Appendix 1

Draft proposals to introduce a visitor levy scheme in Argyll and Bute: consultation analysis

Final Report for Argyll & Bute Council

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Executive summary

Introduction

This executive summary presents the high level findings from an independent analysis of responses to the Argyll and Bute Council (A&BC) formal consultation on draft proposals for the introduction of a visitor levy scheme in Argyll and Bute. The council designed and undertook the consultation exercise, and commissioned EKOS to undertake the independent analysis, which was completed between May and August 2025.

The detailed analysis and impact assessment are contained in the main report.

Setting the context

The Scottish Parliament passed the Visitor Levy (Scotland) Act in May 2024, which gives local authorities the ability to charge a set percentage on overnight accommodation paid by visitors and tourists.

There are elements in the legislation which councils cannot change. As examples, this includes the types of accommodation provider included in the legislation and the application of a visitor levy as a percentage of the overnight accommodation room rate.

The legislation, however, retains an element of flexibility - councils have the discretion to decide certain aspects of a visitor levy scheme which considers both the characteristics and circumstances of the local area, and consultation findings. As examples, this includes the percentage levy rate set and local exemptions. A&BC's draft proposals sought views on a proposed levy rate of 5% and set out its current position that there would be no local exemptions beyond those set out nationally in the legislation. This was to ensure administration requirements of the scheme are kept to a minimum, and to maximise the revenues generated to sustain, support, and develop the visitor economy.

Visitor levy schemes are intended to generate annual funding to be reinvested locally in the visitor economy and tourism infrastructure services and facilities used by leisure and business visitors and residents. The potential to introduce a visitor levy comes at a time when there is a well-recognised and pressing need for councils in Scotland to transform how they deliver sustainable services in the longer-term – and against a backdrop of constrained financial resources, a need for efficiency savings, growing demand for services, and other cost pressures.

In an A&BC context, it is estimated that the net tax receipts a visitor levy could generate is between £8.7 million and £11.8 million per annum by 2034-2035. Over 10 years, it is forecast that a visitor levy may generate a total of £72.2 million - £82.2 million (£59.9 million - £67.7 million at present values).

Taking account also of the potential costs of setting up and administering the scheme it is estimated that over a 10-year period, A&BC could generate between £6.10 and £6.90 in tax revenue for every £1 of costs. This analysis suggests that from a purely financial perspective, a visitor levy is likely to have a positive impact and there will be tax revenue receipts in excess of costs to fund investment in the sector each year in which a visitor levy is in effect.

What other local authorities are doing

Local authorities in Scotland are at different stages of considering or implementing a visitor levy – this is a fluid and evolving situation.

At the time of drafting this report, three local authorities in Scotland have approved a visitor levy scheme – the City of Edinburgh, Glasgow City, and Aberdeen City, and several others are at an early stage or are undertaking formal consultations. Other local authorities with large rural, remote and island populations have paused consideration of a visitor levy scheme to allow time for a potential introduction of a 'point-of-entry' levy, which could be charged at ports and airports.

There are some similarities as well as differences when approved visitor levy schemes and those currently subject to formal consultation are considered. The main differences include:

- the percentage levy rate adopted or proposed.
- whether local exemptions have been adopted or are proposed.
- the proportion that accommodation providers will retain of the total monies collected at their establishment(s) due to the costs incurred in administering the scheme.

This highlights that there is unlikely to be a national or standardised visitor levy scheme that operates across those local authorities that approve a visitor levy – it also highlights the critical importance of individual local authorities, including A&BC, understanding and considering:

- whether a visitor levy will work for the region, as what is right for one destination will not necessarily be right for others.
- the profile of visitors, whether largely domestic or international.
- the potential impact of a visitor levy on businesses and visitors within the current economic and competitive travel landscape.
- potential impacts of a visitor levy on factors such as price competitiveness, visitor demand, occupancy, and seasonality.

The role of the A&BC consultation and the consultation analysis

Before a local authority introduces a visitor levy scheme, the legislation states that councils must:

- prepare and publicise an outline of the proposed scheme, identify the objectives of the scheme and set out how it intends to measure and report on the achievement of those objectives, and an assessment of the impacts of the proposal in the authority's area.
- consult with local communities and businesses engaged in tourism and tourist organisations.
- prepare and publicise a report which summarises the consultation responses received, state whether or not the local authority intends to proceed with the proposal (or the proposal as modified in light of the consultation) and set out the local authority's reasons for whether or not it intends to proceed.

The formal consultation designed and undertaken by A&BC on the draft proposals is intended to meet these statutory obligations and to inform council decision-making processes. Should a visitor levy scheme be approved, the council will also consider whether there should be changes to the draft proposals based on the consultation evidence.

Consultation respondents

The residents, business and visitor surveys received a total of 3,352 responses, the majority of which (61%) were from residents, see **Table 1**. The surveys were supplemented by four webinars and ten drop-in events held across the length and breadth of the region. As part of the consultation analysis contract, EKOS undertook 13 case studies with a diverse range of accommodation providers and tourism-related businesses.

Table 1: Consultation responses

Survey	Number of online survey responses	Revised number of survey responses once hard-copy survey responses have been added	Revised final number of survey responses once letter responses have been assigned to a survey(s)	Percentage of the total number of responses to the consultation
Resident	2,031	2,042	2,061	61%
Business	721	727	753	22%
Visitor	532	538	538	16%
Total	**3,284**	**3,307**	**3,352**	**100%**

Note1: The 45 letter responses do not necessarily follow the online and hard-copy survey structure or format. Letter responses have not been added to the analysis of closed-questions in the survey. Rather, the letter responses have been considered as part of the qualitative analysis of survey open-ended questions instead.
Note 2: Respondents could submit one response per survey if appropriate. For example, a local resident who is also a local business owner could submit a response to the resident and to the business survey.

Table 2 to **Table 9** presents the findings from the closed-ended questions from the survey respondents only. The supporting narrative reflects the qualitative responses provided to the consultation from all submissions.

Regardless of how consultation responses were submitted (online survey, hard-copy survey response, letter, case study, etc.), and who they were submitted by (residents, businesses, visitors, other organisations, etc.), broadly common and consistent feedback was provided. Many respondents raised issues which are not in the council's gift to change. Equally, they also raised points over which the council does have some discretion. This should be borne in mind when reading the executive summary and the consultation analysis report in full.

There is limited support for a visitor levy in Argyll and Bute in its current form

Overall, the consultation found limited support for the implementation of a visitor levy scheme in its current form.

The council's surveys did not ask an explicit question on whether or not respondents supported a visitor levy scheme for Argyll and Bute. It was clear, however, from a review of open-ended survey question responses that some respondents who selected 'disagree' or 'strongly disagree' to the closed-ended question 'To what extent do you agree with the Argyll and Bute Council proposal to set a visitor levy rate at 5%?' should have selected the 'I do not support the introduction of a visitor levy in Argyll and Bute' option. This was slightly more pronounced in the residents' survey.

Table 2 (original survey results) and **Table 3** (EKOS recoding) presents the survey results to this survey question.

Table 2: To what extent do you agree with the Argyll and Bute Council proposal to set a visitor levy rate at 5%? (original results)

	Businesses	Residents	Visitors	Overall
Agree or strongly agree	6%	26%	10%	**19%**
Neither agree nor disagree	4%	8%	6%	**7%**
Disagree or strongly disagree	29%	22%	27%	**24%**
Don't know	1%	2%	1%	**1%**
I don't support a visitor levy being introduced across Argyll and Bute	61%	42%	55%	**49%**

Source: A&BC Surveys.
Base=727 (Business), 2,041 (Resident), 538 (Visitor), 3,306 (Overall).

Table 3: To what extent do you agree with the Argyll and Bute Council proposal to set a visitor levy rate at 5%? (EKOS recoding)

	Businesses	Residents	Visitors	Overall
Agree or strongly agree	6%	26%	10%	**19%**
Neither agree nor disagree	4%	8%	6%	**7%**
Disagree or strongly disagree	22%	13%	21%	**16%**
Don't know	1%	2%	1%	**1%**
I don't support a visitor levy being introduced across Argyll and Bute	67%	52%	62%	**57%**

Source: A&BC Surveys.
Base=727 (Business), 2,041 (Resident), 538 (Visitor), 3,306 (Overall).

Based on **Table 3** results, survey respondents to the consultation can be categorised into two broad groupings, comprising:

- **57% of survey respondents that disagreed with the concept and principle of a visitor levy scheme** – these respondents did not support the implementation of a visitor scheme in Argyll and Bute in any shape or form.
- **43% of survey respondents** that may have understood the motivation behind a visitor levy and the potential benefits of the scheme but disagreed with aspects of the national legislation and the council's proposals or considered the timing not right for a visitor levy scheme to be introduced in Argyll and Bute.

These groupings are mirrored in the wider feedback to the consultation.

Issues identified with the national legislation

Consultation respondents, regardless of grouping, identified aspects of the national legislation that they disagreed with.

The appropriateness and currency of the data used to inform the Visitor Levy (Scotland) Bill

As an example, consultation respondents often referenced the Scottish Government Business and Regulatory Impact Assessment (BRIA) which used 2019 data in their responses. The main point raised was that the data used to inform the BRIA pre-dates the Covid-19 pandemic, the conflict in Ukraine, and the cost-of-living crisis, etc.

The types of accommodation providers covered by the legislation

A principal concern raised by all respondent types was that some visitors would not be captured by a visitor levy - for example, motorhome and campervans (off-site), day visitors, wild campers, and cruise ship visitors.

Some support for a visitor levy scheme was expressed if the model could ensure that all types of 'genuine visitors' contribute (for example, a point-of entry charge was suggested). Concerns were also raised about unintended consequences of the legislation – that is, it might encourage more people to wild camp or stay in motorhomes parked in laybys and unofficial parking areas.

The application of a visitor levy as a percentage of the overnight accommodation rate

The legislation states that:

- the application of a visitor levy must be as a percentage of the overnight accommodation rate.
- the cost of separately charged add-ons is not part of a visitor levy, such as: meals or drinks; parking for a vehicle; laundry facilities or services for guests; entertainment; leisure facilities transportation to and from the accommodation.
- a visitor levy is subject to VAT.

There was consistent feedback from consultation respondents that:

- a percentage rate model could be overly complicated to understand and implement for visitors and accommodation providers alike – rather, if a scheme is approved, support was expressed for a fixed flat-rate fee (for example, £1, £2) – a fixed flat-rate fee was also considered more in line with other areas with a visitor levy (for example, Manchester).
- micro and small accommodation providers (and others) were particularly concerned that a visitor levy was to be treated as turnover and therefore subject to VAT. Common themes mentioned in responses were that this could, for example:
    - bring those close to the VAT threshold over the limit, triggering mandatory VAT registration with associated administrative and financial burdens and could create price increases impacting competitiveness in a price-sensitive sector.
    - result in businesses currently operating close to the £90,000 VAT threshold: reducing turnover through a lower number of rooms/beds available throughout the year; reducing turnover through a lower number of rooms/beds available in the shoulder and winter months and focus on the busy summer months; closing completely during the winter months; or closing the business for good.

Issues and concerns with the council's draft proposals

The council's current position on no local exemptions

Overall, the majority (59%) of survey respondents disagreed with the council's current position on local exemptions, **Table 4**. These survey respondents disagreed with the council's current proposal for no local exemptions beyond those set out in the national legislation.

Around one-fifth (22%) of survey respondents agreed with the council's position on no local exemptions and in the main agreed with the council's reasoning for this – that is, to keep visitor levy scheme administration costs to a minimum, and to maximise the revenues generated to sustain, support, and develop the visitor economy.

Table 4: To what extent do you agree or disagree with this position on local exemptions?

	Businesses	Residents	Visitors	Overall
Agree or strongly agree	16%	26%	16%	**22%**
Neither agree nor disagree	17%	13%	14%	**14%**
Disagree or strongly disagree	60%	57%	66%	**59%**
Don't know	7%	3%	4%	**4%**

Source: A&BC Surveys.
Base=727 (Business), 2,042 (Resident), 538 (Visitor), 3,307 (Overall).

The qualitative feedback indicates that the majority of all respondents felt that the council should use its discretion to consider and apply local exemptions, and that a 'one-size-fits-all' approach was not appropriate. They suggested that local exemptions would allow the council to consider the unique characteristics and circumstances of Argyll and Bute, and in particular island communities – and to ensure that a visitor levy focused on 'leisure tourists.'

Consultation respondents made various suggestions for local exemptions including:

- residents who are registered for council tax (or within a council-tax registered property) in the Argyll and Bute area – all residents, but island residents specifically mentioned regularly travelling long distances for health care appointments, funerals, etc. and that they have planned or unplanned overnight stays in paid accommodation on the mainland (with issues compounded by ferry service cancellations and bad weather).
- people that stay in Argyll and Bute on a temporary basis for work or non-leisure trips – for example, workers and tradespeople who regularly stay on islands on a temporary basis (for example, NHS staff, etc.).

- micro and small businesses that have consciously structured their business to remain below the £90,000 VAT threshold to avoid the complexity and costs associated with VAT compliance – they argued that this could help protect the viability of smaller accommodation providers, and the diversity of accommodation provision.
- carers who accompany/support disabled people on holiday or essential trips and appointments.
- charitable accommodation providers – where a property is occupied by a charity or trustee of a charity and overnight stays which are wholly or mainly for charitable purposes.

The proposed 5% levy rate

Table 3 above shows that 57% of survey respondents indicated that they did not support a visitor levy being introduced across Argyll and Bute, and a further 16% disagreed with the proposed 5% levy rate. **Table 5** shows that the vast majority of survey respondents, when asked the follow-on question, said a visitor levy rate should be lower.

Table 5: If you do not agree with a visitor levy being 5%, what rate would you consider is appropriate?

	Businesses	Residents	Visitors	Overall
A visitor levy rate should be less than 5%	85%	79%	86%	**82%**
A visitor levy rate should be greater than 5%	1%	3%	1%	**2%**
Don't know	14%	18%	13%	**16%**

Source: A&BC Surveys.
Base=208 (Business), 455 (Resident), 148 (Visitor), 811 (Overall). Respondents who selected either 'Don't know' or 'I don't support a visitor levy being introduced across Argyll and Bute' to the question at Table 2 were not asked this question.

These consultation respondents raised similar concerns in their qualitative feedback, including that:

- a 5% visitor levy rate was too high – the unique geographical challenges faced by Argyll and Bute and other constraints (for example, seasonality factors) were emphasised - the region was considered very different to urban areas like Edinburgh and Glasgow (both have an approved visitor levy scheme with a 5% levy rate).
- Argyll and Bute was already considered an expensive destination, in particular travel to the islands – respondents said that visitors to Scotland paid relatively high levels of tax on their accommodation (through a 20% VAT rate) when compared to other European countries. A concern raised was a visitor levy rate of 5% could make the region less competitive.

- aligned to the point above, it could serve as a further disincentive and deter potential visitors from choosing Argyll and Bute as a destination – for example, price-conscious visitors and could encourage some visitors to choose places which do not have a visitor levy.
- it could discourage the start-up of new accommodation and hospitality businesses.

Table 6 provides a summary overview of what these survey respondents consider an appropriate levy rate to be, albeit absolute numbers here are small.

Table 6: What do you consider an appropriate levy rate? (those who said it should be lower than 5%)

	Businesses	Residents	Visitors
Percentage model	1% to 3% - but preference at the lower end of this range	1% to 3% - with 3% mentioned most often in these responses	1% to 3% - with 2.5% mentioned most often in these responses.
Flat-rate per night fee model	If a scheme was to be approved all respondent types expressed a preference for a **flat-rate per night fee model**. Suggestions included:		
	Between £1 and £5 per night but predominantly at the much lower end or a banded fixed fee charging model.	Ranged between £1 and £5 per person per night - vast majority expressed a preference for £2 or less.	Between £1 and £3 per person per night - predominantly at the much lower end.

Whether there should be a cap on the number of nights of accommodation that a visitor should pay a visitor levy

Around half (52%) of survey respondents considered that there should be a cap on the number of nights of accommodation that a visitor should pay a visitor levy, see **Table 7**. Support for a cap was framed by consultation respondents in the following terms:

- a cap was considered a fairer approach and could help keep the cost down for visitors – for example, for families, for those on a budget, but also for contractors working on infrastructure projects who typically stayed for long periods of time in Argyll and Bute, for relief nurses, doctors or teachers on a non-time specific contract on an island location, for hospitality workers housed in hotels due to a lack of accommodation, etc.
- a cap on the number of nights of accommodation that a visitor should pay a visitor levy might be less likely to deter visitors or penalise visitors who want to stay longer – it could also help ensure Argyll and Bute was not placed at a competitive disadvantage and limit the knock-on negative effect on other tourism and hospitality businesses that rely on visitors.
- a cap would align more closely with other places/countries with a visitor levy.

Table 7: Do you think there should be a cap on the number of nights of accommodation that a visitor should pay a visitor levy?

	Businesses	Residents	Visitors	Overall
Yes	59%	49%	61%	**52%**
No	20%	34%	21%	**30%**
Don't know	21%	17%	17%	**18%**

Source: A&BC Surveys.
Base=289 (Business), 1,180 (Resident), 243 (Visitor), 1,712 (Overall). Respondents who selected either 'Don't know' or 'I don't support a visitor levy being introduced across Argyll and Bute' to the question at Table 2 were not asked this question.

Survey respondents in favour of a cap also highlighted some administrative challenges in implementation – for example, potential issues for online booking platforms, the need for it to be easy to explain and understood by visitors and accommodation providers and be easy to apply in practice.

Where suggestions were made by survey respondents (albeit absolute number here were small), on the number of nights a cap could apply, this is presented in **Table 8**.

Table 8: Survey respondents who said there should be a cap - suggestions

Businesses	Residents	Visitors
One night to 14 nights mentioned across survey responses. Predominantly at the low end of this range.	One night to 30 nights were mentioned across survey responses. Mainly at the lower end of this range (seven nights was most frequently mentioned).	One night to 30 nights were mentioned across survey responses. Mainly at the lower end of this range - most suggested between one and three nights.

Almost half of survey respondents (48%) either said that there should not be a cap on the number of nights of accommodation that a visitor should pay a visitor levy or were unsure, see **Table 7**. Survey respondents that were not in favour of a cap – that is, a visitor levy should apply to all nights of accommodation regardless of duration of the duration of stay – held this view for the following reasons:

- to simplify scheme administration and collection of a visitor levy.
- to avoid any confusion for visitors and accommodation providers.
- because visitors used local amenities for the whole of their visit.
- it could be a fairer approach on accommodation providers of all sizes.
- no cap would be unlikely to deter visitors from coming to Argyll and Bute (many have short stays).

The proposed visitor levy scheme objectives

Overall, survey respondents expressed a high level of disagreement with the proposed visitor levy scheme objectives for Argyll and Bute, see **Table 9**, and sizable proportions indicated that they neither agreed nor disagreed with each of the four proposed objectives.

There was some positive feedback from consultation respondents on the proposed visitor scheme objectives for Argyll and Bute. This included that:

- the objectives (and levy revenue) provided an important opportunity to help sustain and enhance the region's tourism infrastructure.
- additional investment in local facilities and services to improve the visitor experience would undoubtedly help to improve Argyll and Bute for the better.
- the proposed objectives were considered 'admirable', 'laudable', 'commendable' or that they were objectives that 'nobody can disagree with.'

