that a shorter time between decision and implementation would make it easier for local authorities, but I want to return to the businesses that will have to navigate the implementation period. Would you be open to amending section 17 of the 2024 act, so that no levy liability arises unless both the transaction and the stay occur after the formal commencement date? Would you support that change to the implementation timeframe in order to protect businesses further?

Fergus Murray: We want the simplest system for businesses and for councils to administer, which is why we are so keen on the fixed rate and when that could be applied through the transaction. We found there to be a lot of complexity with a percentage rate. When would that be applied? Would that be at pre-booking time or would it be a transaction at the premises? We are really interested in the fixed-rate approach, because it can be applied more flexibly.

Obviously, we would want to work with industry on implementation, and we will need a period in which to do that that meets our particular circumstances. My issue is that there is to be a full 18-month reset, despite our having conducted extensive consultation and learned a great deal from observing the levy being introduced elsewhere in the country and speaking to a lot of different people about the process.

The Convener: I will have to leave it there. Others wanted to come in on the back of this question. If you have something to communicate to the committee, I would be really grateful if you could put that in writing to us. Many thanks for coming in this morning and contributing to our scrutiny of this piece of legislation.

I briefly suspend the meeting to allow for a changeover of the panel.

10:30

Meeting suspended.

10:35

On resuming—

The Convener: In our second evidence session on the Visitor Levy (Amendment) (Scotland) Bill, we will focus on the views of the tourism industry. We are joined in the room by Marc Crothall from the Scottish Tourism Alliance, and Fiona MacConnacher from Booking.com; and we are joined online by Fiona Campbell from the Association of Scotland's Self-Caterers, Sheila Gilmore from VisitArran, and David Weston from the Scottish Bed & Breakfast Association. I welcome you all to the meeting. Thank you for joining us today, particularly given the short notice and the tight timescales for the bill.

On a technical issue, there is no need for you to turn on your microphones—we will do that for you.

Those of you who were watching the previous evidence session will know that we are very short on time, so I will be reining us all in and directing questions to specific people.

My first question is for Marc Crothall. We will be asking pretty much the same questions as we asked the previous witnesses. I am interested in hearing the industry's perspective on how engagement has worked. What have you discussed with the Government and asked it to change? What progress have you seen in relation to the bill?

Marc Crothall (Scottish Tourism Alliance): Good morning. Our engagement with the Government on the amendment bill has been exceptional. We have really enjoyed that and have welcomed the Government's openness and its recognition of the industry's concerns. Government officials have been extremely accommodating and have been available throughout what has seemed like a very long period.

As you know, from the outset of the visitor levy proposals, the industry has expressed our desire for a flat-fee approach instead of a percentage model, so we would not have wanted to find ourselves in this position. However, the fact that we have been listened to and an expedited bill is being taken through the Parliament is extremely welcome.

The Convener: Does anybody else want to come in on that question? Does anyone have a different view?

Fiona Campbell (Association of Scotland's Self-Caterers): Good afternoon—or good morning, where you are.

We absolutely welcome the engagement that there has been over the past few months. We have never said that we are against the levy per se—we understand the rationale for it—but, when the Visitor (Levy) Scotland Bill was given royal assent in 2024, it became clear that there were insurmountable operational challenges. The Visitor Levy (Amendment) (Scotland) Bill gives us the opportunity to address those challenges and make the system more workable.

We welcome the committee's scrutiny of the bill so that we get this right. We very much welcome the expedited sped-up process for taking the bill through the Parliament. It is critical that the amendment bill is passed in this parliamentary session; the issue should not be shunted into the next session. We need to get this right because, as it stands under the 2024 act, there are very challenging operational issues and things are open to legal challenge. We want to work with the Scottish Government to get this right.

The Convener: You have said that it is great that the bill has been introduced and that you have had good engagement with the Government. I get the sense that there is a desire for urgent action, but I just want to stress test that. Do you think that the urgency is real? If we pass the bill quickly, where does the biggest risk of getting it wrong lie? Is there the potential to get anything in the bill wrong when it comes to the tourism economy? Fiona Campbell, I will come to you on that.

Fiona Campbell: It is critical that it is done now, because what we are currently faced with—certainly in Edinburgh—is operationally impossible and legally challengeable, and nobody wants that. From the point of view of operators, local authorities and guests, we need clarity, consistency and certainty. This amazing expedited bill is our opportunity to get it right. We are doing this extra fast. We are all up to speed. The brilliant thing about this is that we have—[*Inaudible*.]

The Convener: Fiona, you are maybe too far away, in another part of the world. We lost a bit of what you said there, but I think that we got the gist of it.

We will move on to a new theme, which is changes to the basis on which a visitor levy can be charged. I will bring in Meghan Gallacher.

Meghan Gallacher: Good morning. I hope to find out a little bit more about how multiple schemes might operate, or not, in a local authority area. My understanding is that we need the system to be simplified so that it is easy to understand and process. I see a couple of nodding heads.

Marc, you are looking at me, so I will come to you first.

Marc Crothall: "Flexibility" has been a word of the day, although I would say that "simplicity" is the most important one. The consumer has also been mentioned. We must continue to put ourselves in

the consumer's shoes, as well as thinking about businesses. The scope and scale of businesses' capacities and capabilities are very varied. It is fine if you are a large corporate business with the infrastructure to navigate a variety of schemes. However, that is not what we want—we want something that is straightforward, simple and easy to communicate, and that gives absolute confidence and reassurance to visitors, businesses and local authorities.

Having a multiple-scheme option is definitely not something that we would advocate. We are very much of the view that there should be a single approach across the country. Local authorities should have the flexibility to set the flat rate—that should absolutely be their decision; we would not remove that ability—but having variable per person, per night rates as well as flat fees would create unintended consequences and do a lot more harm than good. I think that the VisitScotland submission also raises concern around having multiple approaches, and I am sure that Fiona MacConnacher, from a booking platform perspective, will share my view.

Fiona MacConnacher (Booking.com): Simplicity really is key here. Booking.com is a large global platform. We deal with tourism taxes and visitor levies of different shapes and sizes across the world. If a scheme is not simple, it is difficult for us, even though we are a large organisation, because it involves looking at the complexities at the local level. Having to magnify further into the local level adds complexity.

I can speak from a booking platform perspective, but bear in mind that many operators will list not only on Booking.com but on multiple platforms, which will show the levy in different ways. We attribute 5 per cent of the stay to a levy. If there are differentials within the existing percentage model, we could potentially overcharge. We use that specific model to align with other platforms, but bear in mind that, as well as platforms, you have hotels with their own back-end systems, and you then have smaller businesses that will have to display their rates on their direct channels. There are various other ways in which people put their prices out there to make it clear for the consumer.

I agree with Marc Crothall—the consumer must have clarity as to what is in place. This is governed by overarching consumer law, so they need to know what the price is up front. If there are issues with display, because of how the percentage is currently calculated, the solution is just to make things as simple as possible and to try to have as little variation as possible. Ultimately, it comes back to the accommodation provider and the consumer, and simplicity will make a scheme easier to administer on the one hand and will provide clarity about what people are paying on the other.

10:45

Meghan Gallacher: Thank you for that.

I raised with the previous panel the example of Glasgow City Council and the operational risks and impact of a complex system in relation to pricing, variable lengths of stay and multiple booking platforms, which we have just been discussing. Have you had any contact with local authorities on the contingency modelling that they might or might not have done? Has there been any back-and-forth between the sector and local authorities? I am assuming, again, that that will be really important when it comes to mitigating risks.

Perhaps Marc Crothall or Fiona MacConnacher can take that question—or someone online, perhaps.

Marc Crothall: I can jump in first, if you want.

We have done as much as we possibly can to engage with local authorities right across the country. We have very much taken a proactive approach to that, because we want local authorities to understand the risks and complexities. We have always said—and will continue to say—that no authority should introduce a levy until a risk assessment has been done on the potential implications for customer footfall and on the variables that come with different types of accommodation. They certainly should not commit to spending money before they have raised it.

We still believe that the flat-fee approach offers the flexibility that local authorities want in terms of being able to project revenues. You have just referred to Glasgow; we feel that the number that it has intimated is clear, and it obviously has plans in that respect. Actually, it is just a simple calculation; if you divide the figure by the number of bed nights, you will end up with the target figure. Having such assurance there is important.

However, risk is a critical issue. It is great to see that certain authorities have commissioned work on that; Argyll and Bute has done so through ekosgen, and we know that Fife Council and Dumfries and Galloway Council are doing the same. Ultimately, where is the tipping point? How much can the authority accommodate? At what price point do you, should you choose to go ahead, set that flat fee?

