OFFICIAL REPORT
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Local Government, Housing and Planning Committee

Wednesday 4 March 2026

Session 6

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LOCAL GOVERNMENT, HOUSING AND PLANNING COMMITTEE
10th 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:

Tim Eagle (Highlands and Islands) (Con)
Stephen Kerr (Central Scotland) (Con) (Committee Substitute)
Ivan McKee (Minister for Public Finance)

CLERK TO THE COMMITTEE

Jenny Mouncer

LOCATION

The James Clerk Maxwell Room (CR4)

Scottish Parliament

Local Government, Housing and Planning Committee

Wednesday 4 March 2026

[The Convener opened the meeting at 14:52]

Interests

The Convener (Ariane Burgess): Welcome to the 10th meeting in 2026 of the Local Government, Housing and Planning Committee. We have received apologies from Meghan Gallacher, and we are joined by her substitute, Stephen Kerr. Mark Griffin and Tim Eagle join us online. Stephen and Tim have lodged amendments to the bill, which they will speak to. I welcome them both to the meeting. I remind all members to ensure that their devices are on silent and that all notifications are turned off during the meeting.

Under our first agenda item, I invite Stephen Kerr to declare any relevant interests, as this is the first time that he has attended a meeting of the committee in his capacity as a substitute member.

Stephen Kerr (Central Scotland) (Con): I do not have any relevant interests to declare.

The Convener: Thank you.

Visitor Levy (Amendment) (Scotland) Bill: Stage 2

14:53

The Convener: Agenda item 2 is stage 2 consideration of the Visitor Levy (Amendment) (Scotland) Bill. I thank members for accommodating the last-minute scheduling changes. We have from now until decision time to make progress with the groupings, and we may meet again following decision time to continue our consideration of amendments.

I welcome to the meeting the Minister for Public Finance, Ivan McKee, along with his supporting officials. I note that the officials who are seated at the table are here to support the minister, but they are not able to speak on the amendments, so members should direct their comments or questions to the minister.

For anyone who is watching, I will briefly explain the procedure that we will follow during today's proceedings. Members should have with them a copy of the bill, the marshalled list and the groupings, which are available on the bill web page on the Scottish Parliament's website. I will call each amendment individually, following the order on the marshalled list. The member who lodged the amendment should either move it or say "Not moved" when it is called. If that member does not move it, any other member present may do so.

The groupings of amendments set out the amendments in the order in which they will be debated. There will be one debate on each group of amendments. In each debate, I will call the member who lodged the first amendment in the group to move and speak to that amendment and to speak to all other amendments in the group, if they wish to do so. I will then call other members with amendments in the group to speak to—but not move—their amendments, and to speak to other amendments in the group, if they wish. I will then call any other members who wish to speak in the debate. Members wishing to speak should indicate by catching my or the clerk's attention. I will then call the minister, if he has not already spoken in the debate. Finally, I will call the member who moved the first amendment in the group to wind up and either press the amendment or seek to withdraw it. If the amendment is pressed, I will put the question on the amendment. If a member wishes to withdraw an amendment after it has been moved and debated, I will ask whether any member present objects. If there is an objection, I will immediately put the question on the amendment.

Later amendments in a group are not debated again when they are reached. If they are moved, I

will put the question on them straight away. If there is a division, only committee members are entitled to vote. Voting is by a show of hands. It is important that members keep their hands raised clearly until the clerks have recorded their names. If there is a tie, I must exercise a casting vote.

The committee is also required to consider and decide on each section of and schedule to the bill, and the long title. I will put the question on each of the provisions at the appropriate point.

Now that we have covered those procedural points, we can begin our consideration of amendments.

Section 1—Basis on which levy is to be charged

The Convener: The first group is on the setting of fixed amounts of levy per room or area, per night. Amendment 1, in the name of the minister, is grouped with amendments 2, 3, 7 and 8.

The Minister for Public Finance (Ivan McKee): Amendments 1, 2, 3, 7 and 8 relate to setting the levy on a fixed-amount basis. The bill as introduced sought to modify the Visitor Levy (Scotland) Act 2024 to allow for a visitor levy to be set as a fixed amount on a per-night, per-chargeable transaction basis, or on a per-person, per-night, per-chargeable transaction basis. Those options were in addition to the existing percentage basis.

However, throughout stage 1, industry representatives and committee and parliamentary colleagues expressed concern about allowing for a fixed amount to be set on a per-person, per-night basis. It was suggested that such a basis was not operable and that it placed an unreasonable new burden on accommodation providers to confirm the number of visitors for which accommodation is provided on a particular night. I have heard those concerns.

Amendment 1 has the effect of removing the option of setting a fixed amount per person per night, and it replaces the option to set a fixed amount per night with an option to set a fixed amount per room or area per night. That ensures that the same amount of levy is chargeable for each room or area, regardless of whether the right to reside there is purchased with other rooms or areas.

A room or area can be a bunk, a pitch, a self-catering camping pod or an apartment, as well as a room in a hotel or bed and breakfast.

Amendment 2 prevents the levy from being applied to a room or area that has been provided free of charge, as may be the case, for example, when a room is provided on a complimentary basis to the driver of a coach group.

Amendment 3 provides for situations where a scheme sets different amounts of levy for different categories of accommodation, for example one for hotel rooms and a different one for campsite pitches. In this case, the total amount of levy chargeable on a booking will be a sum of different amounts, each multiplied by the number of rooms or areas within each relevant category.

Amendments 7 and 8 are consequential amendments to provisions in the schedule relating to the billing of levies.

I move amendment 1.

Amendment 1 agreed to.

Amendments 2 and 3 moved—[Ivan McKee]—and agreed to.

Section 1, as amended, agreed to.

15:00

After section 1

The Convener: The next group is on modification of visitor levy schemes. Amendment 4, in the name of the minister, is grouped with amendments 13, 6 and 11.

Ivan McKee: Amendment 4 responds to feedback from local government, industry and committee members on the implementation periods that may be applied to visitor levy schemes.