Table 9: To what extent do you agree with the proposed visitor levy scheme objectives? (all respondents)

Scheme objectives	Agree or strongly agree	Neither agree nor disagree	Disagree or strongly disagree
Extending the season and spreading visitors across the destination	29%	22%	50%
Reaching new audiences	31%	23%	46%
Sustaining and improving the visitor offer	35%	19%	45%
The journey towards net zero	23%	25%	52%

Source: A&BC Surveys.

Much of the consultation feedback on the proposed objectives was framed in more negative terms. There was a strong call for more detailed proposals and plans from the council on how the revenue generated through the proposed levy scheme would be spent (and what it would be spent on). For example, further clarity and detail was said to be needed on:

- the proportionate funding split across the proposed objectives.
- whether it would comprise revenue and capital funding.
- how funding would be allocated across Argyll and Bute – that is, evenly distributed or be reinvested in the locality in which the revenue was raised.

There was evidence of scepticism and a general lack of trust in the council's ability to manage the funds effectively, with the main feedback that:

- the funds generated by a visitor levy should not be used by the council to fill its own funding gaps - or to balance its budget or to fund core or existing service provision – that is, consultation respondents emphasised that the funds should be 'additional'.
- the funds should be ring-fenced and strategically reinvested in Argyll and Bute to tangibly enhance the area as a visitor destination and on tourism infrastructure and amenities.
- businesses and communities should be meaningfully involved in decisions on how and where the funds are spent.

These points are all stipulated in the legislation – and should give confidence that the revenue raised would be used as intended.

Some scepticism was also raised across consultation responses regarding the estimated £9 million gross revenue that could be generated per annum through a visitor levy scheme in Argyll and Bute as outlined in the consultation documents – whether that amount could be realistically raised, how much would be left after set-up and administration costs, and with how the remainder of funding would be used to best effect.

Potential burden on accommodation providers

Accommodation providers were particularly concerned about the potential administrative burden of collecting a visitor levy, paying it to the council and reporting requirements, and that micro and smaller businesses might be disproportionately impacted by the new arrangements. They were also worried about becoming 'unpaid tax collectors' for the council. They emphasised the importance of a sufficient lead-in time and a clear timeline to help the sector prepare and adapt, to support accommodation providers (and others, for example destination management companies, tour operators and booking platforms) through any transition and set-up period to ensure compliance, and to ensure that visitors were well-informed and to minimise confusion.

Wider points raised included that:

- accommodation providers would need financial assistance (alongside other forms of support) from the council to help cover the additional costs they would face from collecting a visitor levy.
- visitor levy scheme processes and systems should be clear and simple.
- comprehensive information, guidance, and support would be needed to help with the set-up and roll-out of a visitor levy scheme.

Timing might not be right for the introduction of a visitor levy

Regardless of the two broad groupings described earlier, qualitative responses to the consultation highlighted a common set of concerns, largely relating to the fragile nature of the Argyll and Bute economy. This included:

- a fragile Argyll and Bute visitor economy post Brexit and a sector that was said to be still recovering from the pandemic – for example, concern was raised about increasing costs, the ability of accommodation providers to absorb the cost of a visitor levy to remain competitive, etc.
- feedback was that visitor numbers have been on the decline - a wider concern raised was that a visitor levy could have a further negative impact on visitor numbers and that it would also be important not to deter visitors to Argyll and Bute.
- the cost-of-living crisis which has impacted residents, businesses, and visitors alike.
- the challenges facing remote, rural and island communities and businesses, including a higher cost of living and doing business when compared to cities/urban areas. This fed into a wider concern about the potential impact of a visitor levy on island communities and businesses, and on whether this has been sufficiently assessed and understood. There were some calls for an island impact assessment of a visitor levy to be carried out to fully assess the impact of the proposed scheme, including those who considered this should be done for each island.
- the impact of the short-term let licence scheme on certain types of accommodation providers who must get a licence to let out accommodation to guests who stay on a temporary basis – implementation of the scheme has not been without issue and has led to increased costs and regulatory requirements.

Much of the feedback from consultation respondents was that the proposed visitor levy scheme represented another administrative or regulatory hurdle that could further threaten the financial stability of accommodation providers in Argyll and Bute. A visitor levy was also commonly described as an 'accommodation tax' that would deter visitors and affect everyone not just visitors (for example, it would also penalise residents).

How investment in tourism infrastructure and services could be paid for

The survey asked respondents 'How would you suggest that investment in our tourism infrastructure and services is paid for?'. The main feedback from across consultation responses was that the council could look to:

- streamline council operations, reduce costs, and improve efficiency.

- make better and more efficient use of the revenue generated by taxes that residents, businesses, and visitors pay already.
- explore ways to increase current revenue streams as well as identify new or alternative revenue streams – examples included a point-of-entry charge.

Further, there was some feedback across respondent types that more support for the sector was required from the Scottish Government and the council, for example:

- to address existing challenges and issues faced by residents and visitors alike – for example, long-standing challenges relating to ferry services.
- to provide greater support to: encourage more indigenous businesses to start up; to give existing businesses the confidence to invest and grow; and attract more inward investment to ensure a welcoming and affordable destination for visitors and a vibrant, prosperous community for residents.

Impact assessment

EKOS has updated the council's draft impact assessments and modelled the possible economic impacts on the accommodation and wider visitor economy sector in Argyll and Bute. This work took account of uncertainty in three main areas:

- the potential costs of setting up and administering a visitor levy scheme.
- the impact a visitor levy might have on the number of visitors and expenditure in the region.
- the extent to which the reinvestment of visitor levy monies will create positive economic benefit for the visitor economy sector.

The recency of the introduction of visitor levy schemes is such that there is limited evidence on which to base an assessment of these uncertainties. As a result, the impact work has developed several possible scenarios ranging from the most positive (low costs, minimal impact on visitor numbers and high level of benefit from visitor levy reinvestment) to the most negative (high costs, significantly negative impact on visitor numbers and no benefit arising from reinvestment of funds).

There is considerable variation in the results, underlining the extent to which the success of the scheme in economic development terms, depends on its impact on visitor numbers and the effective reinvestment of the funds in ways that deliver economic benefit to the visitor economy in the region.

Results

The Argyll and Bute accommodation sector businesses cost benefit analysis measures the net present value of the turnover benefit to businesses as a result of public investment in the visitor economy using visitor levy generated funds against the present value direct costs to accommodation businesses and the value of lost turnover due to price increases brought on by a visitor levy over the 10-year appraisal period. This analysis represents the aggregate financial impact on the cohort of levy-paying accommodation providers. Results are presented in **Table 10**.

Table 10: Accommodation sector businesses financial cost benefit analysis results (£millions)

Scenario	Turnover uplift	Set-up and admin costs	Turnover lost	Total cost	Net present value	Benefit-cost ratio
Best Case	£122.9	£8.5	£5.2	£13.7	£109.2	8.9
Midpoint	£54.3	£8.5	£22.3	£30.8	£23.5	1.8
Worst Case	£0.0	£8.5	£39.4	£47.9	-£47.9	0.0

The potential financial benefits range significantly – from an overall loss of £47.9 million to a net gain of £109.2 million over ten years.

The **socioeconomic cost benefit analysis** measures the present value of the net additional Gross Value Added (GVA) retained in Argyll and Bute as a result of investment of visitor levy generated funds against the present value of the direct costs to the council plus the direct costs to accommodation business over the 10-year appraisal period. This analysis assesses the overall economic impact generated within the wider Argyll and Bute economy as a result of implementing a visitor levy. Results are presented in **Table 11**.

Table 11: Socioeconomic cost benefit analysis results (£millions)

Scenario	Net additional GVA	Council cost of set-up and admin	Business cost of set-up and admin	Total cost	Net present value	Benefit-cost ratio
Best Case	£173.1	£10.0	£8.5	£18.5	£154.6	9.3
Midpoint	£47.0	£10.0	£8.5	£18.5	£28.5	2.5
Worst Case	-£57.9	£10.0	£8.5	£18.5	-£76.5	-3.1

The potential economic benefits range significantly – from an overall loss of £76.5 million to a net gain of £154.6 million over ten years.

It should be noted that the summary tables above only present the best, midpoint, and worse case scenarios. The detailed scenario modelling in **Chapter 6** highlights the significant variability and sensitivity within the results, with one-third of the modelled scenarios (for each assessment) resulting in a negative overall effect.

1 Introduction

1.1 This report

This report presents the independent analysis of responses received to the Argyll and Bute Council (A&BC) consultation on draft proposals for the introduction of a visitor levy scheme. The consultation opened on 16th January 2025 and closed on 10th April 2025.

Following a procurement exercise and scoring process, A&BC commissioned EKOS to undertake the independent consultation analysis. The research commenced with an inception meeting held between the client working group and the EKOS study team on 9th May 2025, with a follow-on meeting on 13th May 2025. The research was undertaken by EKOS between May and July 2025.

A sub-group of the council's Visitor Levy Officers' Working Group oversaw and managed the research, including fortnightly progress meetings with the consultants. The sub-group of the Working Group comprised representatives from council functions, such as Economic Growth, Revenue and Benefits, and Communications.

The consultation has been undertaken to help inform council decision-making processes. Should a visitor levy scheme be approved, the council will also consider whether there should be changes to the draft proposals based on the evidence base.

1.2 The Visitor Levy (Scotland) Act

The Scottish Parliament passed the Visitor Levy (Scotland) Act in May 2024, which gives local authorities the ability to charge a set percentage on overnight accommodation paid by visitors and tourists[1]. Since the introduction of the Visitor Levy (Scotland) Act, VisitScotland has published statutory guidance (October 2024) for local authorities on the visitor levy at the request of Scottish Government ministers. This guidance has been developed by an Expert Group led by VisitScotland to assist local authorities in considering, and if required, introducing and administering a visitor levy.

[1] Separate to the Scottish legislation on overnight accommodation paid by visitors and tourists, the Scottish Government has consulted on a potential cruise ship levy. Responses to this consultation will be analysed over summer 2025 and ministers will consider next steps in due course.

VisitScotland has also provided an overview of topics businesses may need to consider regarding the proposed visitor levy scheme on its website, and each question directs the reader to a chapter within the guidance for further information.

There are elements in the legislation which councils cannot change. The legislation also retains an element of flexibility - councils have the discretion to decide certain aspects of a visitor levy scheme which considers the characteristics and circumstances of the local area as well as consultation findings.

These are described in more detail in **Table 1.1**.

Table1.1: The legislation and what councils can and cannot change

Aspect of the legislation	What the legislation says	What local authorities can and cannot change
The types of accommodation covered by the legislation	**The legislation states** that a visitor levy would apply to paid overnight accommodation. This is considered a room or area that is used by a visitor for residential purposes, but is not their only or usual place of residence. Therefore, a visitor levy does not apply to accommodation that is being used as someone's only or usual place of residence. **The legislation states** that a visitor levy would apply to: hotels; hostels; guest houses; bed and breakfast accommodation; self-catering accommodation; camping sites; caravan parks; accommodation in a vehicle, or on board a vessel, which is permanently or predominantly situated in one place; and any other place at which a room or area is offered by the occupier for residential purposes otherwise than as a visitor's only or usual place of residence. **The legislation states** that the following are not included in the definition of paid overnight accommodation: a local authority gypsy and traveller site or a registered social landlord gypsy and traveller site; and accommodation in a vehicle, or on board a vessel, that is undertaking a journey involving one or more overnight stops.	**Local authorities are not** able to change the types of overnight accommodation covered by the legislation in any way.
The application of a visitor levy as a percentage of the overnight accommodation rate	**The legislation states** that the application of a visitor levy must be as a percentage of the overnight accommodation rate. **The legislation states** that the cost of separately charged add-ons is not part of a visitor levy, such as: meals or drinks; parking for a vehicle; laundry facilities or services for guests; entertainment; leisure facilities transportation to and from the accommodation. **The legislation states** that a visitor levy is subject to VAT.	**Local authorities cannot change much of this**. For example, local authorities are not able to introduce a flat fee and a visitor levy must be subject to VAT. **Local authorities may** however, specify that a maximum number of nights may apply in respect of a chargeable transaction for the right to reside in or at that accommodation for a period of consecutive nights.

Table 1.1: The legislation and what councils can and cannot change (continued)

Aspect of the legislation	What the legislation says	What local authorities can and cannot change
Levy rate	**The legislation states** that there is no limit on how much a visitor levy rate can be in percentage terms, and that it is also to local authorities to decide whether to apply a visitor levy for the whole year, or only for parts of the year.	**Local authorities have discretion** over these two matters relating to a visitor levy rate and how it is applied in their area.
Exemptions	**The legislation states**: • that some groups of people would have automatic exemption from paying a visitor levy. These include those who use overnight accommodation as their only or main residence (for reasons like homelessness, poor housing conditions, experiencing domestic abuse, or being an asylum seeker or refugee). • that people who are in receipt of the following: Disability living allowance; Disability allowance; Attendance allowance; Pension age disability benefit; and Personal independence payment are exempt. • that the rate could be different for different trip purposes, which might include business or work, or visits for medical treatment. **A couple of other national exemptions are currently being considered**. In summary: • where an accommodation provider sells accommodation to a third-party and not the guest - in these circumstances a visitor levy payable is the amount calculated on the accommodation portion of that first sale price and not against any subsequent sales or prices. • at this time, the Act provides that adults in receipt of disability benefits are not required to pay a visitor levy or are eligible for it to be reimbursed. It is intended to extend this to those in receipt of child disability benefits to ensure parity of treatment for children and young people.	**Local authorities have discretion** on exemptions over and above those set out in the legislation (for example, for different trip purposes). Examples include carers or people visiting family in care homes or hospitals.

Table 1.1: The legislation and what councils can and cannot change (continued)

Aspect of the legislation	What the legislation says	What local authorities can and cannot change
Before implementing a visitor levy scheme	**Before introducing a visitor levy scheme the legislation states that councils must**: • prepare and publicise an outline of the proposed scheme, identify objectives of the scheme and set out how it intends to measure and report on the achievement of those objectives, and an assessment of the impacts of the proposal in the authority's area. • consult with local communities and businesses engaged in tourism and tourist organisations. • prepare and publicise a report which summarises the consultation responses received, state whether or not the local authority intends to proceed with the proposal (or the proposal as modified in light of the consultation) and set out the local authority's reasons for whether or not it intends to proceed.	**Local authorities are legally obliged** to follow the legislation in terms of how it goes about consulting on a visitor levy scheme before implementing such a scheme.
Investing in, and reporting on, the use of revenue generated by a visitor levy scheme	**The legislation states that**: • local authorities must reinvest funds raised to sustain facilities and services which are substantially for or used by people visiting the local authority. • local authorities operating a visitor levy scheme need to use the net proceeds of a scheme for certain specific purposes (that is, the net proceeds are ring-fenced). Those purposes are that the funds must facilitate the achievement of the scheme's objectives and that they should develop, support, and sustain facilities and services for or used by visitors to a local authority area for leisure or business purposes. • councils have to establish a Visitor Levy Forum that acts as an advisory group on the operation of a visitor levy, and that this must include a balance of tourist organisations, businesses engaged in tourism, and representatives of communities. • it is a statutory requirement for all councils to report annually on how revenue has been reinvested in line with scheme objectives.	**Local authorities are not able to change** any of these stipulations. **Where councils do have an element of discretion** is in the articulation of scheme objectives at a local level, but within the parameters that net proceeds must be used to develop, support, and sustain facilities and services for or used by visitors to a local authority area for leisure or business purposes.

1.3 Exploring a visitor levy in Argyll and Bute

Overview

Visitor levy schemes have the potential to generate annual funding to be reinvested locally in the visitor economy and tourism infrastructure services and facilities used by leisure and business visitors and residents, and in promoting sustainable tourism practices. The potential to introduce a visitor levy comes at a time when there is a well-recognised and pressing need for councils in Scotland to transform how they deliver sustainable services in the longer-term – and against a backdrop of constrained financial resources, a need for efficiency savings, growing demand for services, and other cost pressures.

Argyll and Bute context

The intention to explore the development of a draft visitor levy scheme in Argyll and Bute was considered and approved at a Special Council meeting on 15th August 2024. A&BC considered it both timely and necessary in the current environment to explore this opportunity further as:

- **tourism is a key sector in the region which relies on services that are used by visitors as well as by residents, from roads to waste to leisure and other services** - to support a sustainable visitor economy in Argyll and Bute, the council is considering all possible opportunities for investment to raise funds to benefit visitors and residents. Visitors to Argyll and Bute expect to have access to services that local people also use but there are 20 times more visitors to Argyll and Bute than there are in the total population of the region, and this has an impact on the wear and tear of local infrastructure and services.
- **similar to other local authorities, A&BC faces financial constraints** - the council needs to identify significant savings in the current year and future years. An Accounts Commission report (May 2025) shows that the council has a cumulative revenue budget gap of £19.9 million between 2026-2027 and 2027-2028. In this environment, A&BC faces tough decisions about what services to prioritise once statutory commitments have been met. Many of the local infrastructure and services also used by visitors rely on the council's shrinking budget and are not a statutory duty of a council to fund.

Argyll and Bute is a predominantly rural region including 23 inhabited islands – its fragile economy has been affected by a range of factors associated with the impact of COVID-19 and post-COVID-19 uncertainty coupled with changing economic conditions. The cost of doing business is also challenging.

In exploring the potential to introduce a visitor levy, A&BC understands that it needs to consider:

- whether a visitor levy will work for the region, as what is right for one destination will not necessarily be right for others.
- the profile of A&BC visitors, whether largely domestic or international.
- the potential impact of a visitor levy on businesses and visitors within the current economic and competitive travel landscape.
- potential impacts of a visitor levy on factors such as price competitiveness, visitor demand, occupancy, and seasonality.

To take this exploratory work forward, A&BC established a **Visitor Levy Short Life Working Group** in October 2024, chaired by the Council Leader and comprising four members of the Administration and two members from the Opposition. This Visitor Levy Short Life Working Group was set up to provide information directly to both the Administration and the Opposition before submission of a paper to full council.

At the same time, A&BC established a **Shadow Visitor Levy Forum** to oversee the development of the draft scheme proposals comprising representatives from A&BC, Argyll and Isles Tourism Cooperative, VisitScotland, Highlands and Islands Enterprise, and Loch Lomond and the Trossachs National Park. This officer and industry group was set up to share progress, information and listen to industry representatives who fed back from their members.

A&BC agreed to undertake an initial **pre-consultation survey and engagement exercise** which was undertaken during October and November 2024. An online survey, which ran from 11th October to 28th October 2024 and aimed at visitors, businesses, and residents received 1,254 responses. Further, six workshops aimed at local businesses were organised and facilitated between 23rd October and 14th November 2024 by members of the Shadow Visitor Levy Forum.

A key finding from the pre-consultation survey was that over half of survey respondents (53%) did not think a visitor levy for Argyll and Bute should apply at the same level, all year round – while 35% thought it should, and the remainder (12%) were unsure. A high-level summary of the responses to the closed questions in the pre-consultation survey is presented in **Appendix A**. The findings of this exercise were used by the council and the Shadow Visitor Levy Forum to inform the content of the draft Argyll and Bute visitor levy scheme and the design of the formal consultation.

What this latest consultation sought views on

Elected members approved a paper from the council's Development and Economic Growth Service at a Special Council meeting on 20th December 2024 which sought approval for a draft Visitor Levy Scheme to go out to a 12-week public consultation in early January 2025. This paper:

- provided background to the Visitor Levy (Scotland) Act and guidance for local authorities.
- contained details of the draft visitor levy scheme and impact assessments and consultation questions – it informed elected members that the exact mechanism for billing and collecting a visitor levy was still under discussion, including the development of a national platform through the Improvement Service (see **Section 1.5** for a further update).
- advised that the proposed public consultation would comprise online and face-to-face engagement and that: it would be published on the Argyll and Bute Council Visitor Levy web page alongside Frequently Asked Questions (FAQs); there would be regular press releases and social media posts; and a dedicated mailbox for questions would be set up.
- set out an indicative timetable of activities for establishing and implementing visitor levy including key council meetings, if the 12-week public consultation was approved.