As you will have seen in our submission—and I am sure that you will hear this from others, too; it has already been raised on a number of occasions, and rightly so—we think that we need to see some fairness and proportionality, to ensure

that we are not penalising those offering lower-budget accommodation. In that respect, the only variable would be where you would have a product type sitting in a lower bracket to everyone else.

Meghan Gallacher: That was helpful.

In the interests of time, because I know that lots of colleagues want to come in, I will move on. There has been discussion and debate on whether there should be a fixed rate per unit, as opposed to a fixed rate per person. My understanding is that the sector has been quite critical of such an approach and has said that it strongly opposes per-person charging, because it is intrusive, unworkable and likely to generate errors and disputes.

I am keen to hear from our online panel members on this question. I am not sure whether Fiona Campbell, David Weston or Sheila Gilmore wants to come in, but does anyone have anything specific to say on per-unit or per-person charging?

Fiona Campbell: Thanks very much indeed, and apologies if you lose me—I am in Cambodia, so you will need to bear with the connectivity.

It is very difficult, specifically in a self-catering context, to know exactly who is in your premises. If you have a five-bedroom property, you could, potentially, have 10 people staying, and you will not necessarily go and check who is in the accommodation every night. Actually, the proposal is unenforceable, and when something is unenforceable, it becomes incompetent.

If I go and stay in Edinburgh, which I do frequently, I will book a room for two people, but I will just go and stay by myself, or my husband might come and stay with me, too. It becomes very difficult for the accommodation provider to manage that. Moreover, what if you are in a tent on a campsite? How will a provider know how many people are in the tent on day 1, day 2 et cetera? I think a flat rate per unit gives simplicity.

Meghan Gallacher: You have given ripe descriptions of how complicated it could turn out to be for those who are having to administer the levy. I do not have any further questions, convener.

The Convener: I will bring in Mark Griffin, who joins us online. David Weston indicated that he wanted to respond to previous questions, so perhaps we can go to him first on this question.

Mark Griffin: I have a similar question to what I asked the last panel, when I got a unanimous answer. I might get a unanimous answer again in a different way. Do witnesses feel that the legislation should set a maximum amount that can be charged per night?

The Convener: Does anyone want to answer that?

Marc Crothall: Yes, I do. I think that we should be capping the charge and setting a boundary, because how long is a piece of string? At the moment, the bill has flexibility to allow for Government scrutiny, so it could always be reviewed. There is a risk if you set an unlimited amount of money; it goes back to consumer concern. If a business owner has conducted their risk analysis and assessments and knows the projections for their investment, they will have a good indication of what the number would be for the levy charge. Among those who have progressed their levy interests so far, that number is not huge. We would need something in place to prevent the number from suddenly becoming without end.

The Convener: I will do what I did for the last panel, which is to see whether anyone disagrees with Marc Crothall's response.

Fiona MacConnacher: We will come back to the committee with some written evidence but, although I agree with the principle, I think that it is worth looking at the technical aspects and whether it is possible. It came up in the discussions on the 2024 act, but issues were raised further down the line with the nightly cap. It is worth checking.

The Convener: Would that be on the technical aspect of setting a maximum amount?

Fiona MacConnacher: It would be about setting a maximum cap on a fixed fee.

The Convener: Thank you; that would be great.

Mark Griffin: Marc Crothall, my question to you is about the options that would be open to councils that have already approved and announced their schemes. I know that the STA proposed that those councils should be allowed to hold a shorter consultation but, having spoken to witnesses on the previous panel, their contention was not necessarily that the consultation period was the biggest issue; the 18-month implementation window was a bigger concern. What are your views on the options for those councils and the previous witnesses' comments about that?

Marc Crothall: We are very conscious that a lot of work and industry consultation has already been done. As an example, I am very aware that our industry colleagues in Aberdeen are looking to take hold of a levy so that they can start to put it to good use. Our belief is that, where local authorities are already in that limbo state, they should not require a lengthy period to flip from a percentage charge to determining a flat fee. Therefore, that would enable everything else to progress accordingly.

From the outset, the legislation indicated that the 18-month requirement is there for a good reason, which is to allow preparation and communication.

In Edinburgh, although things have moved on, there are a number of businesses that are not yet on the bus. A lot of communication and hard work still has to be done and we would not want to reduce that. There are also other issues to do with contracting and tour operators, for example. There is a timeframe for consultation and other activity to be effective.

However, those who have already set out their stall for a percentage levy would require just a short period of consultation so that they can suggest that it will not be 5 per cent but will be £4 or £5 instead. That would be acceptable, because we want to get the money into play to enable activity to happen and to improve the quality of the tourism offer.

The Convener: I will bring in a few people who have indicated that they would like to speak.

David Weston (Scottish B & B Association): I support some of what Marc Crothall and Fiona MacConnacher said about simplicity. It is important to keep things simple, which is why a flat rate is much better than a percentage for accommodation owners.

On the issue of allowing local authorities to change between a percentage and a flat rate, it is important to make that process as easy as possible. If there has been a consultation in principle on a visitor levy, and if the local authority is simply moving from a percentage to a flat rate, the whole process should not have to be restarted. It would be helpful if that could be made as simple as possible.

As my colleagues have said, the percentage has caused many problems. Specifically in the bed-and-breakfast sector, it means that providers have to price breakfast for the first time, deduct that, work out the VL and then add that. If providers sell through a third party, such as an online travel agent, that makes it difficult for the accommodation owner to work out the VL. We have been through all those issues via expert panels and as some of us said to this committee in October 2023, the levy should not be a percentage for that very reason. Allowing a switch to a flat fee is really important.

Convener, one of your first questions today was to ask whether there is a danger of something going wrong with such a change to the law, but I would say that all the danger lies on the other side. The basic legislation caused problems and raised issues and the change would put those right and would be far more likely to end problems than to cause them.

Fiona Campbell: The 18-month implementation period is absolutely critical to ensuring that businesses are ready to implement the visitor levy, however they choose to do so. I do not think that that is up for discussion with this bill. The industry really needs to emphasise that we are keen to support local authorities to flip to charging a flat and fixed amount. If a local authority has already gone through the 12-week consultation, we would be entirely supportive of a shortened consultation of perhaps four weeks about changing the charging model. That is what we are talking about here.

The 18-month implementation period should remain in place. We made clear in our written submission that we have real concerns about sections 14 and 17 of the 2024 act, because they might allow local authorities to begin the 18-month consultation period but then to transition. Edinburgh is a case in point. The local authority has used section 14 to bring forward the date on which it can begin charging, although Parliament clearly protected against that possibility in the original act. We think there is a real need for a change to section 17 and we would value the committee giving that consideration.

I do not want to go into more detail because we do not have much time, but I am happy to help.

Fiona MacConnacher: Throughout the process, including during the previous consultation and implementation periods, the industry has been engaging to make clear how long it will take to change our systems. I know that Booking.com engaged with the City of Edinburgh Council and other local authorities. I agree with Fiona Campbell about the need for a four-week consultation if there is to be a change, because most points will have been covered during the original 12-week consultation.

However, Booking.com is able to accommodate a flat-fee model, so if that is chosen, we would be able to build that system a lot faster. Ultimately, we are trying to provide clarity on how long it takes for industry to build in such changes. Throughout this process, industry has been trying to engage and be very realistic on the timelines. This is not a matter of industry kicking the can down the road, trying to prevent the levy from happening. We are just trying to state very clearly what is possible in terms of updating different systems. We can provide more evidence on that with the final legislation.

11:00

The Convener: Thanks very much. The next theme is additional flexibility through different fixed amounts models. I will bring in Alexander Stewart.

Alexander Stewart: You have all touched on the importance of flexibility and simplicity in the system and the communication about it. Is anything required in the bill to help visitor levies be less confusing? All of you have touched on the

element of confusion. Is there anything that we need to put in the bill to stop that confusion? Are there risks that providing flexibility for local authorities could have the implication of causing confusion for businesses and consumers?

Marc Crothall: You have to remove the option to have a flat fee per person. We have conducted a series of round-table meetings with sector groups and accommodation providers across the spectrum, from hostelling to large operators. We have also consulted with a number of local authorities. There is a genuine consensus that, as long as that option remains, it will become more of a problem and it just needs to be removed altogether.

You have the option of a flat fee per transaction, which is the one that we would strongly recommend, for all the reasons that we have said already. We know that Edinburgh is still choosing to pursue the percentage option, and so is Stirling, but we genuinely believe that there is an appetite to flip to a flat-fee approach, as long as doing that does not require the process to start again. That is the biggest concern.