As you may recall, at stage 1, there was consensus on the general principle of reducing implementation periods, but there was no discussion on details as to what those implementation periods should be. I met representatives of industry and local government on 12 February to discuss the issue and seek proposals on what amendments could be made to support quick changes while balancing the need for effective and adequate preparation.

There was consensus on minimum implementation periods for rate or amount increases and for changes between levy bases. Amendment 4 therefore provides that such modifications will require a minimum of six months before they can be brought into effect.

There was less agreement on implementation periods for new schemes. Industry supported the existing 18-month minimum period, while local government considered that the period could be reduced to 12 months. Given those mixed views, I consider that the 18-month minimum period before new schemes can come into force should remain unchanged.

For those reasons, I ask committee members to agree to amendment 4.

I turn to amendment 13, which is in the name of Stephen Kerr. Although I fully recognise the importance of transparency and engagement with business, I do not consider this provision to be necessary or proportionate.

Local authorities are already under statutory duties to consult businesses, communities and other stakeholders before modifying a scheme. They are also expected to consider impacts carefully as part of decision-making processes. The amendment would duplicate those safeguards and impose an additional procedural requirement wherever a proposed increase exceeds the consumer prices index, regardless of the circumstances.

The CPI is not always an appropriate measure of the underlying costs of operating a scheme. In some cases, sector-specific or operational costs may rise more quickly than general inflation. It is therefore important that authorities retain the flexibility to respond to local funding pressures without being subject to an inflexible statutory trigger.

I turn to my amendments 6 and 11. The amendments are intended to avoid unnecessary duplication and delay for local authorities.

Where a local authority has already published and consulted on a draft scheme, the amendment makes it clear that it does not need to reconsult if scheme changes are required solely to reflect amendments made by the bill.

The bill already provides an exception where a scheme has been consulted and reported on, a decision to proceed has been published and the proposed start date of the scheme has been publicised. The amendments simply extend the same approach to schemes that are slightly earlier in the process.

As with the equivalent provision for existing schemes, the associated amendment would commence the new section automatically two months after royal assent. It recognises that councils should not be disadvantaged where they have already undertaken consultation.

Overall, the amendments support a consistent, proportionate approach and help to ensure timely implementation. They do not remove the requirement for local authorities to consult on new schemes. I ask members to reject amendment 13 and to agree to amendments 6 and 11.

I move amendment 4.

Stephen Kerr: Amendment 13 is about responsible flexibility. The bill—quite rightly—extends the scope for local authorities to modify their visitor levy schemes. That is consistent with the principle of local discretion, but discretion must sit alongside discipline. When a council proposes to modify a scheme in a way that increases the rate of the levy, that is not a minor technical adjustment; it has real-world consequences for accommodation providers, for pricing, for competitiveness and, ultimately, for visitor behaviour.

Amendment 13 would simply require that such a step is accompanied by a clear and transparent assessment of business impact. Tourism in Scotland is dominated by small and medium-sized enterprises. Many such businesses are family run and many operate seasonally. Many, particularly in rural and island areas, face structural cost pressures that their urban counterparts do not. An increase that looks modest on paper may be material in practice.

At stage 1, we heard evidence that some councils paused their schemes in the light of concerns about implementation and proportionality. That was not obstruction; it was evidence of responsiveness.

Amendment 13 would build that responsiveness into statute by ensuring that any increase is based on evidence and publicly justified. It would not prevent a council from increasing the levy. If the case is strong and the impact manageable, the evidence will demonstrate that. It would prevent an increase being made without a structured understanding of an economic impact. That is good governance. It strengthens accountability and gives businesses clarity and confidence that changes will not be made lightly.

If the levy is to endure, it must command on-going consent. Consent depends on transparency and proportionality. Amendment 13 reinforces both, and I invite colleagues to support it.

The Convener: I call the minister to wind up.

Ivan McKee: I have nothing to add, convener.

Amendment 4 agreed to.

The Convener: The next group is on the application and effect of the levy on rural and island communities. Amendment 12, in the name of Stephen Kerr, is grouped with amendments 23 to 27, 30 and 31.

Stephen Kerr: I will confine my remarks to amendment 12, which is about recognising something that ought to be self-evident—that Scotland is not economically uniform. A policy lever that operates comfortably in a major city does not always operate in the same way in a rural county or on an island.

We speak often in the Parliament about island proofing and about the distinctive pressures that rural Scotland faces. Those are not abstract concepts; they reflect higher transport costs,

shorter tourism seasons, smaller labour pools and businesses that operate on very tight margins. In many of those communities, tourism is not simply a part of the economy; it is the backbone of the local economy.

A visitor levy might be sustainable in high-volume, year-round urban markets. In a small island community or a remote rural area, where visitor numbers fluctuate and price sensitivity is acute, the same levy can have a different effect altogether. The difference between resilience and fragility can be narrow.

Amendment 12 would not create an exemption, and it would not prevent a local authority from applying or modifying a levy in rural or island areas. It would require that, before doing so, there is an explicit assessment of the likely economic and community impact in those areas and that the reasoning is set out clearly. That is not burdensome—it is about disciplined decision making and transparency. It would ensure that local flexibility is exercised with a proper understanding of local context.

I repeat that, at stage 1, we heard that some councils had paused their visitor levy schemes in the light of representations from businesses. That was not weakness—it was responsiveness. Amendment 12 would build that responsiveness into the structure of the legislation. It would encourage councils to ask the hard questions in advance rather than dealing with unintended consequences later. One could argue that we are here discussing the bill because of unintended consequences that we should have picked up and dealt with earlier.

If we are serious about fairness and proportionality, rural and island Scotland cannot be an afterthought in a national framework. Amendment 12 reflects that simple proposition, and I invite colleagues to support it.

I move amendment 12.

Tim Eagle (Highlands and Islands) (Con): I draw members' attention to my entry in the register of members' interests. I am a small farmer and therefore operate a business in a rural area, albeit that the visitor levy would not apply to me.

I will speak briefly to my amendments 23 to 27, 30 and 31, all of which seek to highlight the concerns that have been raised with me by businesses and constituents across rural and island communities in the Highlands and Islands region about the potential impact of the visitor levy on them.