The aim of the draft Visitor Levy Scheme is to sustain Argyll and Bute as an area of outstanding natural beauty, culture, and heritage and to ensure that the impacts of a successful visitor economy are managed effectively for the area.

The draft scheme is based on turning levy investment into benefit for visitors, businesses, and residents, through the tourism priorities set out in the **Argyll and the Isles Strategic Tourism Partnership's Tourism Strategy 2022-2025**:

- Extending the season and spreading visitors across the destination.
- Reaching new audiences: marine, coastal, cultural, and outdoor tourism.
- Sustaining and improving the visitor offer.
- The journey towards net zero.

A summary of the draft visitor levy scheme in Argyll and Bute is that:

- A visitor levy scheme will operate across the whole of the Argyll and Bute Council area with net proceeds re-invested.
- The scheme reflects the strategic priorities set out in the Argyll and Isles Strategic Tourism Partnership strategy developed in partnership by A&BC, Argyll and Isles Tourism Co-operative, Highlands and Islands Enterprise, and VisitScotland.

- At present, no local exemptions are being considered (to aid operational simplicity) except for those at a national level outlined in the Visitor Levy (Scotland) Act 2024.
- A visitor levy rate of 5% has been proposed on the accommodation charge at a level that aims to work within the price sensitivity of the accommodation sector whilst generating sufficient levy income to have a positive impact when re-invested. The 5% rate aligns to the rate that has been included in the approved City of Edinburgh Council scheme and in the Highland Council draft visitor levy scheme which has recently been consulted on.
- The proposed income to be generated from the implementation of a 5% rate has been modelled independently by the University of Edinburgh Business School (in-kind support). Similar work was undertaken to assess the forecasts for the City of Edinburgh Council.
- The impact of increased costs to accommodation providers in collecting a visitor levy could be mitigated through a financial contribution made to each business remitting a visitor levy. This will require financial modelling and Subsidy Control consideration. Council officers are considering a visitor levy retention scheme to propose to the council. This scheme could provide accommodation providers with funds to help offset the administrative costs they are expected to incur.

Source: Paper to Argyll & Bute Council, A&BC Draft Visitor Levy Scheme, 20 December 2024.

1.4 A&BC and partners have made representation concerning the legislation

In reviewing the consultation analysis findings, it is important to note the council and its partners have made continued representation to the Scottish Government and to HMRC relating to their concerns about the Visitor Levy (Scotland) Act.

The council has made the case to the Scottish Government to revisit the legislation and, in particular the need to consider **moving from a percentage to a banded fixed fee charging model** that would be simpler to calculate for businesses.

Further, the Highlands and Islands Regional Economic Partnership has written a letter to HMRC (16th April 2025) to outline partners, including A&BC, concerns relating to the **VAT consequences for accommodation providers associated with the visitor levy legislation**. The HMRC has determined that amounts charged by an accommodation provider for a visitor levy would be included in the turnover used to determine if businesses need to register for VAT. Highlands and Islands Regional Economic Partnership has asked that due consideration be given by HMRC to removing the requirement for a visitor levy to be viewed as turnover and therefore exempt from VAT.

The concerns raised by partners in this correspondence to HMRC were that the collection of a visitor levy as business turnover could:

- **bring those close to the VAT threshold over the limit**, triggering mandatory VAT registration with associated administrative and financial burdens and could create price increases impacting competitiveness in a price-sensitive sector.
- **lead to the distortion of financial metrics**, including gross and net margins, potentially impacting lending decisions and the perceived value of a business.
- **result in businesses currently operating close to the £90,000 VAT threshold**:
    - reducing turnover through a lower number of rooms/beds available throughout the year.
    - reducing turnover through a lower number of rooms/beds available in the shoulder and winter months and focus on the busy summer months.
    - closing completely during the winter months.
    - closing the business for good.

Further, the lack of specific reliefs or exemptions for accommodation providers affected in this way might exacerbate these challenges, underscoring the need for careful policy consideration to mitigate unintended impacts on small enterprises. While councils do have the ability to recompense businesses for costs incurred, to exempt businesses below the VAT threshold, and to look at the seasonal and geographic nature of any levy, they think this could make the implementation of such a policy increasingly complex and costly to administer.

While it is at the discretion of each local authority to include or exclude businesses that fall below the VAT threshold from a visitor levy scheme, partners consider that this might not solve the issue. As such, local authorities across the Highlands and Islands are giving due consideration to the implications of including all accommodation provider types, listed in the legislation, whether above or below the VAT threshold, in proposed schemes that may come to fruition in the Highlands and Islands area.

An extract of the HMRC response (dated 3rd June 2025) is provided below.

> *"I am sorry you are concerned about the application of VAT to a Visitor Levy. I can confirm VAT is due on a Visitor Levy. It is a principle of VAT that it is charged on everything paid by the customer for goods or services they purchase.*
>
> *Other taxes, levies and charges are included in the price. In your example, VAT is chargeable on the £105 paid by the guest. As a result, this sum would also form part of the taxable turnover for VAT registration purposes.*

We will be inviting tax representative bodies, including the Institute of Chartered Accountants of Scotland, to a meeting to discuss their concerns about how a visitor levy interacts with VAT. This will include the provision of refunds paid directly to guests by local authorities, and the effects on VAT."

Discussions are ongoing at a national level regarding how local authorities could reimburse accommodation providers for costs incurred with a visitor levy scheme, and how this would work in practice. Any remittance costs would need to be approved by the council.

1.5 Online portal

The Improvement Service is undertaking work to design an Online Portal. **A Visitor Levy Digital Group** has been created with representatives from the Improvement Service, A&BC, City of Edinburgh Council, Highland Council, and Glasgow City Council. The system is on track for delivery by spring 2026. Accommodation providers would be able to upload their levy data and payments. The system would also have an admin hub to assist with administrative duties to support the delivery of the scheme.

1.6 Next steps

EKOS presented the findings of this independent consultation analysis to **elected members at a seminar on 1st September 2025**.

The report will then be discussed by **elected members at a full council meeting on 24th September 2025** to help inform a decision on whether or not to progress a visitor levy scheme in Argyll and Bute. Should it be decided to introduce a visitor levy scheme the council will also consider whether any potential changes might be required to the draft visitor levy scheme in light of the consultation findings, and within the parameters of the legislation.

If the approval is granted to take forward a visitor levy scheme in Argyll and Bute, this would trigger the statutory requirement to enter an 18-month implementation period. The earliest a visitor levy scheme could be operational across Argyll and Bute would be **April 2027**.

2 Consultation methodology

2.1 Introduction

This chapter provides details of the consultation process and responses, how responses have been analysed and presented in this report, and on consultation challenges and limitations.

2.2 Overview

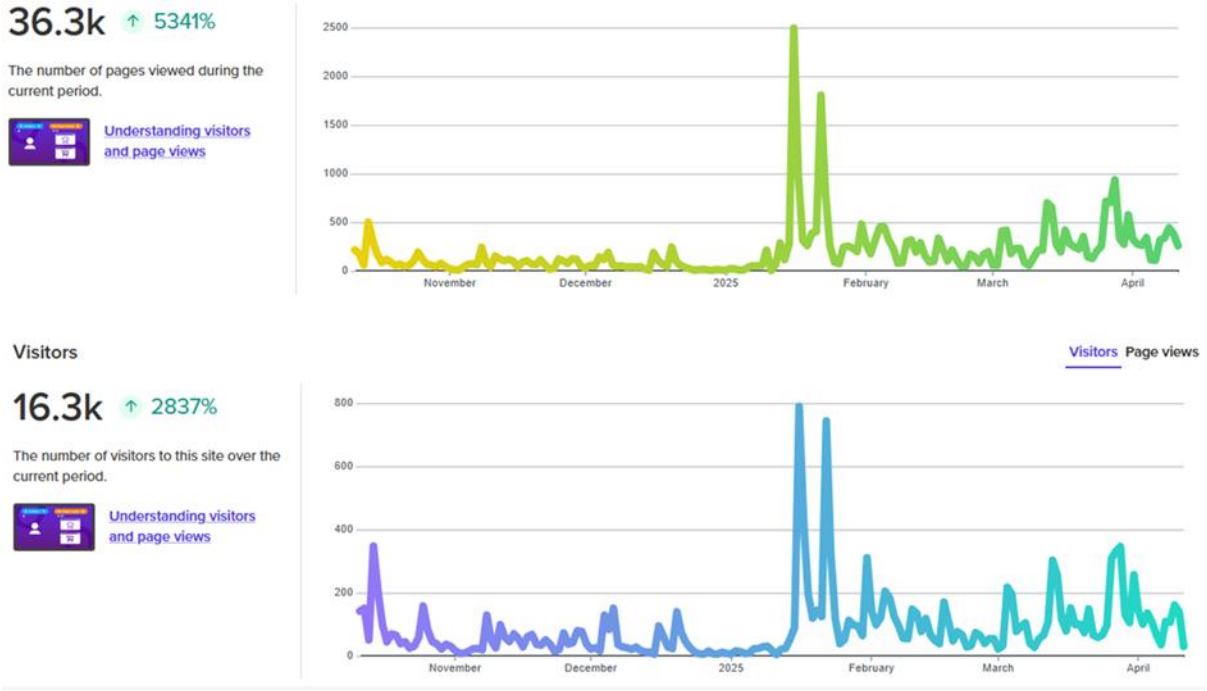
The consultation on draft proposals to introduce a visitor levy scheme in Argyll and Bute ran from 16th January 2025 to 10th April 2025. The resident, business and visitor online surveys were hosted by A&BC using the SmartSurvey platform. There were also opportunities for people to submit a hard-copy survey response or to submit an email or letter response directly to the council via the dedicated visitor levy mailbox.

In addition, online webinars and drop-in events supplemented the three main surveys and these sessions were held between February and April 2025.

Opportunities to share and submit views to the consultation were promoted by the council on dedicated visitor levy webpages on the council's webpage, social media (primarily council channels and where possible on local community Facebook pages), through email subscriptions, through the council's partners, and information was made publicly available in community facilities, including libraries.

Figure 2.1 shows summary statistics about visitor levy scheme consultation activity on the A&BC website (and excludes views by council staff from the council's network). This shows that there was a large spike in activity at the start of the consultation process in January 2025.

Figure 2.1: Argyll and Bute visitor levy scheme webpage statistics



Source: Figure provided by A&BC.

The inception meeting for the consultation analysis contract was held on 9th May 2025. There was ongoing dialogue and engagement between A&BC and EKOS following the award of contract and the inception meeting. A&BC provided the study team with all responses to the consultation and meetings were held to take the consultants through the various response types and to answer any initial queries or points of clarification in advance of the formal inception meeting.

2.3 Resident, business, and visitor surveys

The vast majority of responses to the resident, business and visitor surveys were submitted through the online survey platform. In addition, some survey responses were submitted in hard-copy format. EKOS manually entered hard-copy survey responses into the appropriate survey within our master Microsoft Excel sheets for resident, business, and visitor survey responses.

Further, A&BC received a number of letter responses to the consultation. Letter responses have been largely submitted by groups and organisations (for example, Community Councils, Destination Management Organisations, etc.) or are joint responses (for example, responses submitted on behalf of several accommodation providers). Letter responses did not necessarily answer the consultation questions (that is, they did not necessarily set out a response in line with the closed and open questions asked within questionnaires).

In discussion and agreement with the client team, EKOS:

- reviewed the content of each letter response submitted to A&BC.
- used our best judgement to decide which survey(s) to add each letter response to – in most cases letter responses raised points from both a resident and business perspective, and so these responses have typically been added to both surveys for inclusion in the analysis.
- where a letter respondent indicated in their response that they have submitted an online survey response we sought to identify the online survey response and created a composite response – this means that the online survey and letter response have been considered jointly as a single response in the analysis.
- a few letter responses appeared to be a critique of the consultation process and question set, and/or raised questions on the proposals or requested further detail or clarification – as these letter responses did not materially answer the consultation survey questions, the points raised have been reflected in **Appendix B** which presents wider issues raised by respondents to the consultation (that is, periphery information raised that does not pertain directly to the question set).

Table 2.1 provides details of online survey responses and hard-copy and letter responses. Points to note include that:

- the consultation received a total of **3,352 responses**
- the majority (61%) were from **local residents**.

Table 2.1: Consultation responses

Survey	Number of online survey responses	Revised number of responses once hard-copy responses have been added to the relevant survey	Revised final number of survey responses once letter responses have been assigned to a survey(s)	Percentage of the total number of responses to the consultation
Resident	2,031	2,042	2,061	61%
Business	721	727	753	22%
Visitor	532	538	538	16%
Total	**3,284**	**3,307**	**3,352**	**100%**

Note: The 45 letter responses did not necessarily follow the online and hard-copy survey structure or format. Letter responses have not been added to the analysis of closed-questions in the survey. Rather, the letter responses have been considered in the qualitative analysis of survey open-ended questions instead.
Note 2: Respondents could submit one response per survey if appropriate. For example, a local resident who is also a local business owner could submit a response to the resident and the business survey.

The online surveys were structured in a way that allowed respondents to answer questions independently, in recognition that respondents might answer some questions without expressing views on others – not all questions were answered in all cases, and some responses did not fully answer or align with the specific question asked.

There was also significant repetition of views expressed across the open-ended questions. Judgement was applied to determine the most appropriate placement for each theme within each survey chapter. In discussion and agreement with the council each survey has been written up as a separate chapter in this report - this results in considerable repetition of key messages expressed in the report, as similar themes emerged across the surveys.

The analysis gave equal weight to all responses, regardless of whether they were submitted by residents, businesses, visitors, or organisations. The analysis has sought to identify the most common themes and issues. It does not report on every single or specific point raised.

Summary tables for closed questions are presented in the main report. For open-ended questions, the analysis aims to convey the prevalence of the key themes raised. The qualitative analysis identifies the key themes across responses to each question and these have been quantified in some way to articulate the strength of opinion - for example, we use the terms 'a small number' (10% or less of respondents), 'some' (11% to 25% of respondents), 'many' (26% to 50% of respondents), 'a majority' (51% to 74% of respondents), and 'a vast majority' (75% or more of respondents).

This analysis report includes quotes - this does not indicate that these comments will be acted upon or given greater weight than others.

2.4 Webinars

A&BC held four online webinars between February and April 2025 to raise awareness of the consultation and on how to get involved and share their views. The webinars, each one hour in duration, were promoted in a similar way as the surveys.

During each webinar a senior council representative (Executive Director level) presented information on the draft proposals and raised awareness of the surveys and drop-in events. To ensure the sessions ran to time and to go through as many questions as possible, only council officers were able to speak. Rather attendees were invited to submit comments and questions prior to the webinar and were also invited to submit questions during the meeting using the chat function in MS Teams. The council answered questions during the sessions and also committed to providing responses to other questions following the webinars (through the FAQs webpage).

A total of 148 people attended the webinars – no breakdown was available by type of attendee (that, is resident, business, organisation, etc.), see **Table 2.2**.

Table 2.2: Webinars held and attendance

Webinar date	Number of people who attended the webinar	Number of questions or comments raised
24 February 2025	57	117
6 March 2025	42	35
25 March 2025	17	15
3 April 2025	32	46

Source: Information provided by A&BC.

The council provided EKOS with comments and questions raised at webinars to feed into the consultation analysis. A total of **213 comments and questions were recorded by the council**, and these have been grouped and analysed thematically. The feedback captured during the webinars largely chimes with that received to the business, resident, and visitor surveys.

Please refer to **Appendix C** for analysis of the input captured at the webinars.

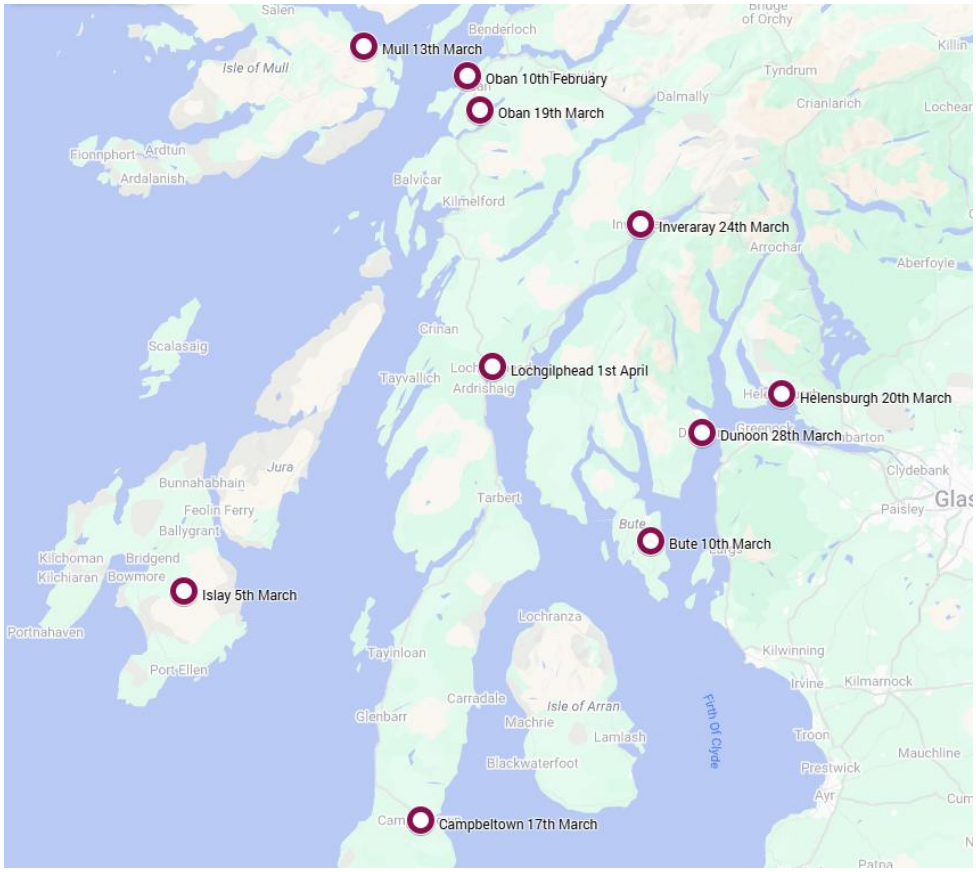
2.5 Drop-in events

A&BC arranged 10 drop-in events which were held across the length and breadth of the region between February and April 2025, as illustrated in **Figure 2.2**. The events were promoted in a similar way to the surveys and webinars.

Each event was attended by senior council officers who spoke with local residents and businesses and invited them to share or write-down their comments or questions on the draft proposals.

Attendance at the drop-in events varied – from a low of seven people (Bute) to a high of 39 (Mull), and there were a **total of 270 attendees**, see **Table 2.3**. The average number of attendees was 27 people.

Figure 2.2: Drop-in events



Source: Google Maps.

Table 2.3: Drop-in events – location, date, and attendees

Location	Date	Number of attendees	Number of comments or questions
Oban	10 February 2025	40	37
Islay	5 March 2025	23	12
Bute	10 March 2025	7	5
Mull	13 March 2025	39	23
Campbeltown	17 March 2025	29	6
Oban tourism	19 March 2025	21	4
Helensburgh	20 March 2025	32	7
Inveraray	24 March 2025	21	7
Dunoon	28 March 2025	29	3
Lochgilphead	1 April 2025	29	1

Source: Information provided by A&BC.