While there are too many options on the table there will still be confusion. I can understand why the flat fee per person option was included, but consultation far and wide across the sector has said that it should just be taken away. Why muddy the water with something that is not practically doable and will cause more problems?

The Convener: Sheila Gilmore, you indicated you wanted to come in on this point.

David Weston: Hello—sorry. I was just going to say exactly the same as Marc Crothall. The way to keep simplicity is to remove the per-person option and have just a per-unit of accommodation levy, for all the reasons that Marc Crothall and Fiona Campbell have explained. Keep it simple.

The Convener: Thanks for that. Sheila, come on in.

Sheila Gilmore (VisitArran): Thank you very much. I concur with everything that has been said. I also think that any confusion that arises is caused by a lack of communication. A flat-rate fee is much simpler to communicate to visitors and it is certainly a simpler process for businesses to deal with, as well.

The Convener: Thank you.

Fiona MacConnacher: I want to note for the committee that Fiona Campbell and I, along with officials from Scottish Government and VisitScotland, wrote the business guidance that was made available in September last year. Work is on-going to update that guidance according to the draft bill, and then that will be amended again. That guidance will be vital to ensuring that businesses understand what they are dealing with as it will translate the legislation into something that is usable for businesses. That is especially important for small businesses that, unlike those of us who are talking about visitor levies a lot—I am sure that our loved ones are a little bored of us talking about it—do not have that constant engagement on levies. The guidance can enable them to understand what they are doing and what is expected of them. That is critical.

The Convener: It is great to hear about some co-design going on. Alexander, do you have any other questions?

Alexander Stewart: Most of them have been answered, convener.

The Convener: Thanks very much. Fiona Campbell, do you want to come in briefly on this? I will then move on to Evelyn Tweed.

Fiona Campbell: I commend the Scottish Government on this particular approach. This is the first time I have seen real partnership policy making, and it is to be applauded. I have been delighted to work with a strong team at the Scottish Government and industry to get to where we are.

What I would also say is that local authorities have come to us now and said, “Right. We have now been given this huge amount of flexibility. What does that mean?” What we want to do and what we have done is have round-table meetings with local authorities and industry to look at what “good” looks like. “Good” does not look like 32 different variations on a theme; “good” looks simple, clear, understood and underpinned by a robust economic impact assessment at all times.

We are looking at fixed amounts here, which is the critical thing. They are not tiered bands, fixed fees, this, that and the next thing.

We have looked at what “good” looks like, and we are happy to continue working with the Scottish Government and local authorities to encourage local authorities to go for the best option, which currently looks affordable and standard, and options for regional variations, urban and rural, can then be added. The idea of perhaps charging residents less—half price or whatever it is—can be entertained. We just need to focus on simplicity, which goes back to what the First Minister said at the Scottish Tourism Alliance conference last year. We need simplicity. Flexibility is a wonderful thing, but it can end up in huge amounts of confusion and challenge.

We are here to help local authorities discuss what “good” might look like for their different areas, because City of Edinburgh Council will have a completely different best option to Highland Council or indeed South Ayrshire Council, and that

is important. Partnership policy making and helping people to understand what that simplicity could look like to make the scheme work for local authorities, guests and operators is critical at this point.

The Convener: Thank you very much for that, Fiona. I like that you called them guests rather than consumers.

We are going to move on to a new theme, which is clarification of chargeable transactions and third-party operators. I will bring in Evelyn Tweed.

Evelyn Tweed: I am going to put the same question to you that I asked Elin Williamson, about Edinburgh and the 5 per cent levy that has already been applied to certain bookings up to 24 July 2026. Will the provisions impact bookings already made through third-party operators?

Marc Crothall: Of course, they will have a bearing, but we would hope that there will not be cancellations. A lot of the contracting has been done, as it is done by the third-party operators 18 months out and sometimes even longer out than that. Many of the destination management companies have been working closely with the hoteliers in particular. We cannot afford that business to get lost, but that is not to say that those who have booked might not choose to change their mind.

It goes back to the idea of simplicity. We want to be transparent. We want to be a country where it is easy to do business. My chair, Rebecca Brooks, who is also the chair of UKinbound and Abbey UK, has commented on this several times now. Scotland is not seen as the easiest place to do business with at the moment, because of all the other things that are going on, and this is just another layer that makes it a bit more challenging.

They are not going to go. The bookings are made, but we need to make sure that any future bookings become much more appealing, attractive and easy to transact at the point of sale. What this amendment bill will do is protect that commercial sensitivity. We all know what we are doing, and everybody will know what they are doing at the end of the day.

The Convener: Marc Crothall was able to speak for everybody on that one. We are going to move on to section 6, which says:

"The Scottish Ministers may by regulations make further provision about the operation of Parts 2 and 3"

of the 2024 act. I will bring in Willie Coffey for questions in that area.

Willie Coffey: Good morning. I will ask the same question that I asked of the previous panel. Have you any views to offer on further changes to the legislation coming through secondary legislation? Can you offer an opinion or some views on the appropriateness or otherwise of that?

Fiona MacConnacher: I echo some of the points that were made by witnesses in the previous session. It makes sense as long as there is full consultation ahead of time. We are talking about using primary legislation to make amendments when, had the power been put into the original act, we would have been discussing using secondary legislation, which would be far preferable. However, as long as the changes are made with full engagement with the industry, local authorities and so on, they are welcome.

Marc Crothall: I totally echo that. It is about getting it right by having the flexibility to address something if it is not going well and being able to change it without going through a lengthy process. I had hair when this process started, and I have not got much more to lose. Things will change. We live in a very volatile world and we need to be sure that Scotland can still compete. If that requires some simple intervention and adjustment, that is good.

The relationships that have been established through this process between industry, Government, local authorities and officials are very strong, and there is trust in the evidence base that we can bring forward, as it is certainly far greater and, I think, more respected than it previously was.

Fiona Campbell: I absolutely concur with that. It is critical. Primary legislation has been required to make the changes that are necessary. This is the first time that we have had a visitor levy in Scotland, and it is critical that we get it right. If we need to make more tweaks, this is the opportunity to do that. Certainly, the industry absolutely welcomes the ability for the Scottish Government to intervene.

To go back to a comment from the convener, Marc Crothall does represent us, because the industry now speaks with a completely united voice. You will not find people on this panel or elsewhere saying something different, because we are speaking with one voice.

The Convener: Thanks very much for that. From what Marc Crothall said, it is great to hear that, although bits were missing from the previous legislation, the relationships have been established, they are strong and the trust is there. I am paraphrasing a bit.

We have a wee bit more time, and I do not want us to miss anything, so I will turn to Marc Crothall as the voice of the group. What is not in the bill that should be there?

Marc Crothall: What is not in the bill?

The Convener: You can say that it is perfect as it is.

Marc Crothall: No—I do not think that anything is ever perfect. We have to continue to have the flexibility to evolve and look at legislation and policy as the industry and the environment change. I have the privilege of co-chairing the tourism and hospitality industry leadership group, which is the strategic body responsible for Scotland's tourism strategy, "Scotland Outlook 2030". We are at the halfway point of that strategy: it is a pivotal time. You will all have had—even if you have not read it—our election manifesto document, which sets out the opportunity for the even greater growth of, and economic contribution from, the sector. However, that requires the right policy and the right application of that policy—the best possible policy—to be a world leader in 21st century tourism.

We are very much under the spotlight. I am regularly contacted by colleagues across the United Kingdom and further afield about what Scotland is doing on the visitor levy. We are in that spotlight for all the right reasons—and, at times, unfortunately, for the wrong reason—but knowing that we have the flexibility in our relationship to amend and change in the future is one of the biggest wins from this change in legislation.

It goes back to simplification and communication. Our conference is only a couple of weeks away, but that will be a year from when the First Minister said, "Let's make sure it's simple." It has taken a bit of pain to get to that simplification, but partnership working is key. It will be essential that that continues through this process and that we continue to evolve and change and flex where necessary.

The Convener: Two more folks want to come in.

11:15

Fiona Campbell: To go back to one of our critical points, as an industry, we would prefer removal of the per-person, per-night option, because it is operationally unworkable and there is no point in going into something when you know that it is operationally unworkable.

I also have a point on sections 14 and 17 of the legislation, regarding transitional arrangements versus the 18-month implementation. The levy liability should not arise until the scheme's formal commencement date following the full 18-month implementation period. We request that section 17 be amended to give businesses certainty, as per the original intention of the parliamentary bill.

The Convener: Great—thanks.