As all of you will be aware, tourism is an incredibly important part of many rural economies. NatureScot estimates that it contributes more than £4 billion to Scotland's economy each year, and, in many remote communities, it supports local employment and small family businesses.

However, rural Scotland also faces significant pressures, including depopulation, which has been a big issue for me since becoming an MSP. Housing is limited and there are fewer services, which means that the sustainability of local businesses is incredibly important.

Amendments 23 and 24 focus on the potential impact on rural accommodation providers. Amendment 23 would exempt overnight accommodation in communities with a population of fewer than 3,000 people, recognising that tourism in rural areas is often seasonal and reliant on repeat visitors.

Amendment 24 specifically deals with camping and caravan sites, because operators have been telling me that visitors are already choosing to stay overnight in free council facilities rather than at formal sites. There is concern that applying the levy to those businesses could unintentionally make that situation worse.

Amendments 25 and 26 seek to address the situation of people who stay overnight in rural areas for non-tourism reasons. In many parts of rural Scotland, people must travel significant distances for healthcare, employment or essential services. Ferry cancellations or service disruptions can force people to stay overnight unexpectedly. These two amendments would ensure that people travelling for work, health or other essential purposes are not burdened by a visitor levy simply because of the realities of living in rural Scotland.

Amendment 27 seeks to support economic activity by exempting new accommodation providers in rural areas during their first year of operation, as well as by recognising agritourism businesses that are diversifying to support farm incomes and local economies.

Amendment 30 seeks to include a specific review on the implementation of the scheme in rural areas, to ensure that, after a period has passed, there is no significant impact that affects rural Scotland specifically.

Finally, amendment 31 recognises the unique circumstances that island communities face. It would ensure that island local authorities have clear flexibility to modify or suspend their visitor levy scheme if circumstances require it.

My intention today is primarily to highlight the concerns that so many small rural businesses have raised with me. Many of them are small family-run enterprises, and even small changes in visitor behaviour can have a significant impact on their profitability. I was not looking to push these amendments today; I seek to ensure that the voices in my communities are heard.

My hope is that the minister will consider whether additional flexibility could be or needs to be built into the bill at stage 3 to ensure that rural and island communities are properly protected. If we are serious about supporting rural Scotland—as I believe we all are—we must ensure that policies that are introduced nationally do not unintentionally place additional pressures on the very businesses that sustain our rural communities.

Ivan McKee: Amendment 12, in the name of Stephen Kerr, would prevent a local authority from imposing a visitor levy

"if that levy would worsen geographic disadvantage felt by rural or island communities."

Although I can appreciate that there are concerns about the potential impact on island or rural communities, amendment 12 does not help to address them; it creates only uncertainty for authorities in deciding whether they can apply a levy in those areas.

Stephen Kerr: Would you not accept that all that amendment 12 seeks to do is to guarantee that the voices of those very businesses that the minister has just described are heard, that those businesses are part of the process, and that their concerns and consideration weigh heavily in the final decision making by the local authority? All that amendment 12 seeks to do is to make statutory a piece of good practice; it would ensure that that happens, rather than it not happening, such that businesses in remote and island locations feel more vulnerable.

Ivan McKee: I will come on to cover the point that the member raises later in my remarks.

Amendment 12 refers to a standard that mixes subjective and objective criteria by referring to the levy worsening the "disadvantage felt". How any authority would be in a position to judge or measure whether a levy would worsen the "disadvantage felt", and on what basis that could be assessed, is not clear. The amendment is silent on those matters, which would make it more challenging, if not impossible, to comply with its requirements in practice.

In response to the points that the member raised in his intervention, there are already legal duties to carry out island community impact assessments. Section 13 of the Visitor Levy (Scotland) Act 2024 requires an authority to

"prepare and publicise … an assessment of the impacts of the proposal in the authority's area,"

and the authority will need to take those impacts into account when deciding whether to proceed with a visitor levy scheme, when deciding on its geographical coverage and in designing different amounts or rates of levy and local exemptions.

For those reasons, I do not support amendment 12.

Stephen Kerr: I listened to your concerns about the wording of the amendment. If we talked about changing the wording, so that the concerns that are reflected in amendment 12 appear in the bill, would the minister—before I press my amendment—be prepared to discuss that, so that there is something in the bill that guarantees to businesses that their voices and concerns will be heard?

Ivan McKee: As I have said, there is already a mechanism to enable that to happen, through the community impact assessments and through the work that the local authority would need to do by way of consultation, and with the scope that it has to consider different geographical areas in different ways. I am always open to having discussions with members in advance of stage 3, but, for the reasons that I have outlined, I do not think that there is a need to pursue amendment 12.

15:15

I now turn to amendments 23 to 27, in the name of Tim Eagle. I recognise his intention in raising these issues at committee. The amendments all seek to create new national exemptions, focusing on rural and island businesses or residents. Section 14 of the 2024 act permits local authorities to establish local exemptions where those meet the needs of the area. National exemptions should be introduced in a proportionate way to avoid unduly restricting the flexibility of authorities to design schemes that would best suit their local area. For example, a local authority may, if it wishes, design a local scheme that exempts local residents or those who are travelling for business or medical purposes. Local authorities can also introduce different schemes for different areas, and they may exclude rural areas if they wish.

In any event, the amendments all refer to rural areas

"where the population is less than 3,000 people."

That is unworkable, as the extent of the rural area in question is not defined and cannot be determined. It would be possible to draw any rural area to have fewer than 3,000 people within it.

Amendment 25 would require that the purpose of the trip is not for tourism. That would most likely require the purpose of the booking to be established at the time that it is made. That may not be practicable for accommodation providers, and it would place an additional administrative requirement on them. It may also have implications for third-party transactions, where the final purpose of the trip will not be known at the point when the accommodation is first sold.

Amendment 27 refers to agritourism businesses. It is not clear what is meant here—there is no standard categorisation of agritourism, and the amendment does not provide a definition.

Taken together, those issues mean that amendments 23 to 27 are not workable and, in any event, would unduly restrain the flexibility of local authorities to design appropriate schemes for their areas. That is an important consideration. I therefore ask the member not to move the amendments. If they are moved, I would urge committee members to reject them.