The council provided EKOS with comments and questions raised at each drop-in event. A total of **105 comments and questions were captured,** and this information has been grouped to identify common themes.

Please refer to **Appendix D** for analysis of input to the drop-in events held.

2.6 Emails

A&BC provided EKOS with a log of the emails received from businesses, residents, visitors, and other organisations (for example, community councils), relating to a visitor levy scheme consultation. Overall, 235 emails were submitted to the council. Questions raised in the emails and at the webinars and events were used by the council to develop and then routinely update a FAQ section on its website (with questions themed and answered). The emails submitted cover a wide range of areas – the legislation, the council's proposals, and about the consultation process itself.

2.7 Freedom of Information requests

Nine Freedom of Information (FOI) requests have been submitted to the council, dated between December 2024 and April 2025, on its proposals to introduce a visitor levy scheme in Argyll and Bute. The council has provided responses. The FOIs contained several questions relating to the council's proposals, the evidence base that has informed the draft visitor levy scheme, as well as on the consultation process itself.

Financial modelling work

The FOIs asked various questions relating to the University of Edinburgh's in-kind work to model revenue projections that could be generated from the introduction of a visitor levy scheme in Argyll and Bute (that is, the estimated gross £9 million per annum figure included in council papers). As examples, this included questions relating to:

- what information and data have been used to inform the modelling process.
- how many of the 2.7 million visitors stay in the region (as opposed to just day trippers) and what revenue is expected to be generated in the first year from a visitor levy.
- who undertook the financial modelling work and what specific calculations were done.
- what checks were undertaken of the estimates by the council.
- what is the net figure once administration costs, etc. are considered.
- whether the financial modelling work and calculations could be shared with the public.
- whether the council could share any minutes, background papers, or meeting notes on discussions relating to the proposed visitor levy scheme.

- anecdotal feedback from accommodation providers and retail businesses across Argyll and Bute is that there has been a downturn in business for the first two months of 2025 compared with 2023 and 2024 – questions centred on: what economic monitoring the council has in place to measure any changes in the tourism economy in both the accommodation providers and the retail business sectors; frequency of monitoring; time lag issues; and the impact of potential downturns, etc.

Impact assessment work

Many FOI requests asked the council about what impact assessment work has been done to inform the design of draft visitor levy scheme proposals and whether the council could share this information and data with the general public. For example, there was a reference in the FOIs to whether the council has undertaken specific impact assessments (either already or planned), and if so could the council share any of the following completed assessments:

- Business and Regulatory Impact Assessment (BRIA).
- Island Communities Impact Assessment (ICIA).
- Equalities Impact Assessment (EqIA).
- Environmental Impact Assessment (EIA).
- Rural Communities Impact Assessment (RCIA).
- Economic Impact Assessment (EIA).
- Strategic Environmental Assessment (SEA).
- Sustainability Impact Assessment (SIA).
- Tourism Market Impact Analysis (TMIA).

Visitor levy scheme consultation process

A small number of the FOIs asked questions about the consultation process itself, including, for example:

- who would be responsible for designing the consultation questions and what is their experience?
- who would be responsible for analysing the consultation responses and what is their experience?
- what evidence can the council share to demonstrate there would be a robust methodology used for the consultation analysis?

Administering the scheme

One FOI related to whether the council had advertised, interviewed and/or filled any posts relating to the operation and/or administration of a visitor levy scheme in Argyll and Bute.

2.8 Business case studies

To supplement the main surveys, business case study interviews were undertaken as part of the consultation analysis contract with EKOS. Members of the Shadow Visitor Levy Forum used their networks and connections to raise awareness of the case study research and asked businesses and others (for example, Destination Management Organisations) to put their names forward. The council also asked for business case study participants at the drop-in events and during the online webinar sessions and indicated that requests could also be made using a visitor levy mailbox.

EKOS was provided with contact details of 14 businesses/organisations to be potential case studies from which to achieve a total of 10 interviews. The list spanned businesses/organisations:

- of different accommodation types - and other types of organisation, for example, tourism-related businesses and a construction company (the latter aligns to intra-regional travel for tradespeople).
- located across the four administrative areas of the region, including the mainland and islands.
- of different sizes.

A semi-structured topic guide for the case study interviews was designed and shared with the client team for review and comment prior to use. It was agreed that the interviews would take place once the surveys had been written up to allow for further probing of key themes which emerged.

All 14 contacts were contacted by the council on 23rd June 2025 and invited to participate, and EKOS then followed up directly with each contact. When interview appointments were confirmed, the topic guide was shared with interviewees in advance of the call.

A total of **13 interviews** were undertaken by EKOS. Some but not all case study interviewees asked that their case study be anonymised. Draft case studies were shared with the individual businesses and organisational participants for review and comment and are included at **Appendix E**. A summary overview has also been included in this appendix.

2.9 Consultation and analysis challenges and limitations

The main limitations of the consultation process are outlined below.

Self-selecting nature of public consultations

Similar to other public consultations, respondents are self-selecting, and the responses might not be representative of the population of Argyll and Bute as a whole. The very nature of public consultations is that they will attract responses from individuals and organisations (and in some cases campaign groups) who hold strong or even polarised views on the subject matter.

Comments that did not directly answer the questions/other issues

Various comments are made across the three surveys (and webinars and events) that question the consultation process, the question set, and/or the decision-making processes of the council. As these did not directly answer the consultation questions a summary has been provided at **Appendix B** rather than reflecting these points in the main body of this report.

The consultation did not ask a question such as *'Are you responding to this consultation as an individual or as an organisation'?* or a follow on question for individuals or organisations to insert their name. This made it more difficult to identify duplicate or multiple responses from the same person or organisation.

Respondents were able to submit one response to each of the three surveys, where appropriate for them to do so. To check for any duplicate or multiple responses (to the same survey) from the same individual or organisation IP addresses were reviewed. As IP addresses are unique to each WiFi router and not to an individual's device, it was not possible to track individual responses in this way. For example, we identified 83 responses across the three surveys linked to one IP address which is attached to a public Wifi server – this means that this WiFi can be accessed by anyone in that public space/building.

There were other responses from the same IP address but this likely relates to two or three people in the same household each submitting a survey response (no identical responses were identified).

All responses are valid and have been included in the analysis.

It would appear that some groups and organisations were not clear which survey(s) they should complete, and while some organisations did complete the online survey(s) others decided to submit a letter response to A&BC instead. A&BC suggested that organisations who wanted to complete the online survey(s) should specify their organisation name in any of the open-ended text boxes.

Impact assessment

The impact assessment uses good practice economic modelling techniques and a cost benefit analysis framework which is consistent with HM Treasury Green Book guidance.

In assessing the potential costs and benefits associated with a visitor levy, we have taken an approach which estimates a range of possible outcomes based on different model specifications. This approach is driven by the nature of the data and evidence available to us.

There are several key variables in the model which are subject to multiple specifications. These are:

- set-up/implementation costs and administrative costs for both the council and accommodation businesses - three cost scenarios have been modelled.
- price elasticity of demand (PED) values - three PED values have been modelled to reflect uncertainty in the response overnight visitors will have when facing a price increase in the total price of a trip to Argyll and Bute.
- investment impact - the impact on accommodation sector and overnight visitor economy turnover driven by levy funded public investment in the Argyll and Bute visitor economy has been modelled using four different values: 0%, 1%, 2% and 4% annual uplifts.

Applying all of these specifications in combination has enabled the modelling of 36 distinct model specifications and enables a range of possible results to be analysed.

The analysis is not able to determine which scenario is more likely to occur. That is to say, we are unable to comment which PED value is most likely to occur in the real economy. This is also the case for the costs of set-up and administration, and investment impact. What the analysis does provide is insight to a range of possible costs and benefits and an understanding of the magnitude of impact that investment of levy funds will need to generate a positive impact/return.

The analysis provides insight into the effects of a visitor levy at the Argyll and Bute level only. No distinction can be made at a sub-regional level, for example, islands versus mainland. While different sub-regions may be impacted differently by a visitor levy, there is insufficient data to disaggregate any regional effects.

2.10 The role of social media campaigns

There have been various social media campaigns and coverage at a national and local level during the consultation period, primarily by groups that do not support the introduction of a visitor levy. These campaigns have promoted the different ways that residents and businesses can participate in consultation processes as well as highlight key issues and concerns with a visitor levy. They also ask people to share campaign videos and weblinks as a way to encourage critical discussion on the topic and advocate for people and businesses to hold their local councillors accountable for their policy decisions.

3 Business survey results

3.1 Introduction

This chapter provides the business survey analysis. As described in **Chapter 2**, a total of 753 responses were received and included in the business survey analysis.

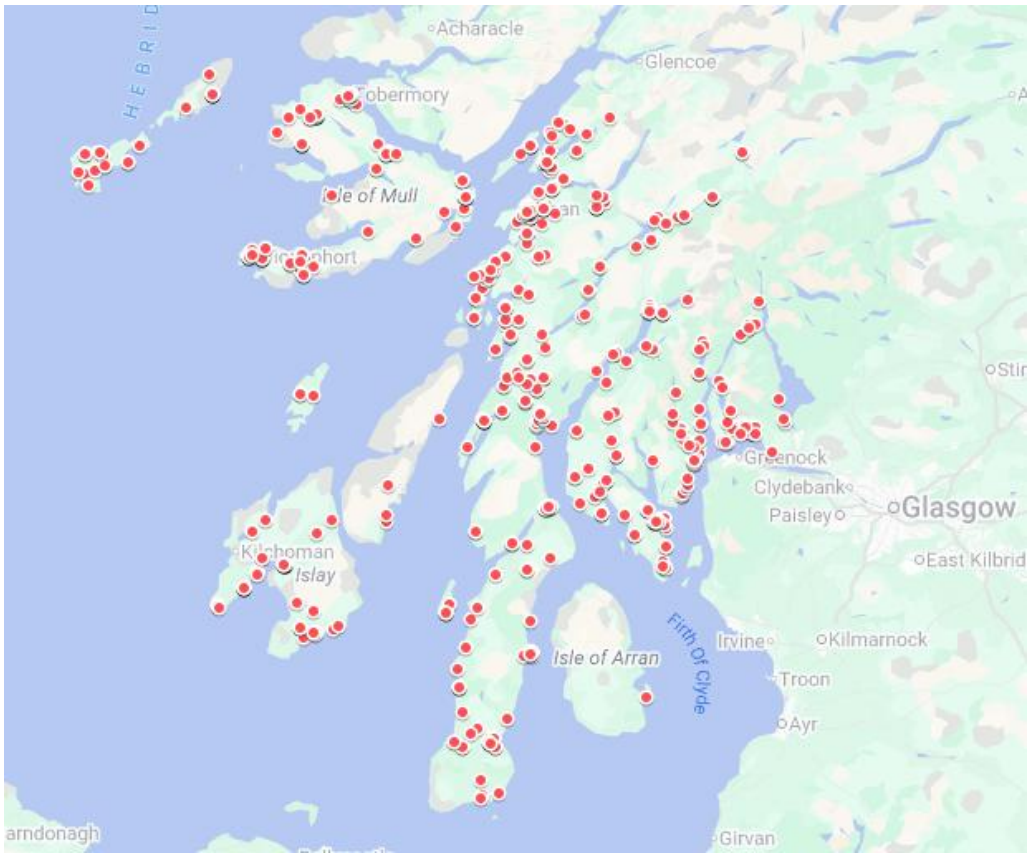
3.2 Business survey respondents

The business survey asked questions relating to business location, size, sector, and approximate annual turnover, and responses are presented below.

Location

Using the postcode data provided, **Figure 3.1** maps the location of business survey respondents.

Figure 3.1: Postcode map of business survey respondents



N=704. Where incomplete postcodes were provided, these responses have not been recorded on the map.

Business size

Almost all (99%) businesses who answered the question relating to business size indicated that they were Small or Medium-sized Enterprises (SMEs). The vast majority (92%) were micro businesses with less than 10 employees, see **Table 3.1**.

Table 3.1: Please advise on the size of your business?

Employment	Number	Percentage
Employ 1 member of staff (including yourself)	314	43%
Employ 2-9 staff	353	49%
Employ 10-49 staff	37	5%
Employ 50-250 staff	18	2%
Employ more than 250 staff	4	1%

Source: A&BC Business Survey.
Base=726.

For comparative purposes only, **Table 3.2** provides a breakdown of business size by survey responses compared with the business base in Argyll and Bute – responses to the business survey as part of the consultation were broadly representative of the wider business base in the region.

Table 3.2: Business size by survey responses and for Argyll and Bute as a whole

Business size	Survey responses	Argyll and Bute
Micro (less than 10)	92%	90%
Small (10-49)	5%	9%
Medium (50-249)	2%	1%
Large (250+)	1%	0%

Source: A&BC Business Survey.
Note: Data for Argyll and Bute is from UK Business Counts, 2024 - an enterprise can be thought of as the overall business, made up of all the individual sites or workplaces. It is defined as the smallest combination of legal units (generally based on VAT and/or PAYE records) that has a certain degree of autonomy within an enterprise group.

Sector

Respondents were asked to indicate what sector, from a pre-defined list, their business mainly operates in, see **Table 3.3**. The consultation attracted responses from a diverse range of industry sectors. The most responses were received from:

- self-catering accommodation providers.
- businesses in the hospitality sector.

Taken together, these responses represented 75% of all responses to the business survey - and could be higher for accommodation providers (see below for further explanation).

Table 3.3: What sector does your business mainly operate in?

Sector	Number	Percentage
Self-catering accommodation	362	50%
Hospitality	179	25%
Other	41	6%
Tourism including visitor attractions	30	4%
Retail	25	3%
Food and drink	15	2%
Trades / construction / engineering	15	2%
Professional services	14	2%
Culture, heritage and creative industries	9	1%
Agriculture and forestry	8	1%
Marine services	5	1%
Transport / distribution	5	1%
Leisure	4	1%
Education	4	1%
Manufacturing	3	0%
Charity	3	0%
Beauty / personal services	2	0%
Domestic services	1	0%
Public sector	1	0%
Third sector	1	0%
Event management	0	0%
Vehicle and motor trade	0	0%

Source: A&BC Business Survey.
Base=727.

From a review of the responses and the qualitative feedback it appeared that a small number of businesses found this question difficult to answer it – choosing to select 'Other' rather than selecting a sector from the pre-defined list, even as a 'best-fit'. This was predominantly, but not exclusively, businesses which said they were other types of accommodation providers such as a guesthouse, bed and breakfast, an Airbnb, a camping and caravan park (or holiday park), or a tour operator.

The qualitative responses from these businesses raise various points, including that:

- they felt the pre-defined list did not suitably cover different types of accommodation provider - and that this has been an oversight and could skew results.

- some would have preferred to select more than one option as they felt their business did not neatly or easily fit into one category – an example of this, was an agricultural business that also provided self-catering accommodation.

Approximate annual turnover

The vast majority (76%) of respondents to the business survey indicated that they have an approximate annual turnover of less than £90,000, see **Table 3.4**. Most businesses that responded to the consultation were currently operating below or close to the £90,000 VAT threshold.

Table 3.4: What is your approximate turnover?

Turnover	Number	Percentage
Up to £85,000	515	71%
£85,001 to £90,000	34	5%
£90,001 to £250,000	84	12%
£250,001 to £1 million	53	7%
Over £1 million	37	5%

Source: A&BC Business Survey.
Base=723.

3.3 Visitor levy scheme objectives

The business survey asked respondents the extent to which they agreed or disagreed with the four proposed visitor levy scheme objectives for Argyll and Bute. The main points to note from **Table 3.5** include that:

- **the majority of businesses either disagreed or strongly disagreed with three of the four levy scheme objectives** – the exception was the objective on *'Sustaining and improving the visitor offer'*, albeit circa half also disagreed with this visitor levy objective.
- **agreement (that is, a rating of either agree or strongly agree) with the four visitor levy scheme objectives was lower** – this ranged from a low of 21% who agreed with *'The journey towards net zero'* objective to a high of 36% who agreed with the *'Sustaining and improving the visitor offer'* levy scheme objective.
- **a relatively sizeable proportion of businesses neither agreed nor disagreed** with each of the four visitor levy scheme objectives.

Table 3.5: To what extent do you agree or disagree with the A&BC visitor levy scheme objectives?

Objectives	Strongly agree		Agree		Neither agree or disagree		Disagree		Strongly disagree	
	Number	%	Number	%	Number	%	Number	%	Number	%
Extending the season and spreading visitors across the destination – for example, infrastructure, amenities, events, and marketing	75	10%	117	16%	131	18%	91	13%	313	43%
Reaching new audiences: marine, coastal, cultural and outdoors tourism – for example, visitor product development, inter-island connectivity, step ashore facilities, showcasing producers, culture, and heritage	72	10%	114	16%	158	22%	98	13%	285	39%
Sustaining and improving the visitor offer – for example, transport options, destination investment (including toilets), support for individual tourism businesses to help them improve their products and services (grants, training, advice, toolkits)	101	14%	159	22%	121	17%	78	11%	268	37%
The journey towards net zero – for example, investment in sustainable tourism, business advice and support, low-carbon transport networks7	48	7%	108	15%	164	23%	96	13%	311	43%

Source: A&BC Business Survey.
Base=727 (for each statement).
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3.4 Other things business survey respondents would like to see a visitor levy spent on

Over half of businesses answered the follow-on question *'If there are other things you would like to see a visitor levy spent on please tell us here?'*. Some businesses did not directly answer this question, and this is reflected in the themes presented below. In part this reflects the fact that this was the first open-ended question in the survey, and businesses wished to express the extent to which they supported a visitor levy scheme in Argyll and Bute or otherwise.

Comments related to the proposed visitor levy scheme

Most businesses who answered this question took the opportunity to comment on the council's draft proposals to introduce a visitor levy scheme in Argyll and Bute – and most either said that they:

- do not agree with the introduction of a visitor levy scheme.
- or do not agree with the national legislation in its current form and/or with the council's proposals in their current form – this included some who did not consider it in the best interests of Argyll and Bute to introduce a visitor levy at the current time.

Firstly, many businesses who were opposed to the introduction of a visitor levy scheme in Argyll and Bute often framed their response to this question in the context of recent and ongoing challenges:

- **for the visitor economy post Brexit** – for example, businesses referred to labour and skills shortages, as well as to the introduction of an Electronic Travel Authorisation (ETA) for European Union (EU), American and Canadian visitors to the UK (£16 for a digital permit) which was considered to have been a *'blow to the Scottish visitor economy*.'
- **for the visitor economy arising from the pandemic, associated lockdowns, and post COVID-19 recovery** – for example, businesses referred to lost income, reduced profit margins, and repaying debt (Bounce Back Loan Scheme).
- **for visitors, businesses, and residents due to the impact of the cost-of-living crisis** – some businesses perceived Scotland to be an expensive holiday destination that lacked quality road/ferry/infrastructure compared to other destinations, and that visitor numbers were declining due to the cost-of-living crisis (and other factors).

- **small, remote, rural and island businesses in particular faced a challenging trading environment**, including a higher cost of doing business when compared to cities for example - recruitment difficulties[2], rising business rates, rising operating/running costs, rising cost of paying staff, increased costs of goods, increasingly intense competition for international visitors, a shrinking domestic market, and shrinking margins, were all mentioned by businesses.
- **the impact of the short-term let licence scheme** – many small businesses said they were struggling with the strain of the costs and bureaucracy associated with the implementation of this scheme. Some said they have already passed some additional costs onto customers, while others said that they knew of accommodation providers who had closed or who were only just keeping afloat. The proposed visitor levy scheme was said to represent another administrative or regulatory hurdle that could further threaten the financial stability of accommodation providers in Argyll and Bute.