Sheila Gilmore: I have a small point. The discussion has been interesting, and I appreciate the chance to contribute, but I feel that there is a bit of confusion on the exemptions and that a little more clarification is needed, particularly for people who live in rural and island areas, who have to travel for all sorts of reasons and not necessarily for jollies or their holidays. That needs to be taken into account. It is about people travelling to hospital for treatment and having to stay overnight in hotels. You need to take account of all of that. That may seem a small thing, but I can assure you that, from an island perspective, it is not a small thing. We need clarification and guidance given to our local authorities on that.

The Convener: Thanks very much for that point. It was good to hear in the previous session that the local authorities talk to each other. It would be good to have that guidance and for them to talk to each other. Certainly, people in the likes of Argyll and Bute have to go to Glasgow for hospital appointments, so it would be good to be clear on that and not to have that potential additional cost.

That concludes our questions. Thank you so much for coming this morning to share the important message about simplicity in the legislation. It was great to hear at the beginning that you are very appreciative of the collaboration with the Scottish Government and the work that has been taking place over the past year.

I suspend the meeting to allow for a changeover of witnesses.

11:17

Meeting suspended.

11:33

On resuming—

Budget Scrutiny 2026-27

The Convener: The next item on our agenda is an evidence-taking session with the Cabinet Secretary for Finance and Local Government on the Scottish budget. We are joined by the cabinet secretary, Shona Robison, and, from the Scottish Government, by Ellen Leaver, acting director for local government, and Ian Storrie, head of local government finance. I welcome you all to the meeting. I should also say that there is no need for you to operate your microphones—we will do that for you.

I invite the cabinet secretary to make a brief opening statement.

The Cabinet Secretary for Finance and Local Government (Shona Robison): Thanks, convener, and thanks for the opportunity to make some brief opening remarks.

This year's budget invests in the wellbeing of our society and seeks to ease the pressure on families and family budgets by continuing, and expanding, the best cost of living support package available anywhere in the UK.

With regard to local government, we have made significant joint investment in the engagement process throughout the financial year, and the local government settlement delivers what I would describe as a fair outcome for councils. The budget provides a real-terms increase in the settlement, including £253 million of unrestricted general revenue grant. I could have considered targeting all or some of that increase at social care, but instead I chose to provide it as flexibly as possible to councils and to give them full discretion in allocating that money to meet local priorities. I also confirm my intention to provide councils with full discretion over council tax; indeed, that was the most frequent request of COSLA leaders throughout our extensive engagement.

When I appeared before the committee to give evidence on the 2025-26 budget, the local government settlement was just over £15 billion. In this year's budget, the settlement for 2026-27 is £15.7 billion. That represents an increase of £650.9 million, or 4.3 per cent in cash terms; in real terms, it is the equivalent of a 2 per cent increase. Those figures represent a true like-for-like comparison and are transparently set out in table 4.15 of the Scottish budget document.

Additional funding was, of course, made available to councils throughout the year, as it has been in every previous year and invariably will be in the years to come. However, factoring in that 2025-26 funding without any crystal ball to confirm what will happen in 2026-27 does not provide a like-with-like comparison and risks being misleading.

It is also not possible to know, or to second guess, what else will happen over the course of the spending review process, as it sets out high-level spending envelopes for portfolios to support medium-term planning. Those envelopes are intended to provide multiyear planning assumptions, and do not represent multiyear budget allocations.

I recognise that the envelopes will be extremely challenging for local government, as they will be for all public services, but I want to offer the committee a few points of context. First, the Scottish Government remains committed to working with councils and COSLA to ensure the sustainability of local services, including exploring local government's role in delivering our broader public service reform agenda.

Secondly, the portfolio approach adopted for the spending review does not take into account the impact of in-year transfers. I have baselined more than £2 billion into the local government settlement since the Verity house agreement was published, but it remains the case that hundreds of millions of pounds of funding in the health and education portfolio spending envelopes is likely to be transferred to local government over time to support joint priorities.

I appreciate that those might sound like warm words, but I believe that the evidence supports my case. The 2022 spending review indicated a core revenue allocation in 2026-27 of £10.7 billion. In contrast, the Scottish budget delivers almost £14 billion.

Finally, I want to acknowledge that the Scottish budget also sets out a strong non-domestic rates package in the context of our revaluation. I remind the committee that the Scottish Parliament welcomed the move to three-year revaluations, and that revaluations are administered by assessors who are independent of the Scottish Government and local government, another move that was widely welcomed at the time. With average growth in rateable value of 12.23 per cent, the Scottish budget confirms that I have lowered the basic, intermediate and higher property rates, delivering the lowest basic property rates since 2018-19. I have also maintained the most generous small business support relief anywhere in the UK.

It is true that some rateable values have increased. As a result, we have introduced transitional reliefs to ensure that the increases in net liabilities will be capped significantly lower than the percentages that are often quoted. In total, the budget supports a domestic rates relief package

worth an estimated £864 million in 2026-27. As a result of the measures in the Scottish budget, the total revenues raised from NDR will actually be 6 per cent lower than they were before Covid.

I hope that those points have been helpful to set the context for this morning's session, and I look forward to your questions.

The Convener: Thank you very much for that overview, which touched on some of the points that I am going to ask about.

I will start off by asking about the local government allocation and the spending review. The committee called for the budget to recognise the challenges of increased demand for council services and, in particular, social care delivery.

In your opening statement, you pointed out that you had taken a flexible approach so that councils had a choice as to how they funded that area, but COSLA has made it clear that it does not have a sense that there is recognition of the increased demand for social care delivery. What are your thoughts on that?

Shona Robison: COSLA's ask was for £750 million of new money for social care for 2026-27. That is more than the entirety of all the resource consequentials that the Scottish Government has available for the whole spending review period. Money of that quantum simply did not exist.

With regard to what did exist—the quarter of a billion pounds—I could have said, "That money's for social care," but local government would have said, "We're supposed to be getting away from ring fencing—you should give us flexibility." My decision was that it was better to put the £253 million in the general revenue account, as that would allow local authorities to spend it on social care or on other priorities as they see fit. They also have full discretion over council tax.

Our spending review outlook is determined by what we know that we have in front of us from the UK spending review, which is very tight. We can put out our assumptions only on the basis of what we know.

However, I re-emphasise the point that no Government spending review in history has ever remained as it was set out, because funding shifts. There is a Scottish Parliament election coming up, and there will be a general election in 2029, which I suspect will lead to additional funding flowing. History tells us that assumptions are assumptions, but the actual funding that is available moves significantly. I set all that out in my letter to the COSLA to provide some reassurance around the flat cash spending outlook, and I will continue to provide such reassurance.

The Convener: That was helpful. It is important to understand that the amount of money that COSLA requested—£750 million, which is a high amount of money—did not exist. I also recognise what you said about the request in relation to ring fencing, which we have been involved in calling for.

Our annual conversation about how the budget figures are set out has changed in scope a little. In your statement to Parliament, you used budget-to-budget comparisons, but the budget document includes autumn budget revision-to-budget comparisons. Those different comparisons tell different stories. One paints a slightly rosier picture than the other. I am concerned that that could be confusing for the public and could inhibit the transparency—which you mentioned in your opening statement—that we are looking for. Which comparison do you think gives us the baseline for council spending power next year?

Shona Robison: The first thing to say is that all commentators acknowledge that the local government settlement represents a real-terms increase. The issue then is whether you compare this year's figures with the ABR figures or with last year's budget.

The local government settlement is subject to a large number of in-year transfers and in-year funding shifts. I agree with the Scottish Parliament information centre. On the front page of its briefing, it says:

> "Comparing Budget document 2026-27 to the previous Budget document, as SPICe has done in the past, we see both cash and real terms increases in the overall revenue allocation to local government".

The SPICe blog sets out why you should not use the comparison with the ABR. There are two fundamental reasons why the comparisons are different. If you compare the budget figures with the ABR figures, you need to remember the two significant funding moves that took place in 2025-26. The first was the £144 million that was added to the 2025-26 budget for employer national insurance contributions. That was done after the budget was published. On top of that, there is the £109 million that was added to the 2025-26 budget for pay. Those additions inflated the ABR position.

If we compare it to the ABR with that additional funding in it, it gives us a different comparison than comparing budget to budget. Similarly, there will be movements in 2026-27—some of which we know about and some of which we do not—that will shift the comparator to the 2027-28 budget.

11:45

My contention is that, as the Scottish Parliament information centre has set out, because of the uniqueness of local government, we cannot really

make a comparison to the ABR. I point members to table 4.15 in the budget document, which, for transparency, sets out all the areas of funding that move. That is why we have that table: instead of making a comparison to the ABR, it shows why we are saying what we are saying. We did not know, for example, when the employer national insurance contribution money would come and what level it would be. To compare it to that, considering that that funding came after the draft budget, is not to compare apples with apples. That is our position. Because of the uniqueness of the local government budget, we have done it like this for many years. SPICe seems to think that that is a reasonable way to compare.