Amendment 30 would add a requirement to the content of the Scottish ministers' three-year review of the operation of the 2024 act. Section 75 of the act requires that the report must set out an assessment of the impact of a visitor levy scheme on business and communities. The amendment would also require those reports to include an assessment of the scheme's

"impact … on tourism in rural areas of Scotland".

I recognise the concern about the potential impact of the visitor levy on rural areas, and I am happy to support the amendment if it is moved, subject to lodging my own amendment at stage 3 to remove the redundant reference to Scotland, as the schemes apply only in areas of Scotland.

Finally, amendment 31 would require the Scottish ministers to make regulations

"to enable a local authority to modify or suspend the operation of a … scheme as it relates to island communities within"

an authority's area. Section 13 of the act already provides a means by which an authority can modify a visitor levy scheme, including in so far as it relates to island communities, if and when it considers that to be appropriate. Such modifications could include removing island communities from a scheme where islands were part of the wider local authority area. No additional provision is needed to allow for such modification. I therefore ask committee members to reject amendment 31.

The Convener: Stephen Kerr to wind up and press or withdraw amendment 12.

Stephen Kerr: I intervened on the minister because I thought that he had found something in the substance of my amendment 12 that he felt was lacking and that could be attended to before we got to stage 3. However, the closer I listened to him, the more I realised—unless he intervenes now—that he was objecting to the very principle of amendment 12. I intend to press the amendment.

I hope that my colleague Tim Eagle will move amendment 30, because the minister has indicated that he will accept it, subject to lodging his own amendment, which is a welcome move on his part.

I press amendment 12.

The Convener: The question is, that amendment 12 be agreed to. Are we agreed?

Members: No.

The Convener: There will be a division.

For

Kerr, Stephen (Central Scotland) (Con)
Stewart, Alexander (Mid Scotland and Fife) (Con)

Against

Burgess, Ariane (Highlands and Islands) (Green)
Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
Griffin, Mark (Central Scotland) (Lab)
MacGregor, Fulton (Coatbridge and Chryston) (SNP)
Tweed, Evelyn (Stirling) (SNP)

The Convener: The result of the division is: For 2, Against 5, Abstentions 0.

Amendment 12 disagreed to.

Section 2 agreed to.

After section 2

Amendment 13 moved—[Stephen Kerr].

The Convener: The question is, that amendment 13 be agreed to. Are we agreed?

Members: No.

The Convener: There will be a division.

For

Kerr, Stephen (Central Scotland) (Con)
Stewart, Alexander (Mid Scotland and Fife) (Con)

Against

Burgess, Ariane (Highlands and Islands) (Green)
Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
Griffin, Mark (Central Scotland) (Lab)
MacGregor, Fulton (Coatbridge and Chryston) (SNP)
Tweed, Evelyn (Stirling) (SNP)

The Convener: The result of the division is: For 2, Against 5, Abstentions 0.

Amendment 13 disagreed to.

The Convener: Group 4 is on the use of levy proceeds. Amendment 14, in the name of Stephen Kerr, is grouped with amendments 15 to 18.

Stephen Kerr: The next three groups consist entirely of my amendments. I will comment on them as swiftly as I can.

Amendments 14 to 18 go to the very heart of public confidence in the visitor levy. The question is not simply how the levy is calculated or applied, but what happens to the money once it is raised.

When the Parliament first legislated to create a visitor levy, it did so on the basis that proceeds would be used to develop, support and sustain facilities and services that are substantially used by visitors. That was the compact—it was never presented as a general revenue-raising device to plug unrelated gaps in local authority budgets. Amendments 14 to 18 are designed to tighten that link. They would strengthen the requirement for net proceeds to be directed towards purposes that are connected to tourism and the visitor economy. They would also enhance transparency on how funds are allocated and provide a process for challenge if the net proceeds of the visitor levy are not being used as intended.

The amendments would also create clearer reporting and accountability processes. Amendment 18 would create an annual reporting scheme on how the visitor levy has impacted aspects of tourism such as visitor numbers, the length of visitor stays and the viability of tourism businesses. That would reassure businesses that pay the visitor levy and communities that live with its consequences that its impact is being monitored and that the money will directly improve tourist activity.

If a hotel, guest house or self-catering operator collects a levy from its customers, it should be entitled to say to them, “This is being invested in improving the place you’re visiting.”

Such investments might be in infrastructure, environmental maintenance, cultural assets or services that sustain the visitor experience. They should not become an indistinguishable line in a council’s general account. It is not about mistrusting local authorities; it is about clarity of purpose. We all know that local government is under severe financial pressure, but if the levy is perceived to be a back-door tax that is detached from visible benefit, support will quickly erode.

My amendments would also protect councils. Clear statutory guardrails would reduce the risk of challenge and strengthen the legitimacy of decisions that are taken. They would give councillors a firmer foundation on which to explain and defend how funds are used. If the levy is to endure, it must command consent, which flows from fairness, proportionality and transparency. Agreeing to amendments 14 to 18 would reinforce those principles and keep faith with what the Parliament intended and with what the sector was told. I ask colleagues to support them.

I move amendment 14.

Ivan McKee: This group of amendments seeks to modify section 19 of the Visitor Levy (Scotland) Act 2024. Section 19 requires net proceeds to be used to facilitate the achievement of scheme objectives, and when that is not needed, any surplus amount must be used for the purpose of

“developing, supporting and sustaining facilities and services which are substantially for or used by persons visiting … for leisure or business purposes (or both).”

That purpose captures many of the things that Stephen Kerr’s amendments seek to cover. To that extent, they are unnecessary. However, the amendments would also require any such surplus to be used for other purposes, too, that are not considered appropriate.

Amendment 14 would require the surplus proceeds to be spent on measures that reduce costs on tourism businesses. The current provision in section 19 already provides that net proceeds are to be used for purposes that are broad enough to cover the matters that are mentioned in proposed new sub-paragraph (ii) (A), (C) and (D) without the need for the amendment. The amendment would require the proceeds to be used for all the listed purposes, removing local discretion for authorities to apply funding where they consider it is most needed. In addition, “policing”, which is mentioned in proposed new sub-paragraph (ii) (B), is the responsibility of Police Scotland. Requiring local authorities to spend surplus net proceeds on any such policing matters would not be appropriate.