The main message raised by these businesses was that the introduction of a visitor levy scheme in Argyll and Bute could make the current trading situation worse, and that it might not be the time to introduce another tax to the fragile rural economy. Responses often used language such as *'unfair'* and *'excessive'* – businesses believed the introduction of a visitor levy scheme in Argyll and Bute could place considerable additional financial pressure and administrative burden on a sector which has not fully recovered from the pandemic, or the more recent cost of living crisis, and with population decline still prevalent.

These points were further reflected in the selected business survey respondent quotes below.

> *"Our fragile visitor economy is struggling to recover post-pandemic, with tourism businesses operating on the margins. Now is most certainly not the time to make our destination even more expensive and to burden our tourism businesses with the costs and administration of an additional tax."*

> *"It would put so many businesses to the wall where we are all already struggling with the government's continuous increase in minimum wage and the increase in employers' national insurance."*

[2] For example, responses mentioned that a lack of affordable housing for staff, the proportion of second-home ownership and the lack of new affordable housing in the region can adversely affect the ability of businesses to attract, recruit and retain staff.

"If you introduce this you will kill small businesses such as mine. If I have to pay this on top of the short-term let licence scheme it is not worth operating the business."

"We are not planning on continuing our business beyond 2026 as the short-term let licence is such a huge workload, and this visitor levy is the final nail in the coffin."

"Working towards meeting the Argyll and Bute Rural Growth Deal's stated target to attract an additional 77,000 visits in 2025/2026 (versus the previous year) will become increasingly unattainable if our destination's international and domestic competitiveness is undermined by making an already very expensive destination even more costly."

"The timing for imposing yet another cost on businesses could not be worse. We are already seeing many hospitality businesses closing in the area and we fear more will follow, making the area difficult to sell as a visitor destination."

Second, many businesses considered the Scottish Government visitor levy legislation and the A&BC proposals flawed. This was further reflected in survey responses that suggested a visitor levy legislation and/or the council's proposals were *'not fit for purpose'*, *'unworkable'*, *'poorly thought through'*, *'the wrong model for Argyll and Bute'* or which suggested that *'a rethink'* was needed.

Some but not all of these businesses disagreed with the principle of a visitor levy.

Businesses agreed that the visitor economy plays a significant role in the local economy – and that it the tourism economy depends on attracting a broad and diverse range of visitors. The visitor economy was described in responses as a key sector and employer for the local economy which also supports small and remote communities. Businesses also understood the difficult financial decisions that councils needed to make and the need to explore new ways to generate revenue. However, they suggested doing anything that could deter tourism/visitor numbers and reduce expenditure in Argyll and Bute would be *'counter intuitive'*.

This point is reflected in the business survey respondent quotes below.

"I believe this levy, if introduced, would be detrimental not only to those who directly provide accommodation, such as hotels, guesthouses, and Airbnb hosts, but also to every business and individual who relies on the visitor economy as a critical part of their livelihood. Many businesses, particularly small and family-run enterprises, rely on the seasonal influx of tourists to support their workforce and sustain them through the quieter months."

> "Argyll *and Bute is very dependent on tourists who spend money in the area. The council have to be careful that they do not alienate these much needed visitors."*

Many businesses then provided comment on the detail of the Scottish Government legislation and the council's proposals – these points are covered in more detail at the appropriate survey questions in this chapter. However, in summary these comments related to:

- strong levels of disagreement with the fixed percentage model.
- strong levels of disagreement with the council's proposed 5% visitor levy rate in Argyll and Bute and with the council's current position on local exemptions.
- concerns about the additional cost and burden the proposed visitor levy scheme would place on accommodation providers, and in particular on micro and small (and island) businesses.

Most businesses provided examples of how the introduction of a visitor levy scheme in Argyll and Bute could be detrimental to the visitor economy and to the local economy. Negative impacts were consistently identified across these responses as:

- **fewer visitors will come to Argyll and Bute and/or there will be fewer overnight stays** – businesses said that the market for travel was competitive and that a visitor levy could deter bookings as some visitors might choose to go elsewhere as Argyll and Bute would become even more expensive and less appealing than places that, for example, did not have a visitor levy scheme. It was suggested that this could place Argyll and Bute at a competitive disadvantage and reduce income for accommodation providers which could then have implications for business hours/ availability/jobs, etc. And that it could place island businesses at an even greater disadvantage – *"Prices here already reflect higher costs due to the nature of the island's location and remoteness from the mainland and we are concerned that our businesses would face a further blow that would not apply to other similar businesses within Argyll and Bute."*
- **visitors will have less money to spend in the local economy** – businesses suggested that the additional costs to visitors from a visitor levy would mean they might have less to spend on eating, drinking, shopping in the local area and that a visitor levy could have a negative impact beyond accommodation providers to other local hospitality, leisure, and retail businesses. A drop in visitor numbers would impact all businesses.
- **some accommodation providers might have less money available for business investment** – and that a resultant lack of investment in their properties would also affect the income of local tradespeople (for example, builders, plumbers, electricians, tilers, roofers, heating engineers, etc.).

- **some businesses might/will close as a result of the introduction of a visitor levy** – points raised by businesses included that: smaller accommodation providers might be less able to any absorb additional costs associated with collecting a visitor levy; a reduction in visitors would reduce income and result in tighter profit margins for accommodation providers; it would place extra burdens upon accommodation providers who raised concerns that the administration and collection of a visitor levy could be complex and time consuming, in particular for micro and small businesses; and that if some of these accommodation providers closed this could result in less choice for visitors when looking for accommodation in the area. Taken together, this could make it increasingly difficult for some accommodation providers to remain viable businesses.
- **a visitor levy scheme could penalise local residents and visiting workers** – for example, businesses considered a visitor levy scheme would result in higher costs for local residents who would be penalised for visiting friends and family, for island residents who stayed overnight on the mainland for a hospital appointment, and for those who came to the islands to work on infrastructure related projects, etc.
- **already slim margins would be under even greater pressure and could harm the travel sector more widely** – for example, as operators, particularly in the travel agent and tour operator sector, might not be able to pass on the full cost of a visitor levy to their customers.

Some businesses emphasised that the current timing and economic circumstances might not be right for introducing a visitor levy scheme in Argyll and Bute – and called on the council to pause or delays its deliberations. There were also calls for the council to undertake detailed economic impact assessments (for example, on different percentage models) as well as further consultation and engagement to consider the unique circumstances of Argyll and Bute (for example, its predominantly rural character) and additional cost pressures facing island residents, businesses, and their visitors.

The points raised were broadly reflected in the responses below.

> *"Introducing a successful visitor levy scheme is about the right application, right place, and right time, if it is to act as a force for good that enhances our visitor offer and appeal… none of these conditions of success are currently in place in Argyll and Bute and it should not proceed with introducing a scheme at this time. A rush to introduce a visitor levy will damage the essential tourism and hospitality businesses that local economies rely on to support jobs and attract visitors. Although the timeline to introduce a potential scheme in Argyll and Bute from January 2027 onwards is sensible, the current visitor levy scheme proposals and the questions asked in the business, visitor and resident surveys are lacking in the level of detail needed to make a proper informed decision about whether to proceed with a scheme.*

We would consider these surveys as a pre-consultation stage. Considering the difficult economic climate and the emerging complexity of the current charging model, we would urge A&BC to take a pause and instead use its time wisely to carry out detailed economic and island impact assessments, conduct a competitor analysis, and to continue to listen to the views of its local businesses by working closely with its destination management organisations, chambers of commerce and industry organisations."

"We maintain that the Scottish Government's percentage model is not fit for purpose and urge Argyll and Bute Councillors to pause the entire process until the complexities and flaws of the percentage charge model are recognised by the Scottish Government and addressed in revised legislation, as we and the Scottish Tourism Alliance on behalf of Scotland's tourism industry are urging MSP's and Ministers to do so. Argyll and Bute is one of Scotland's most geographically challenged regions. We should take time and effort to ensure that introducing a visitor levy that disproportionately impacts our area does not harm our economically fragile region and communities."

"We remain opposed to the flawed percentage tax model required as part of the Scottish Government's Visitor Levy legislation. The proposed model disproportionately impacts our region relative to urban areas, which have a more significant percentage of larger businesses with more resources. Many of our members trade below the VAT threshold. Including a visitor levy in taxable income will result in our small businesses facing higher costs and more complicated tax obligations with no additional management resources. Many operators will reduce their availability to ensure they stay below the VAT threshold, which will detrimentally impact the provision of tourism facilities. The board strongly believes that introducing the proposed Visitor Levy, in its current form, to Argyll will offset any benefits gained from a visitor levy's intended purpose of supporting local tourism development and risks damaging our destination's welcoming reputation and competitiveness. We respectfully request that the council delay implementing the proposed visitor levy scheme in Argyll and Bute until a comprehensive evaluation of the model and its potential unintended consequences is conducted at the local authority and Scottish Government level. We urge Argyll and Bute Council to request the Scottish Government recall and revise its flawed Visitor Levy legislation and do so following meaningful engagement with Scotland's tourism industry."

Accountability and transparency in how revenue generated through the proposed levy scheme would be spent in Argyll and Bute

There was acknowledgement in the responses that a visitor levy scheme could provide a key opportunity to sustain and enhance the region's tourism infrastructure.

That being said, many businesses called for more detailed proposals and plans from the council on how the revenue generated through the proposed levy scheme in Argyll and Bute would be spent. Businesses expressed strong support that the revenue generated through a visitor levy scheme should:

- **not be used by the council to fill its funding gaps** - or to balance its budget or to fund core or existing service provision – that is, the funds should be viewed as '*additional*'.
- **be ring-fenced and strategically reinvested in Argyll and Bute** to tangibly enhance the area as a visitor destination and on tourism infrastructure and amenities.
- **be equally and fairly distributed and reinvested** across Argyll and Bute mainland and island communities - that is, not only reinvested in the main resident population centres. An alternative viewpoint expressed was that it **should be reinvested in the locality in which the revenue was raised**.

Other common messages from businesses included that accommodation providers/communities should be represented on, and input to, any Visitor Levy Forum set up to inform decisions on how the revenue raised through the proposed visitor levy scheme would be reinvested.

And that it would be equally important to recognise that different communities/places in Argyll and Bute may need different things.

Businesses agreed that the council should routinely report on, and account for, how the revenue generated through a visitor levy scheme has been spent in Argyll and Bute. Points raised included that this reporting should cover:

- how much revenue would be/has been allocated to **each core objective and activity**.
- how much revenue would be/has been distributed across the **mainland and islands**.

The following business respondent quotes were broadly reflective of the points raised.

> *"Would levy money ever be returned to the community to improve infrastructure - I would be concerned that it may become engulfed in general funds."*

> *"I can't answer these questions because there is no guarantee that the money raised in one area will be spent in that area. My area brings in a lot of visitors and yet may not benefit from investment in local services."*

> *"When visiting places that apply a tourist levy, I hesitate to book. It is an unwelcoming tax. It undermines the apparent goodwill. It feels like advantage is being taken of the visitor. The proposed levy's obvious and overt aim is to fill a much wider budget blackhole."*

"The only way a visitor levy should be introduced is if the money is ring-fenced locally and decided how to be spent locally. So each island, each town gets to decide on its own priorities."

"If a visitor levy is approved, funds raised should be used for tourism only, but this should be decided by business committees and not the council. Similar to a Business Improvement District (BID) set up and organisation."

"Visitor levy money should be ringfenced for spending in the area in which it is collected… and subject to participatory budgeting in order to be distributed according to the needs and wishes of the local community."

Many businesses who indicated that they do not support the introduction of a visitor levy scheme in Argyll and Bute perceived the council would use a visitor levy as a way to raise funds for things that it should already be funding or took issue with the term *'visitor levy'* or think its proposed introduction was at the expense of accommodation providers who would be responsible for collecting a visitor levy.

These points were further reflected in the business respondent quotes below.

"This is misleading as a visitor levy includes residents' overnight visits which are not recreational or business. These types of stays are much more likely for island communities and therefore a visitor levy is a tax on island life. A visitor levy is an accommodation tax on everyone who has a paid overnight visit for whatever reason."

"This is not a visitor levy but a tax. A visitor levy is a fixed fee. The 'levy' if gathered should not be used as a substitute which allows the council to deflect their accepted limited resources to fulfil their social budget responsibilities to items like filling potholes in roads (topping up roads budgets).

"The council is pursuing this levy idea purely as a means of raising a quick buck at the expense of accommodation providers for whom this will be yet another detrimental layer of admin."

"The visitors levy is a poor excuse to attempt to raise additional funds that will have a detrimental effect on local accommodation providers which in turn will result in lower tourist levels."

Further, most businesses intimated that the introduction of a visitor levy would result in additional costs to accommodation providers in terms of scheme administration – they called for support and guidance to help mitigate both the financial and administrative burdens caused by the introduction of a visitor levy scheme in Argyll and Bute.

Comments on the proposed visitor scheme objectives

Positive feedback on the scheme objectives

A small number of businesses provided positive comments on the proposed visitor scheme objectives for Argyll and Bute.

Points raised by these businesses suggest that additional investment in local facilities and services to improve the visitor experience would undoubtedly help to improve Argyll and Bute. There was feedback that the proposed objectives were *'admirable'*, *'laudable', 'commendable'* or that they were objectives that *'nobody can disagree with*.'

There was also support in principle among these businesses for revenue generated through a visitor levy scheme to be used to further support *'the priorities of the strategy agreed by the Argyll and Isles Strategic Tourism Partnership as well as the national tourism strategy*.'

The council's proposals for accommodation providers to retain a percentage of what they collected to help cover costs were also very much welcomed by businesses, albeit there was some feedback that estimates *'appear low'* – **note:** the Scottish Government still needs to agree what can be done in relation to this at a national level. There were, however, calls for there to be a further opportunity for businesses and key stakeholders to comment on more detailed plans and proposals on what this would look like and how it would work in practice.

Negative feedback on the scheme objectives

Many businesses were sceptical about whether the revenue generated by the council would be used to improve the visitor experience – these included businesses who agreed or those who disagreed with the principle of a visitor levy and/or with the proposed scheme objectives. Other businesses called for an opportunity to comment on more detailed proposals or plans for how revenue generated through a visitor levy could be used in Argyll and Bute.

The following business survey respondent quotes were broadly reflective of points raised.

> *"At the moment detail of how the monies raised will be spent are unclear and the industry is concerned, in the current public financial climate, that funds will be spent on services which are not incremental. There is also concern on how funds will be divided across the region, where by definition some areas will raise more than others."*

"Whilst I agree that additional funding to support the infrastructure of Islay would be of great benefit, particularly due the high number of visitors compared to other areas of Argyll & Bute council there is no suggestion that levy income generated by Islay would be spent on Islay."

"Funds raised via the tax will be swallowed by the costs of administering it."

"All of the objectives are areas where investment is required for Argyll & Bute residents too, so there's no point in dressing it up as specifically for tourism."

"While I agree with their objectives, I don't believe the council will spend money in these areas. Already, our cinema in Oban has been closed. We lost our Rare Breeds Park at Glencruitten a few years ago. We also lost our bowling alley, and our Sealife Centre at Barcaldine. We've also lost our local Oban FM radio station. Rockfield Community Centre is on the brink of closure with very little support from the council. The council is doing nothing to support tourism."

Further, some businesses referred to recent issues with the short-term let licence scheme – these responses suggested an element of distrust that the council would administer a visitor levy scheme '*efficiently and effectively*'.

Among businesses who did not agree with a visitor levy for Argyll and Bute, the survey question *'To what extent do you agree or disagree with the A&BC visitor levy scheme objectives'* was considered *'arbitrary'* (for the reasons described above), and they suggested that a visitor levy scheme in Argyll and Bute could be '*counter-productive*'. That is, these businesses highlighted the potential negative impacts and unintended consequences of a visitor levy on businesses and on the visitor economy in Argyll and Bute and/or considered there to be issues with the national legislation itself.

The following business survey respondent quotes were broadly reflective of points raised.

"I would agree with the objective of extending the season but clearly a visitor levy scheme would do the opposite, with levy amounts added to turnover those businesses that are close to the VAT threshold will have to reduce their season or cease to trade, thus reducing availability and shortening the season."

"While I strongly agree with the objectives, I can't see how a visitor levy can conceivably achieve these. Putting a tax on an already expensive country to visit is as likely to put visitors off as it is to encourage. We need tourists for our business and the local economy to survive, so potentially discouraging them makes no sense whatsoever."

"I do not think a visitor levy will improve any of the above (objectives)*, it will harm the visitor economy as a whole including shops, distilleries, attractions and restaurants."*

"I think the season cannot be extended by levy or other incentives, although I can see people not choosing anymore for the destination in the peak season due to introducing a visitor levy."

These businesses generally considered the introduction of a visitor levy might not be *'the best way'* to support the achievement of the proposed objectives or thought *'the objectives can be achieved in other ways'* or *'do not agree that a visitor levy is a good way to fund them' or* thought it could *'send the wrong message'* to domestic and international visitors.

Others considered that it would be vitally important that a visitor levy was *'used in ways that help boost business opportunities and drive additional revenue'* for Argyll and Bute.

The following business survey quotes were broadly reflective of the points raised.

"All these things are required but would be funded more simply by a change in the rates system".

"To achieve these objectives, you need to enable and support hospitality and accommodation providers, rather than impose extra challenges."

"We would like to see more focus on destination promotion and a focus on key issues like enforcement and business support. These must be addressed to ensure the scheme delivers real benefits to businesses, communities, and visitors."

"While all these objectives look admiral the simple fact of the matter is that a visitor levy in Argyll and Bute will have the opposite impact to what is proposed. It will involve increase costs to businesses, reduce demand and have a negative impact on the economy of Argyll and Bute. The council needs to be savvier in how it raises money for these objectives, there are ways they could do this without the negative impacts that a visitor levy will bring. For example, a visitor levy can potentially be avoided by visitors with motorhomes, which are the very group who don't make the same level of contribution to hotels and restaurants, etc. The challenge to the council is to think more creatively about how to grow the economy of Argyll and Bute and the answer is to create an environment which encourages, not discourages business."

"It would help if we had a reliable ferry service. We are already losing a lot of our customers due to CalMac and you want us to add another charge on visitors. This will put people off".

"I don't think a visitor levy will achieve any of these objectives. I fear that a visitor levy will discourage tourists. This is the purpose of tourist taxes in cities like Barcelona, New York, Edinburgh etc, which are trying to discourage tourists as there are too many. A&B does not have this problem."

"A solution to the issues has to be changes to the planning laws to allow more affordable housing, particularly in small communities, to sustain schools and community shops and pubs, rather than driving down tourism and forcing hospitality services to close during the winter season, and risking extending the off-season or driving tourists elsewhere altogether."

"While the goals…sound positive in theory, a visitor levy itself places an unfair and unsustainable burden on both visitors and small businesses. The knock-on effect will damage the very economy the council claims to protect. If a visitor levy were introduced (which I oppose), I would want it ring-fenced strictly for frontline infrastructure used by both residents and visitors; like road maintenance, waste services, and public toilets. It should not be spent on marketing or vague 'product development'. That said, I believe a visitor levy is the wrong solution. I am a small business owner who relies on work from other local businesses, most of which are in tourism. If those businesses suffer from reduced visitor numbers or extra admin and tax burdens, I suffer too. The council should explore alternative funding models that don't discourage tourism or penalise small operators."