The Convener: You mentioned a table, but I could not find it in my papers.

Shona Robison: It is table 4.15.

The Convener: Do you feel that that is sufficient? There is confusion here.

Shona Robison: We put that table in for that very reason—so that we could point to it and say, "Here is the position." I have been really clear about the employer national insurance contribution and the pay issues. Between them, we are talking about more than £250 million. However, if we compare the budget to the ABR, those two elements—a quarter of a billion pounds, in-year—which came after the budget was published, will shift the comparison. Further, we do not know what additional funding may end up coming through in 2026-27. We have to have a fixed point in order to compare like with like.

With other budgets, it is more straightforward. Although there might be a little bit of in-year movement, it is not of the magnitude that we have with local government. It is around the edges, and that is fine. However, for local government, in-year movements are material, which is why we have tried to set that out.

The Convener: The spending review shows the plans for the next three years and suggests that the local government settlement could be almost £500 million smaller, in real terms, by 2028-29. I recall you mentioning that when you were here last week. However, there are real-terms increases in other budget lines, such as health, social justice and transport. How are we going to fix what could potentially become quite a big hole? Are you imagining that more revenue-raising opportunities are coming and that councils will be able to find that £500 million?

Shona Robison: First, let me reiterate that that is a guide—it will not be the final budget or settlement for local government. When I pointed out what had happened at the previous comparable point, which was the 2022 spending review, I said that the figure for what, at that point, was a flat cash outlook, was £10.7 billion for 2026-27, compared to £14 billion now—a difference of almost £3 billion. Obviously, the flat cash outlook that was foreseen is not what transpired. The shift might not be of that magnitude, because that also takes into account what happened when there was a change of UK Government, when the Chancellor of the Exchequer reset budgets, because they had not been set in line with inflation. That resetting of budgets was very welcome. There is that element but, even setting that aside, there would still have been a material change compared with the spending review.

The other point is that the portfolio approach that was adopted for the spending review does not take into account the impact of in-year transfers. Despite the flat cash outlook, there will be in-year transfers that make that position look different.

Finally, there is the truth that, as in the rest of the public sector, there will have to be transformation and a different approach to the way in which services are delivered. The health service is being challenged to do that at pace, as are all our public bodies. Head count will need to be reduced for operating and corporate costs.

Local government will have to find its path and look at things such as shared services. The three Ayrshire councils are very far ahead on that; they are in advanced discussions about taking a fairly maximalist approach to sharing services across the three councils. Other groups of local authorities are looking at that, too, and some local authorities provide services for their neighbours, from which there have been considerable savings. That is before we get into digital, automation and all that. We want to support local government to up the pace of change, because the rest of the public sector is doing just that.

On the areas that you referred to, we have made a clear commitment on passing on health resource consequentials. We have put in additional funding to tackle waiting lists in the national health service, and that all flows through. Our social security legislation demands inflationary uplifts to social security spending, as agreed to unanimously by the Parliament, so some of the costs are fixed, if you like.

All I can say is that we will make sure that we work with local government on all those things, but local government will have to play its part in changing the way in which things are done.

The Convener: I recall that, in evidence sessions that we held before the winter break, a witness talked about the concern that, if people on the ground—our constituents—feel that they are not really getting the services, that could give rise to unrest. Do you have any concerns about that?

Shona Robison: It is really important that services are quality and are provided in a timely fashion. We are providing £2.3 billion of funding to social care, and we are supporting the real living wage. That investment in social care goes well beyond—by about £500 million, if I remember correctly—the commitment that was made in the Parliament a few years ago on the trajectory of increasing social care spend.

I understand the importance of local services, and it is important that we work with local government to focus on ensuring that services are maintained. However, how they are provided might need to look a bit different, in the same way that all other parts of the public sector are looking at delivering things in a different way. That is just the reality of where we are. We have to ensure that we change services so that they can meet the current demands and demographic challenges. Doing things in exactly the same way will not achieve that, so that is an important component. We are trying to oil the wheels of things such as the invest to save fund; local government will get access to that, too.

The Convener: We will move on to the theme of council tax. I bring in Evelyn Tweed.

Evelyn Tweed: Good morning, cabinet secretary and officials—it is good to see you here today. It is great to hear, cabinet secretary, that local authorities will have full discretion over council tax and that you have urged them

"to translate the settlement into reasonable decisions on council tax."

However, it has been mooted that a fifth of councils plan to raise council tax by more than 10 per cent. What would you say to that?

Shona Robison: As I said, I have provided more than £0.25 billion in extra revenue to support local services. I do not underestimate the challenged financial environment that everybody is facing. However, if we look at the settlements for local government over the years, that is a pretty big increase in completely discretionary and flexible funding. Actually, I think that it might be one of the highest general revenue grants—

Ellen Leaver (Scottish Government): It is the highest general revenue grant, except for last year—

Shona Robison: It is the highest except for last year.

Ellen Leaver: —in recent times.

Shona Robison: For the past two years, we have given local government a pretty significant increase in the general revenue grant. That is where local government says that it wants the money, because it is flexible. I would hope that, given that funding, local authorities would make responsible decisions and minimise any proposed increases in council tax.

I know that local authorities will be in differing positions. We have been giving particular support to some of the smaller local authorities, which we think need to get very much into the shared services space, as they are trying to support services with a very small council tax base. There are particular challenges for the smaller authorities, and we are engaging with them directly. I would hope that we see reasonable positions on council tax, given the funding that is being made available.

Evelyn Tweed: Are you concerned at all about the impact on communities and households of increasing council tax at a time when satisfaction with council services is reducing?

Shona Robison: We are very cognisant of the impact on household budgets, which is why a good part of the budget is about trying to enhance some of those supports, whether that is the wraparound services during the school day, such as the addition of breakfast clubs, or extending the school day and trying to provide support for working families without additional cost to them, which is important. We have in place many other supports—they are not available anywhere else—that are designed to support household budgets.

I should have said earlier that council tax rates in Scotland are still significantly lower than they are elsewhere in these islands. For example, our average band D property has a significantly lower council tax rate than elsewhere, and water bills are lower than elsewhere, too.

I will make a point on the survey. As I understand it, the survey was carried out before the budget, so it was forecast before the actual uplift was known. It is for councils to consider their position in the light of what they now know.

I recognise that some councils will be in a more challenging position than others, particularly those that are smaller. That comes back to my earlier point that we must look at the shape of that across Scotland and at where there are opportunities, whether we are looking at single-island authorities or at that shared services landscape, where councils can come together, share services and reduce the cost base.

Evelyn Tweed: Thanks for that, cabinet secretary.

The Convener: We will move online. Mark Griffin has some questions.

Mark Griffin: I will stick to council tax. The Government has proposed new council tax bands for properties that are worth more than £1 million

and it estimates that the costs of a targeted revaluation are around £10 million. Will the cabinet secretary set out what that targeted revaluation will look like and how it will work in practice?

12:00

Shona Robison: The targeted revaluation is only at the higher end, to create the two new high-value property bands. That is not being done to replace the consultation on wider reform and transformation in how local taxation is to be taken forward. I am still keen to build political consensus on that—that still stands.

I guess that our policy builds on the mansion tax proposals down south. Given the different property base in Scotland, we have taken the view that it would apply to houses with a valuation of over £1 million. That would make the system fairer. We know that the difference in council tax liability is not fair, the further people go up the bands proportionate to their income. Creating the two new high-value property bands will help to make that fairer while the wider consultation is on-going.

The measure will not apply until 2028, so there is time for discussion with COSLA and local government about how it will work in practice. They may wish to consider distributional impacts. Clearly, some local authorities will be bigger beneficiaries than others. It is up to local government whether it uses a different distribution formula to take account of that, but there is plenty of time to discuss that and work it out. The revenue estimates from all that will be published once the policy is finalised, but the aim will be a fairer contribution from the highest-value properties. Local government will get to keep the money, unlike the position down south.

Mark Griffin: Thanks for that.

The Convener: Sorry to interrupt, Mark, but, before you go on to your next question, I see that Meghan Gallacher has indicated that she wishes to come in on this point specifically. Or not, Meghan? Do you already have your answer?

Meghan Gallacher: Yes.

The Convener: Super. In that case, come on in with your next question, Mark.

Mark Griffin: I completely understand the policy intent and the policy argument behind it. I was asking more about the mechanics of how the targeted revaluation exercise would be carried out. I understand, however, that it is perhaps too early to say.

Shona Robison: I can bring in Ellen Leaver. It might be helpful if she gives a little bit more detail.