Amendment 15 would require authorities to spend net proceeds on measures that are related to mitigating the cost of regulating the tourism industry, but that includes costs that do not appear to relate to the operation of visitor levy schemes. In addition, it is unclear what is meant by

“enforcement measures targeting unfair competition within the tourism industry.”

The amendment would appear to require surplus net proceeds to be used for the purpose of mitigating the cost of any regulatory activity that is connected to the tourism industry, as it is not limited to costs that are attributable to local authority regulatory activity. I am not persuaded that that is necessary. In my view, it is sufficient that local authorities may use any surplus net proceeds for the purpose of

“developing, supporting and sustaining facilities and services which are substantially for or used by persons visiting”

the area of the local authority

“for leisure or business purposes”.

Amendment 16 would require local authorities to spend surplus net proceeds for the purpose of measures that offset costs and charges on the tourism industry. It is difficult to see how that could be achieved without the authority giving some form of financial assistance or compensation to businesses. In particular, any such surplus would

be required to be used for the purpose of measures that offset licensing fees that are imposed on the tourism industry. That would undermine the policy intention behind their imposition, with licensing fees usually set on a cost recovery basis that does not generate revenue for the authority.

For those reasons, I urge members not to support amendments 14 to 16.

Amendment 17 would impose a duty on the Scottish ministers to put in place a process for reviewing visitor levy schemes, but only where a local authority is using the net proceeds for improper purposes. It is not clear what the effect of the review process would be.

The Visitor Levy (Scotland) Act 2024 already requires local authorities to use net proceeds for the purposes that are set out in section 19. It would not be lawful to use such proceeds for another purpose. Section 20 of the 2024 act requires an authority to publish annual reports on its visitor levy scheme. The reports must include information on the amount of money collected, how the net proceeds have been used and the performance of the scheme with reference to its objectives. That provides a regular opportunity for the authority to demonstrate propriety of spend. Section 21 of the 2024 act provides for three-year reviews by the local authority of the operation of a visitor levy scheme. The authority must publish a report of its findings. Taken together, these provisions already provide a robust monitoring and reporting mechanism. It is not clear how the additional review would enhance the existing processes.

There is also a critical role for the authority's visitor levy forum, with the forum being consulted on how net proceeds from visitor levy scheme are used, annual reports and reviews of schemes, satisfying the interests of transparency.

Section 22 of the act also gives the Scottish ministers power to regulate the process to be followed by a local authority when introducing, administering, reporting on or reviewing a scheme.

For those reasons, I ask members not to support amendment 17.

Amendment 18 would require a local authority's annual report on a visitor levy scheme to include information about how the scheme has impacted on visitor numbers, length of visitor stay and the viability of tourism businesses.

As I mentioned, section 20 of the 2024 act already requires a local authority to provide information in its annual report on the performance of the scheme by reference to the scheme objectives. Section 13 also requires the authority to consult in advance on how it intends to measure and report on the achievement of those objectives. Where it is relevant to the objectives, local authorities may include information in its annual report about the matters mentioned in the amendment, provided that that information is available and reliable.

Although I appreciate the intention behind amendment 18, it is not clear to me that the particular information sought will always to be relevant in relation to the objectives of a visitor levy scheme. I therefore ask members not to support it. However, I am happy to explore whether statutory guidance provided by VisitScotland for local authorities could be updated to include additional guidance on the content of annual reports.

The Convener: I call Stephen Kerr to wind up and to press or withdraw amendment 14.

Stephen Kerr: The genesis of the amendments in this group is a concern for the levy not simply to be seen as another tax, for the money not just to be put into general spend and for the money to be allocated for the purposes that we discussed in Parliament both the first time around and the second time around.

I have listened to what the minister said, particularly his last few comments about the guidance. I will reserve my amendments and take away the concerns that the minister has expressed about the wording to consider whether we can improve on it. Perhaps we can have a discussion about the specifics that lie behind the minister's final comments on updating guidance about—

Ivan McKee: Will Stephen Kerr give way?

Stephen Kerr: Yes.

15:30

Ivan McKee: I will be happy to engage with Stephen Kerr to discuss how the concerns that he has raised through his amendments could be considered in guidance.

Stephen Kerr: I appreciate that. I will not press or move the amendments in this group.

Amendment 14, by agreement, withdrawn.

Amendments 15 to 18 not moved.

The Convener: The next grouping is on the review and expiry of visitor levy schemes. Amendment 19, in the name of Stephen Kerr, is the only amendment in the group.

Stephen Kerr: Amendment 19 is about discipline—the kind of discipline that many of us feel was baked into the operation of this Parliament through post-legislative scrutiny. The amendment is about scrutiny and ensuring that, once a visitor levy scheme is introduced, it will not

simply roll on by default, untouched by reflection or reassessment.

We have spent a great deal of time debating the design of schemes, the calculation of the levy and the impact that the levy will have on different sectors and communities. It is right to do that scrutiny in this part of the legislative process, but scrutiny cannot end at the point of the levy's introduction. If the levy is to be credible, it must be subject to meaningful review and, where appropriate, expiry. Local authorities operate in changing circumstances, visitor patterns shift, economic conditions fluctuate and community sentiment evolves. A scheme that appears proportionate at the outset may look different three, five or seven years on.

Amendment 19 would amend section 21 of the 2024 act to say that the three-yearly review of schemes

"must include a decision on whether the VL scheme should continue or expire."

This would provide a clear statutory mechanism to require a structured review and, crucially, the possibility that a scheme would lapse unless it was actively renewed on the basis of evidence.

When taking money from taxpayers, it is essential that taxes are not introduced or maintained just because they are an easy source of money or a way to avoid hard choices. Money should be taken by Governments only where absolutely necessary. Amendment 19 would force councils to continually ask themselves, "Is this levy still achieving its stated objectives? Are proceeds being used in a way that delivers tangible benefit? Has the impact on businesses been as anticipated, or are adjustments required?"