Further, it was clear from the analysis of qualitative responses to this question, some businesses found it difficult to answer the closed question *'To what extent do you agree or disagree with the A&BC visitor levy scheme objectives?'*.

This issue was best reflected in the following respondent quote.

"I've answered neither agree nor disagree to the previous questions as there are many different options within each question, some of which I agree with, many which I don't."

Finally, a small number of businesses indicated that they disagreed with the need for more tourism infrastructure investment and highlighted other reasons why people visited Argyll and Bute.

"People come here for the wildness and the beauty they don't want more infrastructure and marketing."

"People don't visit for urban features. They like desolate landscapes, unspoilt beaches".

"In terms of infrastructure, one of Coll's greatest assets is its unspoilt rural beauty. I would be totally opposed to installing infrastructure such as public toilets at beaches, as it would ruin this. There would also be issues about how upkeep and maintenance would be funded."

Specific comments related to the four proposed objectives

Many businesses took the opportunity to comment specifically on one or more of the proposed objectives. Business survey respondent quotes which broadly reflected points raised are provided below.

Extending the season and spreading visitors across the destination

"While extending the season is, arguably, a laudable objective, it seems to suggest that the function of a visitor levy will be to discourage people to come at peak season (when it will be more expensive and therefore a percentage levy would increase the cost even more) and to come at a quieter period of the extended season instead - the very purpose of a visitor levy therefore seems to be to suppress tourism. Likewise, spreading visitors across the destination seems to suggest that people should be discouraged from staying in the more expensive parts of the region where, again, a percentage based visitor levy would make the stay even more expensive, and be encouraged towards the less popular and more competitively priced parts of the region. Again it seems that the very purpose of a visitor levy is to suppress tourism."

"All small accommodation providers, like us, work seven days a week during the season, from March until the end of October. Purpose built self-catering and B&B accommodation providers have no time off for eight months of the year. It is not feasible for the attractions and restaurants to remain open for the whole of the year even if there is a small increase in visitor numbers. The cafes and restaurants within the isles are often run by family teams - they don't have lots of staff to take on shifts throughout the year. All our businesses need time to redecorate, improve, carry out repairs, keep up to date with administration that can only be done in the off season."

"A strong visitor economy relies on active investment in attractions and destination marketing. If businesses are to collect and contribute to a visitor levy, they must see clear returns through increased demand. Without a defined plan for marketing investment, a visitor levy could harm rather than support the sector, impacting local jobs. Accommodation providers should receive direct promotional support to offset the administrative burden. Members are also concerned about council spending on off-park overnight motorhome parking and poor enforcement of irresponsible visitor behaviour. Unmanaged tourism causes environmental damage, waste issues, fire risks, and overuse of public areas. A visitor levy must fund proper management of these problems to ensure tourism remains sustainable and benefits both residents and visitors. This must not disadvantage licenced, rate-paying businesses."

"We would certainly agree that any levy should be used to support promotion of destinations to encourage greater visitor numbers in support of local communities and extending the season beyond peak months. Our primary concern is that a visitor levy is utilised effectively on the areas set out above, and not used to fill funding gaps within local authorities."

Reaching new audiences

"We broadly agree with the scheme's objectives, particularly the use of funds to reach new audiences of travellers. However, it should always be remembered that Argyll and Bute's tourism economy depends on attracting a broad and diverse range of visitors. The introduction of a visitor levy would be an additional cost to tourists, especially during peak times when accommodation prices are already high. If a visitor levy is to be introduced, it must be as simple as possible for accommodation providers to administer and be careful not to discourage demand for tourism in the local area. Otherwise it is likely to act counter to the above objectives."

"With the domestic market declining, holiday parks would welcome more international visitors."

"Is reaching new audiences a sensible objective for A&BC when this is already covered at a national level by bodies such as VisitScotland or by already established local groups (such as Argyll & the Isles Tourism Co-operative Ltd)?"

"I don't think the council has a better idea of how to reach new audiences than existing businesses, who've been doing this for years. I don't want help from the council for grants training or toolkits - none of that is necessary. If I wanted or needed it, I'd already be doing it myself."

Sustaining and improving the visitor offer

"While sustaining public services and infrastructure is important, many fear a visitor levy will be used to fill gaps in statutory funding rather than delivering additional benefits for tourism-related infrastructure which the council is required to do via the legislation. Maintaining roads, waste management, and public services should remain a core responsibility of local government funding, rather than being supplemented by a visitor levy that disproportionately impacts the visitor economy."

"Maintaining roads, waste management, and public services should remain a core responsibility of local government funding, rather than being supplemented by a visitor levy that disproportionately impacts the visitor economy. Transparency on how funds will be allocated is essential to ensure they genuinely enhance visitor infrastructure rather than replace existing public funding commitments."

The journey towards net zero

"The journey to net zero is a goal with much wider scope, not specific to tourism, and should not be part of a visitor levy scheme."

"There are already considerable resources for businesses to strive for sustainable tourism and net zero, though Green Tourism, Business Gateway, Carbon Trust, Mull and Iona Community Trust."

"The journey towards net zero should be a council objective for ALL residents of the area - it is not right to use a visitor levy to pay for this."

"Promoting net-zero will do nothing to bring extra visitors."

3.5 Exemptions

Businesses who agreed with the council's current position on local exemptions

Less than one-fifth (16%) of businesses said that they either agreed or strongly agreed with the council's current proposal that there should be no local exemptions beyond those set out nationally in the visitor levy scheme legislation, see **Table 3.6**.

Table 3.6: To what extent do you agree or disagree with this position on local exemptions?

	Number	Percentage
Strongly agree	71	10%
Agree	45	6%
Neither agree nor disagree	126	17%
Disagree	75	10%
Strongly disagree	361	50%
Don't know	49	7%

Source: A&BC Business Survey.
Base=727.

Businesses who agreed or strongly agreed with the council's position on local exemptions:

- **considered it appropriate and sensible that A&BC kept exemptions aligned to the national visitor levy legislation** – that is, they agreed that there should be no local exemptions beyond the groups or individuals identified as nationally exempt.
- **thought minimal local exemptions could help to ensure that funds were raised efficiently for local amenities and infrastructure** - while maintaining clarity in understanding, ease of administration, and effective enforcement.

- **expressed support for certain groups or individuals identified as nationally exempt** – disabled people were frequently mentioned by these businesses as it was considered important that some groups of people were not disadvantaged as a result of a visitor levy. A further suggestion made was that the council could retain flexibility to amend/add local exemptions once a visitor levy, if approved, has been introduced and based on experience.

Businesses who disagreed with the council's current position on local exemptions

A majority (60%) of businesses either disagreed or strongly disagreed with the council's current position on local exemptions, and most of these strongly disagreed, see **Table 3.6**.

First, many of these businesses considered the council should exercise its discretion to apply local exemptions. The main arguments made included that a **one-size-fits-all approach might not be appropriate**, and that local exemptions would allow the council to consider the unique characteristics and circumstances of Argyll and Bute. These businesses noted in their responses that:

- Argyll and Bute cannot be considered the same as large urban cities in Scotland (for example, Edinburgh or Glasgow) or further afield – due to its large island and remote, rural population and shorter tourist season.
- Scotland was different to other countries which have a visitor levy - for example, where VAT levels were said to be much lower than in Scotland.

Further, some businesses recommended that the council undertake updated impact assessment work (which is part of this commission, see **Chapter 6**) to help make an evidenced-based decision about whether local exemptions should be adopted under an Argyll and Bute visitor levy scheme. These responses often mentioned that the financial impact on Island residents having to pay a visitor levy was unfair.

Most businesses who disagreed with the council's position on local exemptions set out specific examples of local exemptions that the council could consider when deciding on whether to introduce a visitor levy in Argyll and Bute. The most frequently identified examples of potential local exemptions included:

- **residents of Argyll and Bute** – albeit others go further and suggest that residents in Scotland should be exempt from the Argyll and Bute visitor levy – as they *'pay enough in taxes'* or *'should not have to pay to visit their own country'*.

- **people staying in Argyll and Bute for business or work, or visits for medical treatment or essential appointments, school visits/trips, visiting family, etc**. (that is, strong support is expressed for a visitor levy to account for different trip purposes and 'non-tourist' visitors/stays). There is wide reference across responses to residents in remote and rural regions regularly having to travel distances for treatments, health care, dentists, car servicing, etc. and as a result, many, especially island residents, must spend an overnight stay (planned or unplanned due to the ferry service/bad weather).And that it could become even more difficult to find skilled labour to work in island and remote rural areas, and that the cost of services could also increase.
- **micro and small businesses that have consciously structured their business to remain below the £90,000 VAT threshold** to avoid the complexity and costs associated with VAT compliance – businesses make arguments relating to: the large number of small family run businesses that contribute to the local tourism economy but which currently operate on tight margins; concerns about the additional administrative and financial burden of a visitor levy on micro and small businesses; and that the operational costs of a visitor levy may outweigh profit leading to some micro and small businesses deciding to stop trading altogether or consider reducing their availability during the year. It is suggested that excluding these businesses could '*protect the viability of smaller accommodation providers while still achieving the intended benefits of the scheme*.' Pushing some accommodation providers over the VAT threshold was said to have various disadvantages, including extra time, effort, cost and expertise required.
- **people who accompany/support disabled people on holiday or essential trips and appointments** - for example, carers, including paid carers.
- **charities and overnight stays for charitable purposes** – for example, where a property is occupied by a charity or trustee of a charity, or overnight stays which are wholly or mainly for charitable purposes.

A few business respondent quotes which are broadly reflective of the points raised are provided below.

> *"We frequently have to travel to see a specialist doctor. Because of distance and an unreliable ferry service, I often have to stay overnight."*

> *"Locals are not tourists and already contribute. This will also affect the price of tradesmen and of seasonal staff which we already struggle to find."*

> *"Scottish residents should not have to pay an additional tax to stay in their own country! Especially when some of it is for work/personal reasons, not a holiday."*

"Islanders have to travel on ferries to reach the mainland. These ferry services have proved to be unreliable and therefore subject travellers to many occasions when they might have to be faced with an un-scheduled overnight stop which under the proposals would incur a visitor level charge. There is a requirement to bring in contractors to cope with the infrastructure and building on the Island. These contractors, if they have to pay a visitor levy will have to pass on the cost to the local project, thereby significantly increasing the cost of getting something done on the Island…it is already significantly more expensive and more time consuming to get done than the mainland."

Due to the time requirements of travelling off an island, Mull and Iona residents will suffer increased cost of living by having to pay a visitor levy when they book an essential overnight stay in Mull, Oban or other areas, for health visits, to visit their children at Oban High School, go to funerals and many other reasons for travel that can normally be achieved in one day for those who don't live on an island. The increase in cancelled ferries due to the failing ferry infrastructure has increased the need for unplanned overnight stays in Oban and on Mull for residents which would become even more expensive. A Visitor Levy should not apply to island residents.

Questions were also raised around **whether a visitor levy should apply to the whole of Argyll and Bute**, as reflected in the respondent quote below.

This point was typically framed in the context of factors such as:

- living and running a business on an island has more challenges and is more expensive compared to the mainland.
- the islands are still recovering from a lack of the return of overseas visitors - meanwhile the domestic market is weak due to the cost of living crisis.
- a lack of confidence in the ferry service (for example, breakdowns, reduced service, operational uncertainty, etc.) has impacted island's economies and continues to affect visitor numbers - and a visitor levy could make a visit to the Islands more unattractive (adding additional costs for visitors to what is already an expensive destination and hard to access).

"There are no formal statistics for Mull and Iona's tourism, which is very different from that of Argyll and Bute as a whole. The council cannot make a decision that a visitor levy is appropriate for the Islands without a feasibility study".

Further, many businesses who disagreed with the council's position on local exemptions were unhappy because the **national legislation and A&BC proposals did not cover some forms of overnight accommodation or types of visitors**.

These responses frequently mentioned:

- people who stayed in motorhomes and campervans - that is, those who were not staying in registered camping sites or caravan parks.
- cruise ships tourists.
- wild campers.
- day trippers.

The main arguments put forward by businesses were that these visitors also use local services and infrastructure, and that it was vitally important to maintain the attractiveness, natural beauty, and cleanliness of Argyll and Bute – not least as there was considered to have been a large increase in motorhomes and wild campers in the region in recent years which has created a range of challenges for infrastructure and services in rural and island communities.

> *"A visitor levy is less punitive to forms of tourism that have associated problems due to the pressure they put on fragile island infrastructure, whilst punishing lower-intensity, longer-staying, visitors. Due to its proximity to the mainland, Mull already receives a high number of day visitors, which puts a strain on the road infrastructure. With day visitors not having to pay a visitor levy, day visits would increase, with less incentive for visitors to stay overnight. Cruise ships are excluded from a visitor levy, despite being a potential valuable source of income and a way of managing the overcrowding which affect the quality of residents' lives when a cruise ship visits."*

> *"It is discriminatory to small rural, remote accommodation providers – whilst campervan visitors, which are massively on the increase; they clog the roads and have a much more damaging impact on the environment whilst bringing less visitor pounds into the local economy are exempt from this Levy – clearly in the absence of unpaid tax collectors."*

The government legislation and the council's proposed visitor levy scheme were viewed as *'unfair'* in this regard, and these businesses also thought it could create an *'uneven playing field'* as visitors who stayed in paid accommodation *'already contribute towards local businesses*.'

Other respondents to the business survey made the case for certain types of accommodation to be exempt from the proposed scheme and called on the council to use its discretion to apply local exemptions. For example, *'Holiday Parks offer a unique type of stay and it is not comparable to booking a hotel room'*.

Among the arguments made this included: the impact of a visitor levy on domestic visitors – holiday parks predominantly attract lower-spend domestic visitors, who might shorten stays or be deterred entirely by a visitor levy; type of stay - parks provide low-cost accommodation for holiday-makers as well as for visitors with family or friends in hospitals or prisons, carer respite breaks, or for engineering or construction work, meaning stays were not always leisure-focused; and small business burden - family-run parks, unlike large hotel chains, lack resources and experience in implementing complex levy collection systems.

Others raised some similar points relating to their view that campsite pitches should be exempt from the scheme (for example, arguments made included small family-run businesses, limited income which was often ancillary to rural businesses such as farming and often below the VAT threshold and offered a low facility option at very low cost).

These organisations referred to Clause 4(3)(b) of the legislation which they say states that accommodation in a vehicle making overnight stops is not chargeable as it is not defined as overnight accommodation when making their case for holiday parks and campsite pitches to be exempt from a visitor levy scheme in Argyll and Bute.

Further, they noted that an unintended consequence of a visitor levy which would apply to campsites was that this may encourage more people to wild camp or stay in motorhomes parked in laybys and unofficial parking areas.

Another organisation requested an exemption based on its *'charitable purposes and work with educational establishments, young people and families'*, that all of it work was *'dedicated to generating surpluses that are reinvested into the organisation to maintain our facilities and services and to support our youth and family programmes'*, and that the implementation of a visitor levy could *'directly impact the affordability mission of the charity to provide affordable accommodation, therefore undermining our commitment to accessibility*.'

Finally, a small number of businesses said that they disagreed with the council's position on local exemptions as they considered that there should be *'no exemptions'* for people or types of accommodation providers at all. The main points raised in support of this view was to ensure a fair and level playing field or to reduce the cost or complexity of administrating the scheme.

Businesses that neither agreed nor disagreed with the council's current position on local exemptions or don't know

The remainder (24%) of businesses said that they neither agreed nor disagreed with the council's position on local exemptions or were unsure, see **Table 3.6**.

These businesses in the main raised points which have been described below in the 'Other points raised' sub-section – for example, they asked questions or called for greater clarity on how exemptions would be managed and on how the process would work in practice or indicated that steps would need to be taken to minimise the administrative and financial burden that local exemptions could have on accommodation providers.

Additional points raised by businesses who neither agreed nor disagreed with the council's position on local exemptions or who were unsure included that:

- they considered there should be minimal local exemptions to maximise local investment of the revenue generated by a visitor levy or that there could be an option for the council to introduce new local exemptions if there was an identified need.
- others felt that there should be no visitor levy at all or that they could not see any benefit in having a visitor levy scheme in Argyll and Bute.
- a small number of businesses said they were unclear on which groups or individuals were identified as nationally exempt and did not feel able to make an informed response to this question.

Further, some businesses who said that they neither agreed nor disagreed with the council's position on local exemptions or who were unsure expressed support for local exemptions for residents, for non-tourism related purposes (for example, for work, for hospital appointments, etc.).

Other points raised

Other points raised in business survey responses related to how the exemption process would be managed and work in practice, including:

- **businesses considered it important for the council to minimise the complexity of administering the scheme** – for example, responses mentioned the potential administrative and financial burden that local exemptions could have on accommodation providers as well as the administrative burden on exempt visitors who would need to take steps to receive the relevant reimbursement.
- **businesses called for further clarity** on:
    - how exemptions would be assessed by accommodation providers – as an example, disability was often mentioned in these responses (that is, who would investigate and determine eligibility). Some concern was raised that *'proposed rebates for disabled people appear complex and discriminatory'*.
    - the type of information or documentation accommodation providers would need to see from exempt visitors.

- how national and any local exemptions would be enforced, and whether accommodation providers would face penalties for errors or non-payment, even if unintentional.

- **there would need to be clear and tailored messaging and communications** on local exemptions to ensure a shared understanding among visitors and accommodation providers – alongside the provision of guidance for accommodation providers to ensure that the process was transparent, understood, and not open to misuse.

3.6 Proposal to set a visitor levy rate at 5%

Businesses who did not support a visitor levy being introduced in Argyll and Bute

The majority of businesses (61%) selected *'I don't support a visitor levy being introduced across Argyll and Bute'* to the question *'To what extent do you agree with the council's proposal to set a visitor levy rate at 5%?'*, see **Table 3.7**.

EKOS note: a small number of businesses who selected disagree or strongly disagree to this question then provided qualitative feedback that would actually suggest they did not support a visitor levy in Argyll and Bute (that is, they did not select the *'I don't support a visitor levy being introduced across Argyll and Bute'* option).

This suggests that the proportion of businesses who disagree with the proposed levy rate of 5% would be lower while the proportion who do not support the introduction of a visitor levy would be higher than what has been presented in the table below. See also **Table 3.8**.

Table 3.7: To what extent do you agree with the Argyll and Bute Council proposal to set a visitor levy rate at 5%?

	Number	Percentage
Strongly agree	16	2%
Agree	25	3%
Neither agree nor disagree	27	4%
Disagree	29	4%
Strongly disagree	179	25%
Don't know	7	1%
I don't support a visitor levy being introduced across Argyll and Bute	444	61%

Source: A&BC Business Survey.
Base=727.

Table 3.8: To what extent do you agree with the Argyll and Bute Council proposal to set a visitor levy rate at 5%? (EKOS recoding)

	Number	Percentage
Strongly agree	16	2%
Agree	25	3%
Neither agree nor disagree	27	4%
Disagree	26	4%
Strongly disagree	137	19%
Don't know	7	1%
I don't support a visitor levy being introduced across Argyll and Bute	489	67%

Source: A&BC Business Survey.
Base=727.

Businesses who do not support a visitor levy being introduced considered a visitor levy rate of 5% *'excessive'*, *'too high'* or it was considered *'narrow-sighted'* or *'unworkable'* for rural, remote and island areas like Argyll and Bute. Businesses pointed to the unique geographical challenges faced by Argyll and Bute and other constraints including seasonality.