Ellen Leaver: I am happy to do so, cabinet secretary.

Scottish assessors will take forward the revaluation exercise. They will look at available data through Registers of Scotland. They will also have access to information through council notices, building warrants and improvements that may have had an impact, in their professional judgment. There will be a process of notices and then a process of valuation to identify the properties. That will be undertaken by expert Scottish assessors, independently of the Scottish Government and local government, to identify those properties. The assessors are confident in their assessment of the costs of undertaking the exercise over the two-year period and in the appeals process that they have provided to us, and they are confident that it can be delivered effectively within that timescale. They will be undertaking all that detailed work over the next two years.

Mark Griffin: Thank you—that is helpful information. As the Government is now committed to the targeted revaluation, what consideration was given to a wider, full revaluation, given the length of time since the last one was carried out?

Shona Robison: I understand that point. A consultation is on-going, which is important in relation to that wider point. It is important to reassure people on that; a lot of joint work has been done with COSLA.

The fundamental point is that we would want to link any future wider revaluation to wider reform of the council tax and the consultation on that closes at the end of this month, that is, at the end of this week. It is aimed at building political consensus around what local taxation should look like, not just among politicians—we are trying to take the public with us, too. Council tax can be pretty contentious—it has a contentious history—and we want to build consensus around what the future looks like for local taxation.

That will clearly be an issue for the next parliamentary session rather than this one, given the timeframes. However, I hope that the consultation's findings can be provided to the next Parliament as a starting point for fresh discussions—which I hope will be on a cross-party basis—about what the art of the possible is. There have been incremental reforms in relation to second homes and empty homes, the mansion tax and so on. However, there is a more fundamental question that can be addressed only by building enough consensus. That will be for the next Parliament to do.

Mark Griffin: This has kind of been covered, but, given that the consultation ends this week, will

the Government be in a position to give even interim findings from it before we break up?

Shona Robison: I think that that would be tricky, because that information all has to be digested, but I will ask Ellen Leaver to come in on that.

Ellen Leaver: The volume of responses to the previous consultation in 2023 or 2024—I might have the year wrong—on the multipliers proposal, was such that the analysis took the full period of time that the contract had been awarded for. Through the current consultation process, we have held town hall events, which are on-going, so there is a lot of qualitative analysis to be undertaken. The expectation set with the contractors is that they have until late March or early April to produce interim findings and then a final report. That would take us beyond the pre-election restriction period in terms of the ability to publish those findings. That is our expectation, but we will work with contractors to see when that report will be available and to act accordingly.

The Convener: We will move on to the theme of capital allocations. I will bring in Alexander Stewart.

Alexander Stewart: Good morning. Investing in infrastructure and making sure that facilities within communities are in good condition—whether buildings, bridges, roads or whatever else—is vital. The budget shows a continued reduction in capital allocation. Estimates suggest that council debt could be to the tune of about £25 billion across the local authorities. How do we ensure that facilities and infrastructure can be maintained and sustained when there are continual budget reductions in that process?

Shona Robison: The spending review outlook on capital is very difficult—full stop. That is because there is a real-terms reduction in capital in the spending review. We cannot escape the fact that that has a flow-through to every part of the public sector; it is on a downward trajectory.

There are some anomalies in local government's capital position. There has been one-off capital funding of £40 million for ScotWind, and funding of £20 million will continue for 2026-27. However, local government knew that that funding was not guaranteed. We are now profiling flooding funding in a way that more realistically reflects how it will be spent, because that funding was continually being underspent.

On top of that, we are trying to find imaginative ways of growing the envelope. I have been keen to open the prospect of accelerator deals with individual local authorities. That prospect will depend on their borrowing capacity and their debt levels, and not every local authority will be in the same position, but the accelerator model deal that we had with Edinburgh has allowed Granton to become a major infrastructure expansion area, not just for housing but for transport and all the rest of it. We are looking at West Lothian for Winchburgh station. We are looking at the island authorities for infrastructure investment in the Western Isles, Shetland and Orkney. I am keen to have further discussions with individual local authorities about whether we could have one or a cluster of local authorities around some of those infrastructure investments.

It is about trying to grow the pot because the capital departmental expenditure limit outlook is so restricted. We have used financial transactions mainly for the affordable housing supply programme, and local government gets its share of that in housing investment. Against a challenging backdrop, we are trying to be imaginative in the ways that we are looking at expanding what we can deliver where.

Alexander Stewart: You make valid points about how you can support larger councils and, as you have identified, the smaller ones might have to share or become part of a group if they are to receive some of that support. Without it, they are very much outliers, they do not have the same flexibility and resource and they might have more debt to manage.

Shona Robison: I accept that. We have 32 local authorities. If we were starting with a blank sheet of paper, we might not draw that situation up in the way that it is now. However, I am also conscious that, if we embark on a whole-scale local government boundaries review, with the best will in the world, it will tie us up for a decade. We could, however, accelerate the shared services space, where things happen more quickly by negotiation. In the neck of the woods that you are familiar with—Stirling, Falkirk and Clackmannanshire—there are discussions about the art of the possible around shared services. I encourage that, because it provides more flexibility and economies of scale and it also reduces the cost base. We are trying to encourage and support that type of thinking.

The Convener: We will move on to our next theme, which is non-domestic rates and the 2026 revaluation. I will bring in Meghan Gallacher.

Meghan Gallacher: The 2026 non-domestic rates revaluation is causing considerable concern across several sectors, particularly hospitality and retail. I am wondering what the cabinet secretary's initial response is. Even this morning, MSPs have heard from the Scottish hospitality group, which has sent a briefing paper outlining and detailing its concerns about the impact that non-domestic rates will have on the sector.

Shona Robison: First, I reiterate that I understand some of those concerns. It is important to put on the record again that the average growth in rateable value is 12.23 per cent. That is not to say that there are not some increases that are much higher than that, but the average is 12.23 per cent. We have also lowered the basic, intermediate and higher property rates, delivering the lowest basic property rates since 2018-19.

In recognition of the concerns, we have done two things. First, we are providing revaluation transitional reliefs to protect those who are seeing the most significant increases in rateable values, ensuring that the gross bills of an estimated 60,000 properties are lower in 2026-27 than they otherwise would have been. That will smooth out the increases over the next few years, rather than it being a big bang and potentially affecting the viability of businesses. There is £184 million of investment in that alone.

In addition, there is the relief for retail, hospitality and leisure premises, which is 15 per cent for basic or intermediate property rates for properties with a rateable value of up to £100,000. That is the relief in mainland Scotland—we are going further in the islands and in some remote areas, where the relief is up to 100 per cent. For the first time, retail and leisure will also benefit from that; we previously had a relief for hospitality only.

12:15

Finally, although it is a bit opaque, you will be aware of some of the press speculation about whether the UK Government was going to move further on hospitality, given its revaluation exercise down south. The UK Government has intimated that there may be further support for hospitality. I have written again—that is now two letters—to the Chief Secretary to the Treasury to say that we need to know whether that is going to happen and, if so, whether there will be consequentials. If there are consequentials, we are looking to give further support to the hospitality sector through that process.

Taken together, we have a package of reliefs which, as I said in my opening statement, is estimated to be worth £864 million. That is substantial and I hope that there will be recognition that the transitional reliefs will go some way to smoothing out the issues for those who are facing additional costs.

Meghan Gallacher: Thank you, cabinet secretary. There is a lot to unpack there. I will get on to rates relief in a second.

The issue with the revaluation is that not all sectors are assessed in the same way. That has resulted, unfortunately, in hospitality businesses being penalised with extraordinary increases in rateable values. Some of the figures are eye-watering: between 500 and 800 per cent, or more. Would the cabinet secretary reflect on that?

Surely, when you are going through revaluation, the consultation has to be done across the board with the full sector. The scenario now is that you are saying that things will even out in a few years' time, but some of those businesses do not have a few years for things to even out. What is your direct response to hospitality businesses that have not been fully considered when it comes to non-domestic rates?

Shona Robison: I have had a lot of engagement directly with hospitality, as have ministerial colleagues. We absolutely want to hear what they have got to say. I also remind folk that this is an independent process. The Parliament agreed to and welcomed the move to three-yearly revaluations that would be independent of the Scottish Government and local government. It is also important to remember that the average increase is 12.23 per cent.

There is an issue about the methodology, which is why the review of hospitality methodology—I am not sure that that is its correct title—is under way, chaired by Brian Gill KC. That work will get to the heart of a reasonable concern that hospitality businesses have in relation to what is and is not fair, particularly in comparison to other sectors. We have listened to that concern and accepted it; the review is an attempt to make a more fundamental change.