Without such a mechanism, there is a risk that schemes will become embedded as part of the fiscal landscape, insulated from challenge and divorced from their original purpose—that is something that happens. That would undermine trust and weaken the incentive to demonstrate value for money.

Amendment 19 would not compel a council to end a successful scheme. If the evidence showed that a scheme was working, enjoyed support and delivered for the visitor economy and the host community, renewal should be straightforward. Instead, the amendment would prevent complacency.

Amendment 19 also aligns with the broader principle that taxation, even at the local level, must be justified on an on-going basis. In a fragile sector, where margins are tight and competitiveness matters, that principle is particularly important. If we are asking businesses to collect the levy and visitors to pay it, we owe them more than a one-off justification. We owe them periodic and transparent revaluation. Amendment 19 would ensure that that happened, and I invite colleagues to support it.

I move amendment 19.

Ivan McKee: I recognise the intent behind amendment 19 that, following each three-year review of a visitor levy scheme, a local authority should provide a clear indication of whether it wished to continue with or revoke the scheme. However, if the report included a decision that a scheme should expire, the amendment would require the scheme to expire as soon as the report was published. It would therefore remove the local authority's discretion to revoke the scheme at a future date of its choosing, by requiring immediate expiry. That would give no advance notice and no time for modifications to the scheme to allow for a transition out of the scheme ahead of its expiry. Immediate expiry is likely to create administrative difficulties for accommodation providers if payments that have been collected from visitors in order to offset levies need to be reimbursed, and for local authorities in collecting unpaid levies.

Stephen Kerr: I want to check that I understand what you are saying, minister. Are you saying that the idea is sound, but that the implementation of proposed new subsection 21(2)(2B) of the 2024 act would be too severe, and that we would need to work on a different set of words and a different process around how the scheme would expire?

Ivan McKee: I will come on to talk about the substantive point after I have finished my previous point.

Advance notice of revocation gives accommodation providers and local authorities time to adjust their processes to deal with these matters in an orderly way.

Section 12 of the 2024 act already confers powers on a local authority to modify or revoke its visitor levy scheme. Section 13(4) of the 2024 act also provides that, before revoking a scheme, the authority must "publicise the proposed revocation". Amendment 19 appears to bypass that requirement.

To answer Mr Kerr's question, I do not think that amendment 19 is required, for two reasons. The first is its severity, if you want to call it that, and the second is that, under existing legislation, local authorities already have the power to make a decision to exit a scheme and to do so in a way that enables all the matters that I mentioned to be dealt with.

Stephen Kerr: What is considered in the amendment is a process by which that decision is reached that involves the evaluations that I

mentioned in my remarks. Does that not add a different complexion to the whole idea?

Ivan McKee: The point that I made is that the local authority already has the power to exit a scheme if it chooses to do so, which is sufficient in that regard, rather than compelling it to have to consider doing so periodically. That is not something that it would do with other taxes, except on an exceptional basis.

Stephen Kerr: However, the requirement in the amendment is for there to be a reporting process, which would reach conclusions that would be transparent to everybody—the people in the sector and the wider community. That would create the opportunity for the power, which the minister says already exists in the legislation—of course it does—to be exercised. Does he not accept that that creates the opportunity?

Ivan McKee: That opportunity is already there, because local authorities can decide at that time, or indeed at any other time, to exit the scheme if they think that that is more suitable for their area, having taken input from local businesses and others, which they would constantly do.

I ask Mr Kerr not to press amendment 19 and, if he presses it, I ask committee members to reject it.

Stephen Kerr: The essence of amendment 19 is the event that would lead to the requirement for there to be a conclusion and a decision. I understand what the minister is saying about the powers that exist. Of course the power exists to create the levy in the first place, to introduce it and to operate it. With regard to taxes in this country, let us never forget that income tax, when it was introduced, was supposed to be a temporary measure. Taxes, by their very definition, are introduced as an idea. They are very rarely then withdrawn. There is a very short history book that lists all the taxes that were introduced and subsequently withdrawn. There have maybe been one or two, but I cannot think of any as I sit here. Maybe someone else in the room can think of one. Amendment 19 seeks to create the event—or sequence of events—that objectively decides whether the levy has been a good thing and whether it is delivering what it was supposed to deliver. On that basis, there would be an objective evaluation as to whether the tax should expire.

Ivan McKee: On that point, it is important to clarify that section 21 of the 2024 act already provides for three-yearly reviews of the operation of the scheme and that the authority must provide a report of its findings. There is plenty of scope for authorities to review the scheme and come to a conclusion that they do not want to take the scheme forward if that is what they choose to do.

Stephen Kerr: Again, I am aware of what the 2024 act says, but I am also aware of what the practice means. I think that the minister knows exactly where I might be coming from, in respect of the operation of government. At all levels, there are reviews and reports. These things roll up—

Ivan McKee: I undertake to engage with Mr Kerr in advance of stage 3 to see whether there is any way to satisfy his concerns in this area.

Stephen Kerr: I accept the minister's invitation to speak about my objective, which I think he recognises, in connection with amendment 19. Therefore, I withdraw amendment 19.

Amendment 19, by agreement, withdrawn.

The Convener: The next group is on exemptions from visitor levy schemes. Amendment 20, in the name of Stephen Kerr, is grouped with amendments 21 and 22.

Stephen Kerr: I apologise to you all for having to listen at length to my voice this afternoon, but there we go.

Amendments 20 to 22 deal with exemptions. That subject might sound like a technical corner of the bill, but, in truth, it goes to fairness, proportionality and, I think, common sense.

A visitor levy is designed to apply to people who choose to travel for leisure or business and who make discretionary use of overnight accommodation. That is the underlying rationale. It follows that there are categories of stay that do not sit comfortably within that rationale and that should not automatically be treated as though they do.

There are circumstances in which individuals stay away from home not by choice but by necessity. Such circumstances may involve medical treatment, emergency displacement, domestic crisis or other forms of vulnerability, or they may involve carers or family members supporting someone in hospital. To treat those stays in precisely the same way as a weekend break or a short city stay is to ignore context.