Further, a one-size-fits all approach to setting a visitor levy rate at 5% like other cities (for example, Edinburgh, Paris, and Barcelona was mentioned by businesses) was not considered appropriate within a rural Argyll and Bute context. These businesses said that Argyll and Bute did not have comparable visitor numbers, attractions, or events, and that it did not suffer from overtourism like some other destinations. These businesses expressed strong support for continued efforts to *'welcome and encourage more visitors'* to Argyll and Bute *rather than 'penalising them with an increase in accommodation costs*.'

Other businesses made the point that visitors to Scotland already paid relatively high levels of tax on their accommodation (through a 20% VAT rate) when compared to other European countries. They suggested that a 5% levy rate on top of this could make Argyll and Bute less competitive domestically and internationally and that it could *'risk dampening the tourism demand on which the Argyll and Bute economy depends'* and *'further damage an extremely fragile business sector*.'

These businesses emphasised the different ways that a visitor levy late of 5% could have a detrimental impact on the Argyll and Bute economy and as a visitor destination and reiterated the importance of impact assessment work to better understand the impact of the council's proposals. (as noted above, see **Chapter 6**).

Businesses raised a variety of concerns and said that a visitor levy rate of 5% could:

- **be a further disincentive and deter potential visitors from choosing Argyll and Bute as a destination** – increased costs for visitors might mean some are *'priced-out'* and decide to look to other visitor-friendly and affordable places thereby positioning Argyll and Bute businesses at a competitive disadvantage. Others said that Argyll and Bute was a *'marginal destination'* compared to other comparable areas in Scotland, reported domestic tourism in the region to be *'dwindling'* or *'in decline'*, or considered Argyll and Bute an expensive destination, in particular *'travel to the islands*.' They also suggested that a visitor levy could act as a further *'disincentive for repeat visits'* when factors such as the Scottish weather, an unreliable ferry service and poor road infrastructure were also considered.
- **compound and exacerbate existing challenges faced by tourism and hospitality businesses in Argyll and Bute** – businesses felt that a visitor levy rate of 5% could: reduce income for accommodation providers; exacerbate issues with seasonality; reduce investment in businesses; be difficult for accommodation providers to absorb the additional costs associated with a visitor levy, in particular micro, small and island businesses; risk damaging Argyll and Bute's welcoming reputation and competitiveness; further reduce profit margins; and reduce income for other local tourism and hospitality businesses as visitors might have less disposable income.
- **force micro and small accommodation businesses who operate below the VAT threshold to either change their operating model or to close** – many businesses disagreed that the proposed levy rate of 5% should be added to accommodation providers turnover as this risks undermining this business model and might force many businesses to become VAT registered '*rendering the business non-viable, unless they in turn lower their prices to attempt to stay below the threshold or limit their availability making the season much shorter which could also put a squeeze on the supply of accommodation*.' Some accommodation providers might be forced to reduce their prices to be able to fund a visitor levy, whilst staying below the VAT threshold and remaining competitive with the rest of Scotland. They also raised concerns about the potential knock-on implications of business closures on jobs for local residents and add to existing depopulation challenges.
- **discourage the start-up of new accommodation and hospitality businesses** – businesses suggested that a visitor levy rate of 5% could also discourage new small-scale tourism enterprises that were *'essential to the diversity and character of Argyll and Bute's visitor economy and local employment*.'

- **be overly complicated and onerous for small businesses to administer** – concerns were raised about the complexity of the scheme proposed and many requests from businesses for the council to minimise or mitigate the extra burden on accommodation providers to collect and remit a visitor levy on behalf of the council by: collecting a visitor levy themselves; using a streamlined national platform for collection and reporting; exploring alternative 'centralised methods' of collecting a visitor levy and administering the scheme; or considering using 'QR code technology' to remove the need for accommodation providers to administer this charge 'on top of all the other challenges they face.' Businesses said that an alternative approach would not only reduce complexities in scheme management for accommodation providers (for example, complexities arising from calculating a visitor levy charge, from the different ways a booking can be made, and for accommodation providers that use dynamic pricing) but also to ensure the 'cost of scheme administration does not outweigh potential benefits of a visitor levy scheme'.

Businesses who disagreed with the proposal to set a visitor levy rate at 5%

A sizable proportion (29%) of businesses either disagreed or strongly disagreed with the council's proposal to set a visitor levy rate at 5%, see **Table 3.7**. Many of the points raised by these businesses were similar to those identified by businesses who did not support the introduction of a visitor levy (for example, could dampen demand) and for brevity have not been repeated in full here.

Other points raised by businesses that disagreed with the council's proposal to set a visitor levy rate at 5% either:

- **said it should be lower than 5%** - and standardised across accommodation providers to minimise complexity for accommodation providers and booking platforms, making a visitor levy easier to calculate, collect, and remit. See also **Section 3.8 of this chapter**.
- **expressed a preference for a flat rate payment/ fixed amount per person per night** (capped). Suggestions ranged between £1 and £5 per night but were predominantly at the much lower end of this range) or a banded fixed fee charging model. **As described in Chapter 1, this is outside the discretion of local authorities, Further, local authorities have made representation on this specific issue during the Visitor Levy Bill consultation process**.

Many of these businesses said that the percentage tax model was *'flawed'* and could disproportionately impact the region relative to urban areas. They also suggested a flat rate payment/ banded fixed fee charging model might be '*much fairer and simpler scheme'* than a percentage model.

Many said that the operating landscape in which a visitor levy would be introduced was more *'uncertain'* and *'unsettled'* than when the concept was originally conceived and first developed, and that the evidence base and assumptions which underpinned the visitor levy legislation and A&BC proposals in their current forms were *'outdated*.' Most notably, these businesses emphasised the negative impact of the pandemic and the cost of living crisis on the visitor economy and on rural, remote and island communities, recent increases to employers National Insurance contributions and to the Real Living Wage, and in the case of short-term lets, licensing and planning costs and difficulties with the process as well as the increase in Council Tax on second homes.

Some businesses expressed support for calls made by the STA to the Scottish Government for a flat per night fee scheme if a visitor levy scheme was approved in Argyll and Bute, and/or also referred to other parts of the UK (for example, Manchester, Wales were mentioned in responses) and other European countries which have adopted or propose a similar charging model. Further, these businesses intimated that an alternative charging approach could:

- **be a fairer and more acceptable approach for visitors** - in particular those on low incomes and families, as well as fairer for accommodation providers aimed at different parts of the market or different customers.
- **help simplify scheme administration** - a percentage rate on the accommodation element was considered complex to calculate, apply and manage in practice (for example, challenges associated with separating out the costs for things like food and drink) – and it could also help ensure the scheme was easy to explain and clearly understood by visitors and accommodation providers.
- **have the potential to be applied nationally** – businesses suggested that this could help to bring uniformity and consistency in rates applied across local authority areas in Scotland (which decide to introduce a visitor levy scheme) and to minimise the potential for confusion.
- **mitigate the potential for abuse** – for example, to avoid scenarios where accommodation providers '*offer overnight accommodation at a very low cost and then charge the remainder for breakfast'*, etc.

Businesses that agreed with the proposal to set a visitor levy rate at 5%

Few businesses (5%) either agreed or strongly agreed with the council's proposal to set a visitor levy rate at 5% in Argyll and Bute, see **Table 3.7**. Where further feedback was provided the main points raised in these responses included that a visitor levy rate of 5% in Argyll and Bute:

- was reasonable and appropriate as it would be in line with other destinations which have a visitor levy.

- would enable a significant amount of revenue to be raised and reinvested in Argyll and Bute for the benefit of visitors and residents alike.
- would be unlikely to act as a deterrent to visitors.

Other points raised by businesses who expressed support for a visitor levy rate of 5% was that this should be the maximum rate in order to avoid any future increases, or that there could be a sliding scale used depending on, for example, the duration of the visit.

3.7 How investment in tourism infrastructure and services could be paid for

Businesses who selected *'I don't support a visitor levy being introduced across Argyll and Bute'* to the previous question, were asked *'How would you suggest that investment in our tourism infrastructure and services is paid for?*'. All of these businesses provided a response.

The main theme that emerged was that businesses reiterated the council should not use a visitor levy as a way to replace existing funding for tourism infrastructure and services. Some businesses also felt particularly strongly that visitors, residents, and businesses *'should not be penalised'* for a perceived mismanagement of council budgets and finance over the years. Accommodation providers expressed frustration that they would become *'unpaid tax collectors'* for the council and some felt strongly that the burden should not *'rest upon the accommodation sector alone'*.

Suggestions made by businesses for other ways the council could further invest in tourism infrastructure and services, *'in addition to current council spending'*, included the following.

Streamline council operations, reduce costs, and improve efficiency

Businesses suggested that the council could:

- assess the efficiency and effectiveness of how existing council funding was used and targeted – including as a way to identify cost savings and operational efficiencies, prioritise core services, reduce bureaucracy and any unnecessary internal spending – businesses suggested that this could help to ensure services, including tourism infrastructure and services were well-managed, efficient and effective, and that the council could redirect funds to high-impact tourism infrastructure projects.
- make greater use of technological developments to automate some processes and reduce administrative costs – to increase efficiency and free up resources for reinvestment.

- identify and dispose of surplus capital council assets – businesses suggested that the council could dispose of less utilised council owned buildings and premises due to more hybrid working, for example.

Make better and more efficient use of the revenue generated by taxes that residents, businesses, and visitors pay already

Businesses suggested that the council could:

- use some of its reserves.
- ring-fence an element of the revenue generated through existing taxes (for example, Council Tax, Non-Domestic Rates, Short-term Let Licence, Business Improvement District, Income Tax and Road Tax were all mentioned in responses) to pay for investment in tourism infrastructure and services – there was widespread reference to the council making use of the additional revenue generated through recent increases in taxes such as Council Tax.

Explore ways to increase current revenue streams as well as identify new or alternative revenue streams

Businesses suggested that the council could:

- introduce or increase fees and charges, alongside ensure better enforcement – such as parking charges and fines, park and ride, charges for use of public toilets, and that the council could consider a road and bridge toll charge instead. Other suggestions, albeit not raised to a large extent, fall outside the control of local government, and included references to charges for prescriptions, school meals, and tuition fees (with appropriate exemptions).
- increase existing taxes or introduce new taxes – for example, the council could increase Council Tax (including on second homes and on properties that have been unoccupied for long periods of time), increase Non Domestic Rates, introduce a taxation on windfarms, introduce a taxation on distilleries, or introduce a taxation on large corporate businesses *'damaging the local ecology and environment'* (for example, hydro stations, forestry, fisheries were mentioned in survey responses).
- explore other sources of grant funding that supported these types of activities and services – for example, Growth Deal funding.
- introduce voluntary donation points – placing QR codes at strategic location points that asked visitors to contribute to enhancing local tourism infrastructure.

- explore alternative income sources – suggestions included through the BID model or adopting a similar Accommodation Business Improvement District (ABID) initiative like Manchester, which is only charged by hotels with a rateable value of £75,000 or more, and within Manchester city centre and a small adjoining part of Salford.

Business survey respondent quotes which broadly reflect some of these points are provided below.

> *"In the same way that it has been paid for over the last several decades."*
>
> *"Cut council staff numbers, plus huge wage rises. Spend more wisely."*
>
> *"There is a massive council funding shortage to pay for your pension fund and you either need to ask Scot Government for more funds or raise Council Tax…but manipulating the figures for tourism and the income this levy could generate is misleading…and you will drive many small businesses (in hospitality, retail, wildlife tours, boat trips, etc.) out of business with this poorly thought out stealth tax."*
>
> *"How much is spent specifically on the visitor economy now? Not much I imagine…The council need to carry out a top-down review of staffing/salaries/expenses and how they do business over the area."*
>
> *"Using the money from the taxes we already pay."*
>
> *"I would strongly suggest that infrastructure is paid for by the existing taxation that is in place already and paid by all working people and all of those spending money in the area who are subject to a 20% VAT on goods and services."*

There was also feedback from businesses that either suggested that it was difficult for people /businesses to know how tourism infrastructure and services in Argyll and Bute could be paid for or that suggested other organisations (such as the council and Scottish Government) might be better placed to answer this question.

These points are reflected in the following business survey respondent quotes.

> *"The public already pays taxes in other ways for services and infrastructure. It is not the public's place to suggest how* (tourism infrastructure and services) *is paid for when the public do not want this visitor* levy."
>
> *"I don't know how you expect a member of the public to answer (this question)."*

While the majority of businesses indicated at an earlier question that they did not support a visitor levy being introduced across Argyll and Bute, some of the feedback regarding how investment in tourism infrastructure and services could be paid for **suggests an element of support for ensuring all types of visitors contribute**.

In the main these businesses were unhappy with definitions within the legislation for overnight accommodation or the requirement to set a visitor levy as a percentage of the chargeable transaction. As a way to raise additional revenue, many of these businesses suggested that the council could:

- consider a visitor levy which applied to **visitors in motorhomes and campervans (off-site) and wild campers** – businesses raised negative impacts for the environment from these types of visitors such as pollution, congestion, and litter.
- consider an approach whereby a visitor levy was collected directly by ferry operators, tour buses, cruise ships, and airports/airline companies.
- consider a **fixed amount per person and not a percentage or a banded fixed fee charging model** – businesses considered this a more proportionate response and suggested it could generate additional revenue for the council to invest in tourism infrastructure and services.
- consider a scheme **on overseas visitors applied at point of entry or use number-plate recognition technology to charge visitors** – these businesses suggested that local residents would *'require to have a transmitter in their vehicle that excepts them from the charge*.'

A further suggestion, albeit only mentioned by a small number of businesses, was that if a scheme is to be introduced, it should be **a flat rate, preferably nationwide**.

More support for the sector is required from the Scottish Government and the council

Some businesses did not consider a visitor levy the right solution for Argyll and Bute at this time, for the many and varied reasons outlined earlier in this chapter, including economic uncertainty and a downturn in the visitor economy and that in its current form they believed that a visitor levy could also deter visitors to the region and penalise residents.
Here, support was expressed for solutions which saw the Scottish Government and A&BC doing more to: support more indigenous businesses to start up; support existing businesses to invest and grow; and attract more inward investment across the region to ensure a welcoming and affordable destination for visitors and a vibrant, prosperous community for its residents.

The following business respondent quotes are broadly reflective of the points raised.

"We need solutions that grow the economy, not ones that risk shrinking it under the weight of new charges".

"Future investments in tourism infrastructure is more likely to come from the private sector, by the set-up of new businesses, or expansion of existing ones."

"Argyll's tourist infrastructure goes hand in hand with the local economy, so continued investment in our towns and villages will ensure a viable population to support the tourist economy, and the infrastructure to facilitate it."

"There is an opportunity for all parties to engage on a discussion on what an appropriate, simple and effective scheme would look like - but this not what is in the legislation."

Alternative suggestions put forward by businesses included that:

- the Scottish Government could:
    - address underfunding of local government in Scotland as a route to improving tourism infrastructure and services in local areas – with feedback that investment in tourism infrastructure and services should be *'paid for through central government.'*
    - lobby for a *'reduction in VAT for hospitality businesses'* to align with some European countries and to help make Scotland less expensive as a holiday destination.
    - lobby the UK Government to ensure that 'existing tax revenue is getting to the Argyll and Bute communities that need it and in which it is raised' – a further point made is that 'local councils should see more of the tax revenue that comes from the sector through VAT, Air Passenger Duty, business rates and alcohol duty.'
- A&BC could:
    - seek targeted Scottish Government support for tourism infrastructure, especially from national funds earmarked for rural development or net zero targets.
    - make further investment in roads and infrastructure to improve connectivity and to make Argyll and Bute more accessible as well as ensure a more reliable ferry service – businesses considered that these improvements would encourage more visitors to the area and encourage them to stay for longer.
    - reduce obstacles and delays to planning permissions – to help reduce red tape and bureaucracy and to encourage hospitality businesses to invest in their properties.

- enhance partnership working with stakeholders who have a role and remit to support the enhancement of tourism infrastructure and services or who directly benefit from an enhanced visitor offer and experience – the private sector, Destination Management Organisations, tourism boards, ferry companies, and large hospitality chains were all mentioned by businesses - another viewpoint expressed was that the council should *'leave this to more appropriate organisations who are already doing this.'*
- working with local businesses and tourism stakeholders to develop initiatives that encourage sustainable tourism, such as promoting off-season visits, diversifying the types of visitors Argyll and Bute attracts, and increasing the length of stays.
- explore more targeted or voluntary levies that do not place such a heavy burden on accommodation providers alone. Collaboration with other local authorities or even the introduction of region-wide initiatives could help spread the financial responsibility more evenly.

No further investment in tourism infrastructure is needed

A counter argument, albeit raised by a small number of businesses to this question, was that Argyll and Bute does not need further investment in tourism infrastructure – this point was reflected in the business survey respondent quotes below.

> *"Tourists come here for the landscape, outdoor activities, hill walking, the hospitality provided in quality accommodation and for the natural environment and what that offers, along with the quality food and drink offerings."*

> *"The charm of our area is its lack of infrastructure - it does not need developing."*

> *"There should be no investment if a visitor levy puts people out of work and puts visitors ahead of residents…. Visitors are coming to see the scenery, visit shops, cafés, restaurants…Visitors don't need more toilet blocks or improvements in infrastructure. They benefit from thriving businesses and if a visitor levy comes in some places will be like ghost towns."*

3.8 What levy rate do you consider appropriate

Businesses who selected either disagree or strongly disagree to the question *'To what extent do you agree with the Argyll and Bute Council proposal to set a visitor levy rate at 5%?'* were asked *'What rate would you consider is appropriate?'*.

The vast majority (85%) of these businesses said that a visitor levy rate should be less than 5%, see **Table 3.9**. Almost all of the remainder (14%) said they were 'unsure'.

Table 3.9: If you do not agree with a visitor levy being 5%, what rate would you consider is appropriate?

	Number	Percentage
A visitor levy rate should be less than 5%	177	85%
A visitor levy rate should be greater than 5%	2	1%
Don't know	29	14%

Source: A&BC Business Survey.
Base=208. Note: the base number is low compared to the total number of business survey responses as survey routing means that those who selected options other than disagree or strongly disagree to the question 'To what extent do you agree with the Argyll and Bute Council proposal to set a visitor levy rate at 5%?' were not asked this question.

Businesses who said that if a visitor levy is approved for Argyll and Bute then a visitor levy rate should be less than 5% raised similar concerns to those set out at previous questions. In summary, concerns were raised that a visitor levy rate as high as 5% in Argyll and Bute:

- was **not considered fair or proportionate**.
- would have a **negative impact on the competitiveness** of the region as a destination.
- would have a detrimental impact on a sector that was struggling post COVID, with increased regulation, and within the current economic climate – and that it could constrain future growth.
- **would deter rather than encourage visitors to Argyll and Bute, including those on low incomes and families** – businesses said that visitors already paid relatively high levels of tax on their accommodation (through a 20% VAT rate), and that a visitor levy would further increase costs for visitors.

These businesses also expressed concerns:

- that a visitor levy was not considered appropriate to particular aspects of the visitor economy on the Islands.
- with other elements of the legislation - for example, how a visitor levy would be collected, the percentage funding model, etc.
- on wider issues they considered would need addressed prior to the introduction of a visitor levy scheme in Argyll and Bute (and were also considered issues a visitor levy could not solve) – for example, a reliable ferry service, more reliable/accessible public transport, and better road infrastructure were often mentioned by businesses.
- with other aspects of the A&BC proposals – for example, its current position on local exemptions.

- that they did not believe the revenue generated would be invested by the council in improving tourism infrastructure and services.

Only a small number of businesses suggested what a lower percentage levy rate could be considered appropriate in Argyll and Bute.