The transitional relief of £184 million is a big investment in supporting hospitality businesses and others to not have those big costs up front. Around 89,000 properties—which is 96 per cent of all retail, hospitality and leisure properties—could benefit from having zero or reduced rates. The budget guarantees that support for three years of the revaluation. It is not a one off—it is for three years.

We will continue to discuss the issue with the hospitality sector. If any further funding comes from the UK Government in recognition of the issues with its revaluation, I will commit to further supporting hospitality with that funding. I am pushing the Treasury for an answer. Clearly, something is being discussed and it is not being forthcoming with the detail of what it is, but we will pursue the matter to find out whether it will result in further funding that can help the hospitality sector.

Meghan Gallacher: That is helpful. Has the Scottish Government conducted any research or done further work with the hospitality sector, because we know that, roughly, an additional 20,000 hospitality jobs have gone since September 2025 and 9,000 since the last UK

budget. The revaluation seems to penalise success in that it works against hospitality businesses that have grown and have employed more people, rather than being something that they can co-operate with and move on from. Is there any analysis that would be able to measure how many jobs and businesses might be impacted as a result of the decision?

Shona Robison: I know that I will get the name of it wrong, but we have a regular round-table meeting with the hospitality sector that Ivan McKee, Richard Lochhead and I regularly engage with. Quite often, material from the sector is highlighted, which we then analyse. We welcome the flow of information. I give the assurance that we will continue to carefully look at and reflect on any information.

Meghan Gallacher: The Scottish Retail Consortium has told the committee that the 15 per cent rates relief for the retail, hospitality and leisure sector that you mentioned is an encouraging start but, of course, it is less generous at every level than in England. What is the Scottish Government's response to that? I appreciate that you have written to your UK Government counterparts on the issue but, as it stands, the offering in Scotland is less generous than that in other parts of the United Kingdom.

Shona Robison: I will bring in Ian Storrie in a second. My understanding is that part of the issue, or the stooshie, if you like, down south has been because the Covid supports have come to an end, which is where the 40 per cent relief for the RHL sector emanated from. The sector ended up with an equivalent relief of between 10 and 12 per cent, I think, for permanent support—it is not based on the same system, but that is the percentage that it translates to. We have done an analysis on various sectors both north and south of the border and it is fair to say that our offer of 15 per cent compares reasonably well to some of the reliefs.

I should also say that the permanent change in England has been subsidised by an increase in the very high property rates in the city of London. They are able to garner a lot of additional revenue from that, but we do not have that property base in Scotland, so we could not have the equivalent. Our reliefs are having to come out of the public purse, rather than being subsidised by very high property rates. It is very important to put that on the record.

Ian Storrie (Scottish Government): If you do not mind, I will respond to a few of the points that you raised, Ms Gallacher. The first thing to recognise is that all the valuations are undertaken by independent assessors, who use statutory guidance and case law to determine valuations. There is no political element to the hospitality valuations, as they are conducted by chartered surveyors. As the cabinet secretary said, an independent review is under way on whether the hospitality valuations are accurate.

It is important to differentiate between the changes in England and Scotland, because we have different revaluations. One of the recommendations from the Barclay review was that we should move to three-yearly revaluations and that we should adopt a one-year tone.

The tone is the date against which all values are benchmarked. In England, they now have three-year revaluations, but a different tone. The tone in England is two years ahead of time, which means that it was slap bang in the middle of Covid, whereas our tone was slightly at the end of Covid, so the change from the 2023 revaluation to the 2026 revaluation is very different in Scotland and England. When the Scottish Retail Consortium compares the offer in England, it is important to recognise that the average change in rateable value in Scotland for shops and retail is 6 per cent but the average change in England is 10 per cent. Their values are higher in the first place, so by the time that you apply a relief to the value, you are starting from a different baseline. It is therefore no longer possible universally to compare like with like.

Last week, or the week before, we published an assessment of all the rateable value changes. It is on the Scottish Government website and I am sure that we could write to the committee to make sure that you have access to it. It sets out all the different rateable value changes by property type, sector and so on. As I said, the uplift for retail in Scotland is 6 per cent, compared with 10 per cent in England. For hotels in Scotland, it is 28 per cent, on average; in England, it is 78 per cent. For public houses in Scotland, it is 15 per cent; in England, it is 30 per cent. Immediately, there is a different starting position from which to apply the reliefs, the calculations and so.

As the cabinet secretary said, the reduction in poundage and the relief in England is equivalent, depending on the tax threshold, to a relief of between 10 and 12 per cent, whereas in Scotland it is 15 per cent, albeit not to the highest-value properties. As she said, the highest-value properties in England will be subject to a supplement.

Meghan Gallacher: I understand that well. The issue is that businesses will be looking at where it is best for them to set up—where they will get the best bang for their buck—to be viable and sustainable and to grow. Through the non-domestic rates revaluation, potentially, particularly in some parts of the sector, the story will be of bad news rather than the sustainability and fluidity that is needed in that sector. That is my point, not from

the numbers context, which is understandable, but in terms of what businesses see and how they are comparing between Scotland and the rest of the United Kingdom.

I would be interested to hear estimates of how much businesses' NDR bills will increase next year after revaluation and new reliefs. I know that I have touched on that, cabinet secretary, but I ask just in case you have any further comment on how much, on average, hospitality, retail, and leisure businesses will have to pay. It will be good to have a comparison between the three of them.

Shona Robison: I will bring in Ian Storrie again. The figure that I have for average growth in rateable value is 12.23 per cent, but that is across the board rather than differentiated. I will see whether there is a figure for differentiation in a second. As I said, we have lowered the basic, intermediate and higher property rates in addition.

Do we have a differentiation? Could we write to the committee about that?

Ian Storrie: A differentiation of what? Sorry, I missed that bit.

Shona Robison: Within the percentage increase, is there a difference between retail, hospitality and leisure that may cut that 12.23 per cent?

Ian Storrie: Yes. The report that we have published, about which we will write to the committee, has a breakdown by property type.

In particular, you made a point about the average increase being between 500 and 800 per cent, if I have quoted you correctly. There are 258,000 properties on the valuation roll. A total of 112 of those have a rateable value increase of between 500 and 800 per cent. I have not done the maths on that, but it is a tiny fraction. For those, I accept that that increase might be an issue. However, the median rateable value of those properties is £2,500, so they are well below the small business bonus scheme threshold. Most of the people who are experiencing those excessive increases are doing so because the properties had tiny rateable values in the first place, and they have just stayed within the SBBS threshold.

Our report has breakdowns by rateable value type and property type, as defined by assessors. It breaks rateable values down for public houses, hotels and so on. They are all broken down very clearly, and the tables that are attached give quite a lot of extra detail.

12:30

Shona Robison: I suggest that we write to you with the report, and perhaps pull out some of that detail and draw attention to the key points in a covering letter, if that would be helpful. It would mean that folk would not necessarily have to wade through the report itself.

Meghan Gallacher: That would be helpful. Thank you.

The Convener: That would certainly be welcome.

We will now move on to a new theme—the Verity house agreement, the fiscal framework and public service reform—and I call Willie Coffey to ask questions on it.

Willie Coffey: Good afternoon, as it is now. Before I get to those issues, I want to ask you about the allocation to the affordable housing programme that is planned for 2026-27. From my reading of the blue book, you have allocated £926 million to the programme, which is a substantial increase on last year's figure of £768 million; it is, in fact, a 17 per cent increase. Can you give us an indication of how that will get you towards the target of 110,000 affordable homes by 2032 that you have outlined in various Government statements?

Shona Robison: You are right to point to what is a significant investment. I guess that it goes back to the point about choices; it means that we are putting—or, I should say, nailing—our colours firmly to the mast. I was trying to think of the right expression there.

We are being explicit about where we are putting capital, but it does mean that other areas will perhaps not get quite so much. The £926 million of capital funding will absolutely ensure that progress continues towards meeting the affordable housing supply programme target of 110,000 affordable homes by 2032. It is part of the ambitious multiyear investment of £4.9 billion, £4.1 billion of which is public investment over the next four years, with the other £800 million being levered in from the private sector for things such as mid-market rent. That will support the delivery of around 36,000 affordable homes, which is estimated to provide up to 24,000 children with a warm, safe home. It is a big deal, and a big investment.

We need partners to deliver that. Local government is clearly a key partner, as are the registered social landlords. We want the private sector to play its part, too, particularly in areas such as mid-market rent and build-to-rent properties, where there is clearly a demand and a market.