Amendments 20 to 22 seek to ensure that local authorities will be required to consider, and, where appropriate, to provide clear exemptions for, categories of stay that are fundamentally different in character from tourism. My amendments are not about creating loopholes; they are about recognising that not every overnight stay is a holiday and that not every occupant is a tourist in any meaningful sense.

There is also a practical dimension. If we do not define exemptions carefully, we risk creating inconsistency across Scotland, which could generate confusion for accommodation providers,

uneven treatment for individuals and reputational harm to the policy itself.

Clear statutory guardrails would reduce that risk and give councils a framework within which to act sensibly. I am seeking not to undermine local flexibility but to empower it. Councils should retain discretion within a defined structure, but discretion must operate within principles. Those principles include fairness to those in vulnerable situations and clarity for those who must administer the scheme.

If the levy is to command broad public consent, it must be seen to be targeted and proportionate. It should not fall on those who are already under strain and who have little genuine choice about their circumstances. Amendments 20 to 22 are designed to embed that principle in the bill. They are about getting the edges of the scheme right, aligning the levy with its stated purpose and avoiding avoidable hardship. I ask colleagues to support amendments 20 to 22.

I move amendment 20.

15:45

Ivan McKee: Amendments 20 to 22 would require the Scottish ministers to make regulations to impose national exemptions in relation to visitor levies that would otherwise be payable under visitor levy schemes introduced by local authorities. Local authorities are already able to provide for local exemptions, and the bill seeks to give local authorities flexibility to set levies that best suit the needs of their areas.

Consideration would need to be given to how proposals for national exemptions might work in practice and what impact they might have before all local authorities could be required to apply them. Although ministers would have a duty to consult before imposing any such national exemptions, the amendments would require certain exemptions to be imposed regardless of any consultation.

Amendments 20 to 22 would also remove the flexibility that would otherwise exist to give exemptions via reimbursement. In addition, they would place additional burdens on accommodation providers to check whether any such exemption applied. That would include checking relevant criteria, such as age or ordinary residence, at the time of booking. For example, amendment 20 would require accommodation providers to determine whether the accommodation provided was a single-room bed and breakfast and whether it formed part of the provider's principal residence.

The 2024 act allows ministers to create national exemptions, and we are happy to consider proposals for such exemptions if there is a clear need for them and if they would not impose undue burdens. In my view, exemptions of the kind sought by amendments 20 to 22 are best left to local authorities. We should allow them to reflect local needs in local schemes. I therefore ask committee members to reject amendments 20 to 22.

The Convener: I call Stephen Kerr to wind up and to press or withdraw amendment 20.

Stephen Kerr: I have no further comments to make, but, on reflection, I will take amendments 20 to 22 away and consider whether I should re-present them with a more convincing argument at stage 3. I seek to withdraw amendment 20.

Amendment 20, by agreement, withdrawn.

Amendments 21 to 27 not moved.

The Convener: The next group is on the meaning of overnight accommodation. Amendment 28, in the name of Tim Eagle, is the only amendment in the group.

Tim Eagle: I will be very quick. My amendment 28 would add to the list of accommodation providers. It would extend the list to include all sites operated by a local authority. Concerns have been raised that a visitor levy will drive people out of regulated spaces such as caravan parks—caravan park operators have been in heavy contact with me—to unregulated spaces such as car parks. Such activity has already taken place in some parts of rural Scotland, which has led to waste and litter being left behind. Amendment 28 would ensure that the levy, if it must go ahead, includes unregulated spaces that are provided for motorhomes.

I move amendment 28.

Ivan McKee: Amendment 28 seeks to modify the meaning of overnight accommodation in the 2024 act so that it includes a room or area provided to a visitor for residential purposes in or at

"sites operated by a local authority".

In the 2024 act, "overnight accommodation" already includes any

"room or area provided to a visitor for residential purposes in or at"

any place at which it

"is offered by the occupier for residential purposes otherwise than as a visitor's only or usual place of residence."

It is therefore not clear what amendment 28 would add, as any room or area that is provided to a visitor for residential purposes in or at any such place will be overnight accommodation, provided that it is not to be used as a visitor's only or usual

place of residence and provided that it is not excluded by section 4(3) of the 2024 act.

I therefore ask Tim Eagle not to press amendment 28, and if it is pressed, I ask committee members to reject it.

The Convener: I invite Tim Eagle to wind up and to press or withdraw amendment 28.

Tim Eagle: I seek to withdraw the amendment. I was simply trying to reiterate the point about the struggle that some caravan parks in rural Scotland are facing.

Amendment 28, by agreement, withdrawn.

Section 3 agreed to.

After section 3

The Convener: The next group is on returns and assessment. Amendment 5, in the name of the minister, is grouped with amendment 10.

Ivan McKee: Amendment 5 will confer on the Scottish ministers a regulation-making power to allow for the amendment of the visitor levy returns that are submitted to local authorities by accommodation providers. The returns assess the amount of levy that is to be paid to local authorities.

As committee members may recall, earlier this year, regulations were laid under section 45 of the 2024 act that set out the process by which a local authority may make or substitute an assessment where the authority has reason to believe that a return should have been made but has not been, or where a return made

"is incorrect by reason of careless or deliberate miscalculation."

The 2024 act contains no similar provision to allow a process to be established for a liable person to amend a return made by them when they discover an error after the return has been submitted, and that error was not deliberate or careless. The new power will allow for a consistent process to be established for the amendment and correction of returns, whether at the request of the accommodation provider or on the initiative of a local authority. Draft regulations will need to be approved by the Parliament before they can be made.

Amendment 10 will correct a minor error in section 45(3) of the 2024 act. The effect of the provision is otherwise unchanged.

I ask committee members to agree to amendments 5 and 10.

I move amendment 5.

The Convener: As no other member wishes to speak, would you like to add anything, minister?

Ivan McKee: No.

Amendment 5 agreed to.

Section 4 agreed to.

After section 4

Amendment 6 moved—[Ivan McKee]—and agreed to.