I would also point out that construction inflation is still impacting on house building, so we have to try to ensure that money goes as far as possible. In that respect, more homes Scotland, the new housing body that Màiri McAllan has announced, is an attempt to ensure that we extract best value

for money in terms of land availability and economies of scale. There is a lot happening in the housing space that we should be quite excited about.

Willie Coffey: Thank you for that.

Moving on to another matter within the budget proposals, I should say that my colleagues in East Ayrshire have been pressing me to get more information, if at all possible, on the commitment that you announced on swimming lessons and whether any budget line in the blue book identifies a figure in that respect. Is it part of the overall commitment to sport that you have also announced?

Shona Robison: I think that it is part of the overall commitment to sport. I will bring in Ellen Leaver in a moment, but I should correct myself and make it clear that this is not a one-off but a multiyear commitment. It is an important intervention with regard to safety and other such issues.

It is part of the wider sport offer, Ellen, isn't it?

Ellen Leaver: Yes, it is nested within the wider allocation for sport, alongside other things such as the extra time commitment through the Scottish Football Association. A number of things have been nested together, and an envelope has been allocated, with further discussion to take place with delivery partners about the most effective way of ensuring that the funding flows through.

As happens in, say, the child poverty space, we would expect some of that funding ultimately to flow through to programmes of work that councils might take forward, but, at the moment, it is nested within a portfolio envelope for sport—I am thinking here of the summer of sport initiative.

Similarly, when we look at the funding package for child poverty available in the budget, we see an uplift in the tackling child poverty line. Further discussion will take place with key partners about how that funding can be distributed to best effect in local projects.

Shona Robison: But it will mean additional funding for local government that currently is not in the local government settlement. This goes back to the point that when we have policy development—whether in the child poverty space or the sport space—a lot of the funding will find its way to local government once agreements are made on delivery and what will be delivered. That is a good example of why local government funding can be more complex.

Willie Coffey: Ultimately, will the amount that local authorities wish to spend on the swimming commitment be down to them, or will you ask for that to be earmarked or, dare I say it, ring fenced?

Shona Robison: We want to get to a sensible arrangement without too much red tape around it. We want to keep things as straightforward as possible. A lot of delivery will be done through school provision. The outcome is the important thing, and that is making sure that kids learn to swim.

Willie Coffey: On the wider issue of the part played by the Verity house agreement between the Government and local councils, can local councils see their asks in the budget? Have we seen the end of the ring-fencing bun fight for ever in this Parliament, before we both leave?

Shona Robison: I do not know that I would be that optimistic. The figures on baselining speak for themselves. Over the past three budgets, about £2.2 billion has been baselined. That is a lot of money that used to be ring fenced and is now baselined.

There is a direction of travel, for sure, but sometimes there are good reasons for money sitting within a portfolio before allocation, because policy might change. For example, in the active travel space, the Cabinet Secretary for Transport wanted to change the way that funding was delivered. If that money had been baselined, she would not have been able to do that. There are checks and balances, and ultimately it is about finding a balance.

One of the principles on the budget in the Verity house agreement was about having an open book and being open about the challenge. I have had numerous discussions with COSLA in the run-up to the budget. I hope that one thing that it could not criticise is the process or the openness in discussions. On the £750 million ask for social care, I was clear that that quantum just did not exist—it was more than the entire resource consequentials for the whole spending review. I cannot produce something that is of a quantum that is out of the park. I had to be frank about that.

Then we went into the territory of the key asks. One key ask was for further removal of ring fencing and increased baselining, and we have done more of that. Another was for freedom over council tax, and we have done that. Another was for additional funding, which we have done through the £253 million in the general revenue grant.

Those were the key asks, and I feel that we have met them and that it has been a very open conversation. Ultimately, the response from COSLA is the response from COSLA. I think that we have provided a fair settlement in the context of the finances that are available to us.

Willie Coffey: Overall, would you say that we are in a better place when the budget is produced than we were at the start of this parliamentary

session? My recollection is that there was a huge bun fight about ring fencing and arguments about allocations. Are we in a better spot?

Just before you joined the committee today, our colleague from COSLA said that he thinks that the Verity house agreement has delivered a number of improvements. We know that it is not perfect, but it is better than where we were at the start of the process, when we constantly argued about allocations and ring fencing.

Shona Robison: I agree with that. We have taken a lot on board around the need for trade-offs between quantum and flexibility.

I am very much in favour of giving local government maximum flexibility. However, if I had my colleagues around the table, they would say, for example, that we have to make sure that social care is delivering so that delayed discharges can come down. I would also have education colleagues saying that we need to make sure that teacher numbers are maintained.

There are checks and balances, but we are in a better place. I do not know whether it will ever be perfect, but we have made significant progress. I did not hear the session before, so I am pleased to hear that there was some recognition of that.

Lots of other things are going on, which is perhaps not the headline-grabbing stuff, such as the work with the single island authorities, the accelerator deals with the islands, or the work—again, in relation to the islands—that is going on with the ferries task force.

Lots of innovation is happening that is a joint endeavour between local government and the Scottish Government. There is an awful lot going on that does not make the headlines, but that is really important.

Willie Coffey: I will ask about the fiscal framework and the role that it plays. It was published last October, but it did not have any details of rules-based funding frameworks or information on accountability and assurance and things like that. Is that yet to be developed in the relationship between—

Shona Robison: Again, there is some progress. While we have to remove some of the ring fencing and flexibilities are important, there is recognition from local government that there also needs to be transparency and accountability on their side of delivery.

With 32 versions of delivery, as is ever the case with anything, we will have some local authorities performing better in some areas than in others. The Accounts Commission regularly gives reports on where it thinks that there needs to be improvement. The issue that comes up more often than not—I have seen the Accounts Commission talk about this—is transformation and change, the pace of which needs to be upped not only in local government but across the board.

We have more control over that pace in other parts of the public sector, but we rely on local government partners to get on with it, if you like. We can oil the wheels with things such as invest to save but, ultimately, they have to want to get into the discussions about shared services and doing things differently. As autonomous bodies, we cannot force them to do that; they have to want to do that. Again, we will not see everybody moving at the same pace with that. The Ayrshires, for example, are further along the road, and we need to see that happening in other places.

It is also a question of good practice. I will take the example of the work that Glasgow in particular has done through changes to social work services, which have led to a massive reduction in the number of children coming into care. All 32 local authorities should be doing that. If it works—and if it is so obviously delivering better results—authorities would have to have a pretty good reason as to why they would not want to go down that road and adopt those practices.

Willie Coffey: The cabinet secretary has mentioned the three Ayrshires a few times. I have seen huge improvements there over the years, and it is great to see the collaborative working and shared service thing actually happening.

The cabinet secretary also mentioned invest to save, which this committee was really keen to be extended. However, there was a wee concern about a bidding element and some councils being able to bid perhaps to the detriment of others. How would we resolve that kind of issue?

Shona Robison: We have tried to learn about what worked from last year. The process has to be on the power of the proposition. There is no point in scattering £30 million across the place and letting a thousand flowers bloom; it has to be about those who have a proposition and can show how it could be done.

12:45

We have been having discussions with, and giving encouragement, to local authorities that we think could benefit. With, for example, the Falkirk, Clackmannanshire and Stirling scenario, we have been in discussion with the councils for quite some time and have been encouraging them to think about such an approach. After all, one of those local authorities is one of the smallest in Scotland, and it has a fragility, because of its size and capacity.

There are, for sure, some really good people within that local authority, but the issue is the scale, and there has to be collaboration with neighbours. That council is up for it, but it needs the others to be willing dance partners in order to get on with it.

There is a lot of scope here. The invest to save money is only to oil the wheels—the momentum has to lie with the local authorities themselves.

Willie Coffey: Thank you so much for the answers to those questions.

The Convener: We are coming to a conclusion, but I have one very brief question to ask about the nature restoration fund and the fact that the dedicated pot for local authorities has been cut. I had a conversation with a climate scientist yesterday, who told me that, in any weighting, the nature and biodiversity emergencies need to be put at the top of the tree. I am therefore a bit concerned—indeed, I have had councillors in rural areas getting in touch with me to say that they are very worried. Because this is a dedicated pot of money, they access it in a different way from the money in the larger nature restoration fund. It would be interesting to hear your thoughts on that.

Shona Robison: With the investments in the national public bodies, there are increases in those areas, particularly in forestry, peatland restoration and so on. However, convener, it might be best if I take that specific issue away and have a look at it, if you are happy for me to do so.

The Convener: That would be great—thank you.

As that concludes our discussion, I thank the cabinet secretary and officials very much for coming to talk to us about the budget. It has been very useful.

That concludes the public part of our meeting, and we now move into private.

12:47

Meeting continued in private until 13:05.

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