Section 5 agreed to.

After section 5

The Convener: The next group is on restriction on imposing penalties. Amendment 29, in the name of Stephen Kerr, is the only amendment in the group.

Stephen Kerr: I am sure that you will be pleased to hear that this is my last amendment.

Amendment 29 seeks to address an issue that may appear to be secondary, but which, in practice, will shape how the levy is experienced on the ground. It concerns penalties and the circumstances in which they may be imposed.

The visitor levy places accommodation providers in a new position. They are no longer simply businesses operating in a market; in effect, they become tax collectors on behalf of the local authority. They must calculate, record, return and remit sums accurately and on time. That is an administrative burden, particularly for small operators that do not have in-house compliance teams or specialist finance staff.

The 2024 act already contains an extensive framework for enforcement and penalties. That framework is detailed and, in some respects, robust. Amendment 29 is not an attempt to weaken enforcement or to excuse deliberate non-compliance; it is about ensuring that penalties are proportionate and consistent, and that they are used as a last resort rather than a first response.

In the early years of the new scheme, errors will occur, systems will take time to bed in and guidance will evolve. If the default position of enforcement is punitive rather than supportive, we risk damaging the very sector that is being asked to administer the levy. A penalty regime that does not distinguish clearly between wilful evasion and an honest mistake will undermine trust and co-operation.

Amendment 29 therefore seeks to narrow and clarify the circumstances in which penalties may be imposed, reinforcing the principle that councils should prioritise guidance, engagement and rectification before sanction. It seeks to strengthen the expectation that reasonable excuses and good-faith compliance will be taken seriously. That approach is not soft; it is sensible.

Effective tax systems, whether national or local, depend on voluntary compliance, and voluntary

compliance depends on clarity, fairness and a perception that enforcement is measured.

The heavy-handed use of penalties risks having the opposite effect. We are asking thousands of small and medium-sized enterprises—some of them are microbusinesses—to shoulder new responsibilities. Many of them will do so diligently, and they deserve a system that recognises the reality that they are working with.

Amendment 29 would not remove the ability of local authorities to act decisively where there is abuse or deliberate non-payment; it would simply set a tone of proportionality and fairness. If we want the levy to work in practice, not just on paper or as a theory, the tone matters. I therefore ask colleagues to support the amendment.

I move amendment 29.

Ivan McKee: Amendment 29 seeks to prevent local authorities from imposing a penalty where the basis for that penalty has arisen as a result of an accommodation provider relying in good faith on information from a third party. I understand the intention behind it, which is to protect accommodation providers who have acted in good faith, and I acknowledge Stephen Kerr's comments about small businesses and microbusinesses having to operate the system and complete paperwork as appropriate. As someone who has run small businesses, I am well aware of the challenges that that presents, and, throughout the process, we have worked hard to listen to industry and to make the tax as easy to operate as possible by taking input from the sector. However, with regard to amendment 29, I do not consider the proposed change to be necessary.

Section 46 of the 2024 act already provides local authorities with proportionate enforcement powers. There are existing safeguards that mean that penalties will not apply where a liable person has a reasonable excuse for a failure to comply. The act provides that reliance on another person is not generally a reasonable excuse, but it can be, if the liable person took reasonable care to avoid the failure. Therefore, I believe that amendment 29 is not necessary to achieve the member's intention.

By introducing a broad statutory defence, amendment 29 could significantly restrict enforcement action in practice. It could make penalties more difficult to apply and require authorities to resolve disputes about what constitutes good-faith reliance before taking action. Existing safeguards, including review and appeal rights, already protect providers from unfair or disproportionate penalties.

I therefore urge Stephen Kerr not to press amendment 29, and if it is pressed, I urge committee members to reject it.

The Convener: I invite Stephen Kerr to wind up and to press or withdraw amendment 29.

Stephen Kerr: I hear what the minister says about what is intended in the 2024 act. However, respecting our collective individual experience of how some administrations administer, I intend to press the amendment, because I think that there is a genuine need to set the right tone, on behalf of the very small businesses that will be impacted by the need to collect, remit and report on the levy. It is at their behest that I press amendment 29.

The Convener: The question is, that amendment 29 be agreed to. Are we agreed?

Members: No.

The Convener: There will be a division.

For

Kerr, Stephen (Central Scotland) (Con)
Stewart, Alexander (Mid Scotland and Fife) (Con)

Against

Burgess, Ariane (Highlands and Islands) (Green)
Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
Griffin, Mark (Central Scotland) (Lab)
MacGregor, Fulton (Coatbridge and Chryston) (SNP)
Tweed, Evelyn (Stirling) (SNP)

The Convener: The result of the division is: For 2, Against 5, Abstentions 0.

Amendment 29 disagreed to.

Amendment 30 moved—[Tim Eagle]—and agreed to.

Amendment 31 not moved.

Sections 6 to 9 agreed to.

Schedule—Consequential and minor modifications of the 2024 Act

Amendments 7 and 8 moved—[Ivan McKee]—and agreed to.

The Convener: The next group is on restriction on imposing more than one levy for same overnight stay. Amendment 9, in the name of the minister, is the only amendment in the group.

Ivan McKee: During the stage 1 evidence sessions, stakeholders and committee members expressed concern about the potential for the same overnight stay to be subject to more than one visitor levy, for example where an authority chose to introduce multiple, but overlapping, visitor levy schemes.

Amendment 9 in my name responds to those concerns. The effect of the amendment will be that only one visitor levy can be applied to a single

overnight stay in particular accommodation on a particular night. That removes the risk that the committee identified. I therefore ask committee members to agree to the amendment.

I move amendment 9.

Amendment 9 agreed to.

Amendment 10 moved—[Ivan McKee]—and agreed to.

Schedule, as amended, agreed to.

Section 10—Commencement

Amendment 11 moved—[Ivan McKee]—and agreed to.

Section 10, as amended, agreed to.

Section 11 agreed to.

Long title agreed to.

The Convener: That concludes our consideration of the bill at stage 2. I thank Stephen Kerr and Tim Eagle, and the minister and his officials, for their attendance.

Meeting closed at 16:01.

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