Rather common responses were that *'5% is very high', 'too expensive'*, *'Doesn't need to be as much as that'*, *'less than 5%'*, or they even say that there should be *'no visitor levy at all*[3]*.'* **Where businesses provided an alternative percentage (absolute numbers were small), this ranged from 1% to 3%, and was mainly at the lower end of this range**. As noted above, many others simply reiterated support for a nominal fixed amount per person rather than a percentage model – if a visitor levy was to be introduced at all.

3.9 Should there be a cap on the number of nights' accommodation

Setting business survey responses to this question in context

Not all businesses that answered the question '*Should there be a cap on the number of nights of accommodation that a visitor should pay a visitor levy?*' supported the introduction of a visitor levy and/or supported the legislation or council proposals in their current form.

As illustrative examples, comments made by these businesses included *'The cap should be 0 as there should be no levy at all'*, and *'0 nights, don't do it'*. The points raised in these responses are covered elsewhere in this chapter and have not been included in the analysis below to this specific question.

Yes, there should be a cap

Almost 60% of businesses asked this question said there should be a cap on the number of nights of accommodation that a visitor should pay a visitor levy, see **Table 3.10**.

[3] As noted earlier, some respondents who selected disagree or strongly disagree to the question 'To what extent do you agree with the Argyll and Bute Council proposal to set a visitor levy rate at 5%?' go on to provide qualitative feedback to various questions that they do not support a visitor levy in Argyll and Bute (that is, they did not select the 'I don't support a visitor levy being introduced across Argyll and Bute' option to this earlier question).

Table 3.10: Do you think there should be a cap on the number of nights of accommodation that a visitor should pay a visitor levy?

	Number	Percentage
Yes	170	59%
No	58	20%
Don't know	61	21%

Source: A&BC Business Survey.
Base=289. Note: the base number is lower than the total number of business survey responses as only businesses which did not select 'I do not support a visitor levy in Argyll and Bute' at the question 'To what extent do you agree with the Argyll and Bute Council proposal to set a visitor levy rate at 5%?' were asked this question in the survey.

The **pros of a cap** on the number of nights of accommodation that a visitor should pay a visitor levy were framed in the following terms across these business survey responses:

- **a cap could be a fairer approach and help to keep the cost down for visitors** – for example, for families, for those on a budget, for contractors working on infrastructure projects who typically stayed for long periods of time in Argyll and Bute, for relief nurses, doctors or teachers on a non-time specific contract on an island location, for hospitality workers housed in hotels due to a lack of accommodation, for cultural production staff and performers who stayed in temporary accommodation were all frequently mentioned (unless it was decided that non-tourist trips would be exempt). Visits to the islands in particular were also said to be expensive already.
- **a cap on the number of nights of accommodation that a visitor should pay a visitor levy might be unlikely to deter visitors or penalise visitors who want to stay longer** – and also help ensure Argyll and Bute was not placed at a competitive disadvantage and not have a negative effect through all hospitality sectors as well as all the business sectors that rely on them.
- **a cap would align more closely with other places/countries with a visitor levy** – these businesses said that other places/countries tend to have a cap on the maximum number of nights of accommodation that a visitor was required to pay a visitor levy.

The following business respondent quotes are broadly respective of points raised.

> *"It is important to consider the length of stay by workers who need to stay in the area."*
> *"For any visitor, domestic or international, paying a visitor levy in every council area throughout an itinerary at a percentage rate will add a significant amount to a trip, in a destination that is already very expensive compared with many other destinations where visitors could choose to go. A cap on three nights gives enough to boost funds to support the visitor economy, which will also benefit local residents but without the optics of a visitor levy being purely financially motivated at the expense of visitors."*

"We need to encourage visitors to the region, not push them elsewhere (where they don't have to pay extra fees). It also fails to support island residents who may have no choice but to utilise accommodation in the region for example pre-natal women from our islands are advised to spend up to a week, prior to their due date, on the mainland – a visitor levy will now add to that considerable cost."

Among businesses who thought there should be a cap on the number of nights of accommodation that a visitor should pay a visitor levy, the number of nights suggested ranged from **one night to 14 nights but is mainly at the much lower end of this range**. While not mentioned to a great extent, an alternative suggestion was that there could be a cap on the number of nights of accommodation that a visitor should pay a visitor levy at the agreed levy rate, and then a lower levy rate could be charged on nights stayed beyond this.

Challenges with a cap were also highlighted by businesses who expressed support for a cap, including administrative challenges and potential issues for online booking platforms. Other comments made by businesses who expressed support for a cap included that it would need to be easy to explain and understand by visitors and accommodation providers, and easy to apply in practice.

A common question asked by businesses was as follows.

'What happens when (as is often the case) a visitor stays at several locations within Argyll and Bute?'

However, a small number of businesses said it was difficult to form an informed view on the maximum number of nights of accommodation that a visitor should be required to pay a visitor levy when a final decision has not been made by the council on a visitor levy rate – that is, they suggested their response to this question might differ if a visitor levy rate was set at 5% or if it was set lower than this.

A further suggestion made was that the council could consider whether not to apply a visitor levy at different times of the year or in certain parts of the local authority boundary to tactically deploy a visitor levy to attract visitors during the low visitor season and encourage greater dispersal of visitor activity to less busier parts of their boundary to support sustainable tourism.
And that there was also the potential to not apply a visitor levy to make visiting cheaper at certain times and potentially extend the visitor season. A point made was that not applying a visitor levy all year would also *'help support some small accommodation businesses to not go over the £90,000 VAT threshold*.'

No, there should not be a cap

One-fifth of businesses said there should not be a cap on the number of nights of accommodation that a visitor should pay a visitor levy, see **Table 3.10**. These businesses thought a visitor levy should apply to all nights of accommodation regardless of duration of the duration of stay:

- **to simplify scheme administration and collection of a visitor levy** – points raised included that it might be easier for businesses to calculate a visitor levy and for record keeping if there was no cap, that a cap could be a logistical challenge for booking platforms, and questions were raised about how a cap would work in practice for visitors who stayed with various accommodation providers during their visit.
- **to avoid any confusion for visitors and accommodation providers** - for example, it was suggested that greater efforts would be needed around communication of a cap, including that a stay in the local area would need to be across a continual period and would not apply if staying overnight outside the local authority at points during a trip.
- because visitors **used local amenities for the whole of their visit**.
- it could be a **fairer approach on accommodation providers of all sizes** – as an example, it was suggested that a cap could make *'week-long stays in self-catering properties more appealing than stays of one to three days in multiple hotels/B&Bs.'*
- **no cap would be unlikely to deter visitors from coming to Argyll and Bute** – for example, for many visitors who came for shorter stays.

Some of the points raised above are further reflected in the business respondent quote below.

> *"Given average stay lengths vary considerably it is difficult to determine what the maximum number of chargeable nights should be. We would also note that the calculation and display of a visitor levy that only applies to a certain number of nights from the start of the stay is complex and would involve additional administrative work from accommodation providers and booking platforms. To ensure simplicity, we do not believe there should be a cap."*

Unsure whether there should be a cap

The remainder of businesses (21%) said that they were unsure whether there should be a cap on the number of nights of accommodation that a visitor should pay a visitor levy, see **Table 3.10**.

3.10 Set-up and operational support for businesses

The final survey question asked all businesses *'What set-up and/or operational support for your business would you welcome, if a visitor levy scheme is agreed?'*

Many businesses took the opportunity to restate points raised previously, for example, that they did not agree with a visitor levy for Argyll and Bute, or that they disagreed with elements of the legislation or the council's proposals which were not considered fit for purpose for rural and island communities (for example, the proposal that a visitor levy is considered as business revenue and not exempt from VAT and other taxes, penalises island residents who at times have to stay on the mainland for non-leisure or business trips), or that they considered that best support the council could provide *'would be to not introduce a visitor levy*.'

Support to reduce the burden on accommodation businesses

A common theme to emerge from across responses is that businesses (and key stakeholders) would welcome ongoing discussion and engagement with the council, should the council decide to proceed with a visitor levy for Argyll and Bute, about '*how to reduce the burden on accommodation businesses*.' Indeed, the visitor levy guidance (referenced in **Chapter 1**) specifies that it is important that the administrative burden for smaller businesses is reduced to a minimum.

There were renewed pleas by businesses for scheme processes and systems to be clear, efficient, and simple to use and that paperwork and reporting requirements should be easy to use/complete to help reduce additional regulatory burden placed on accommodation providers.

A key concern was that micro and small accommodation providers might lack the resources and experience to implement complex levy collection systems. Some of this feedback was set in the context of businesses' personal (negative) experiences of the Short-term Let Licence Scheme, and the importance of the council learning the lessons from the implementation of this scheme – and in terms of the additional *'stress and anxiety'* the introduction of a visitor levy could cause business owners.

Clear guidance and timelines

Most businesses called for the provision of comprehensive information, guidance, and support, to help with the set-up and roll-out of a visitor levy scheme – as it would take time to adjust to the introduction of a new levy, not least '*given the complexity of updating global platforms and accommodation systems.'*

Suggestions included that the council would need to provide step-by step guidance, in-person and online information and training sessions, an advice phone line/email to help deal with queries, and a clear timeline. The ability for accommodation providers to be able to talk to someone in the council regarding any questions was considered vitally important to aid understanding and compliance.

Businesses recommended that clear and concise guidance for accommodation providers should include how they calculate, apply, and collect a visitor levy (including for those providers who take direct bookings and use other booking platforms, to accommodate seasonal pricing, etc.) and information on data protection, etc. They also called for ongoing engagement and involvement of accommodation providers/industry *"to identify any issues and solve them well in advance of a scheme going live"* and *"with teething problems thoroughly tested before the scheme is rolled out."*

An appropriate lead-in time was further emphasised by businesses, as outlined in the legislation. Responses suggested that an 18-month timeline could provide sufficient opportunity to help the sector prepare and adapt, to support accommodation providers (and others, for example destination management companies, tour operators and booking platforms) through any transition and set-up period to ensure compliance, and to ensure that consumers were well-informed and to minimise confusion.

Charging model and system

Many businesses reiterated concerns about the percentage charging model and would welcome the support of the council to continue to make the case to the Scottish Government to revisit the legislation and to move to, for example, a banded fixed fee charging model that would be simpler to calculate for businesses.

Further, many businesses reiterated concerns about the need for accommodation providers to administer and collect a visitor levy, and the implications this would have for businesses in terms of the time and costs associated with systems development - that is, ensuring appropriate systems were in place for collecting, processing, accounting for and payment of a visitor levy.

Other support requirements identified by businesses included that the council could continue to explore alternative centralised methods of collecting a visitor levy and administering the scheme or using *'QR code technology'*.

It was suggested that there would also need to be ongoing discussions with others, including online booking platforms and third party booking agents so that a visitor levy was deducted at source – these businesses suggested that alternative approaches could remove the need for accommodation providers to administer the charge or reduce the burden placed on them.

Some business respondent quotes outlined below further illustrate the points raised.

> *"In the islands it could be collected by CalMac, this could easily separate non tourist visitors from locals and business/essential workers especially with their new online booking system."*

> *"From a business perspective, each business will need to have support in how a visitor levy is collected on behalf of the council and paid to the council. This will involve time and cost to the business, similar to submitting VAT Returns and will involve more expense for the business. The council will need to supply a digital accounting system and online support in order to manage a visitor levy separately from income accounts. I should not have to pay an accountant additional time to manage a visitor levy and the VAT on a visitor levy, this should be done by the council who will need to offer a simple online system to manage this easily and accurately."*

> The council should *"develop a system that can deal directly with visitors - and verify with hosts when payment has been made - after which the host would confirm a holiday booking. This would be simpler and cheaper to administer…it should not be added to hosts income - it should be accounted for separately, perhaps through a dedicated account like the schemes that manage rental deposits. This would keep monies separate, would be much simpler to administer and would save hosts from being tax collectors and therefore vulnerable to punishment for mistakes."*

Business cost recovery

Linked to the afore-mentioned theme, many businesses emphasised the need for financial assistance (alongside other forms of support) from the council to help meet or cover the additional costs they would face from collecting a visitor levy – that is, '*financial compensation or tax relief to offset the time, resources, and potential loss of business incurred through implementing a visitor levy*.'

Administrative and funding support to cover the costs associated with IT systems development, IT systems upgrades or enhancements, automated systems to manage levy collection and reporting, new software related to booking systems and accounting programmes/packages, accountancy fees, marketing and communications, and website development and maintenance were all mentioned by businesses.

Some business respondent quotes outlined below further illustrate the points raised.

> *"As a visitor levy will be included within booking fees, meaning hosts will be paying that levy, a money-back system to repay hosts would be welcome to prevent us going out of business."*

"We welcome that business cost recovery is factored into Argyll and Bute Council's plans. However, we would encourage the council to carry out a detailed cost estimate for accommodation providers setting up and administering the visitor scheme to gauge an appropriate amount to help meet the additional costs they will face from collecting a visitor levy."

"Financial recompense to act as additional TAX collector plus support with all software and accounts suppliers to update accounting services. Information on how packages on rooms, food and leisure facilities are to be split on what areas any % levy is attributed. Business does not show package split to guests. Operational support required on how to manage this process."

"Funding to cover additional costs and time in managing and collecting funds on the behalf of the Council… if private business will, in effect, administer the scheme on behalf of the Council, they should be paid for it."

"If a visitor levy is greed, and I hope it is not, at the very least we should be given the 2% reimbursement that has also been agreed with Edinburgh. That should at least help us cover some of the costs and time associated with this scheme."

"Full compensation for administrative time and a reimbursement for lost income due to lower visitor numbers and less economic growth."

"If a scheme is introduced businesses will need 100% set up costs, including integration with existing systems and platforms, plus also costs for administering the scheme on an ongoing basis."

"If A&BC does introduce a visitor levy then they should ringfence the income to cover ALL costs incurred by businesses in collecting a visitor levy. This includes set-up costs / admin of levy / reporting requirements / covering vat on levy / covering card payment costs / covering any addition tax burden as a visitor levy is counted as income / covering costs if dealing with exclusions / compensating businesses for loss of earnings when it decimates the industry."

Role of a local Visitor Levy Forum

A small number of businesses referred to the role of a Visitor Levy Forum in their response to the question which asked about set-up and operational support businesses might need if a visitor levy scheme for Argyll and Bute was agreed.

Points raised included that a Visitor Levy Forum:

- could have a central role in informing the final decisions made about how a visitor levy would be spent and reviewing the scheme, acting as a crucial safeguard that levy revenue was spent as the legislation intended and that it benefits the businesses who have the burden of collecting the charge.
- ensure transparent and regular reporting on how revenue generated would be allocated and on expenditure and ensure business and community input.
- could work closely with the council on a regular basis during the first 18 months of implementing a scheme to monitor if it has caused any damage to the sector and its businesses.
- could undertake periodic reviews (at the one and three year mark were suggested) of the scheme to evaluate/determine whether it should remain in place – and that the review process should include engagement with industry.
- remain open to the possibility that the council might want to withdraw a visitor levy scheme if it was not working effectively for Argyll and Bute, local businesses, and the wider visitor economy, ensuring there were mechanisms in place to pause or end the scheme.

The points raised in survey responses are broadly covered in the visitor levy guidance which local authorities need to follow.

Other feedback from businesses

A small number of businesses suggested that more detail would be required on the council's proposals in order to make an informed view on set-up and operational support requirements. There were also comments that suggested it was difficult for accommodation providers to identify the nature and scale of support required to mitigate the additional administrative cost and burden of a visitor levy.

A few business respondent quotes outlined below further illustrate the points raised.

> *"Until this levy is actually put in place (if it goes ahead) no one can actually say what they'll need."*

> *"A visitor levy is a negative step for tourism in Argyll and Bute. It is difficult to see what support could mitigate this."*

> *"The support needed would outweigh any revenue that we could collect."*

4 Residents survey results

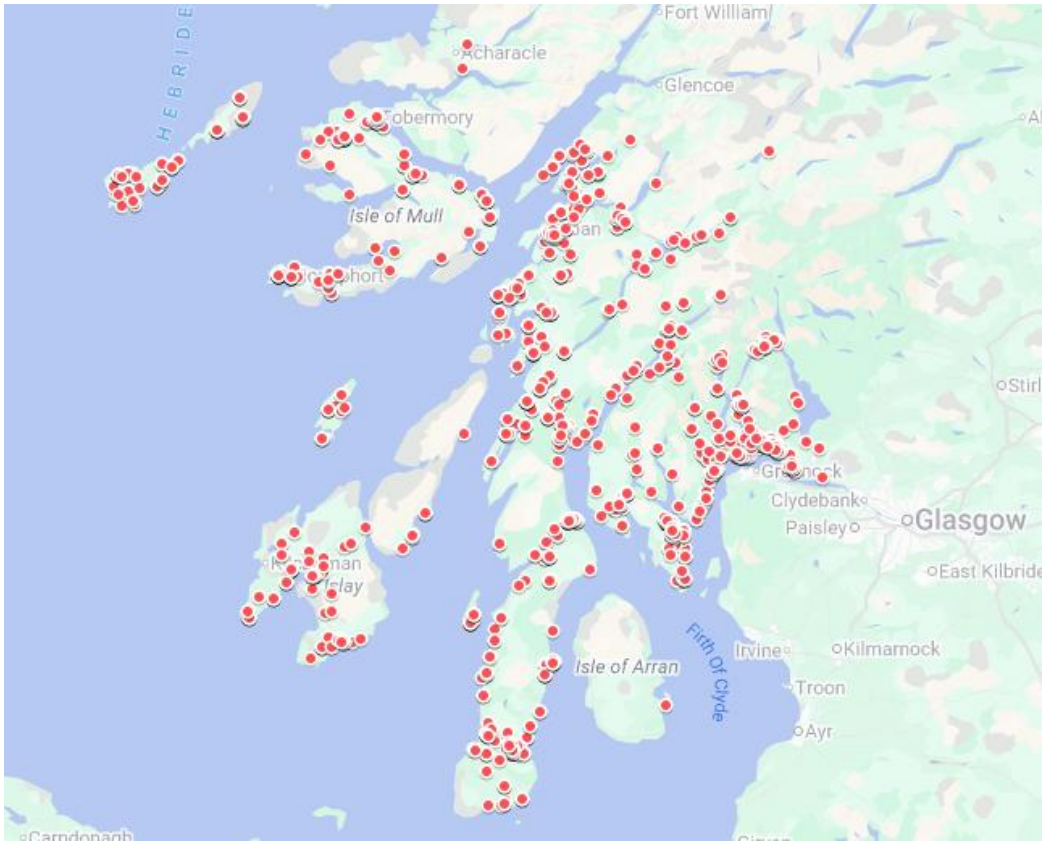
4.1 Introduction

This chapter presents the residents survey analysis. A total of 2,061 responses were received from residents and included in the survey analysis, as described in **Chapter 2**.

4.2 Residents survey respondents

Using postcode data, **Figure 4.1** maps the location of residents' survey respondents.

Figure 4.1: Postcode map of resident survey respondents



Base=1,934. Where incomplete postcodes were provided, these responses have not been recorded on the map.

4.3 Visitor levy scheme objectives

The survey asked residents the extent to which they agreed or disagreed with the four visitor levy scheme objectives for Argyll and Bute, see **Table 4.1**. Feedback was mixed, including that:

- **the highest level of agreement** was with the objective on *'Sustaining and improving the visitor offer'* – over half (52%) of residents either agreed or strongly agreed with this objective.
- **the level of agreement was more mixed with the other three objectives** - this ranged from 37% who agreed or strongly agreed with *'The journey towards net zero'* objective' to 45% for *'Reaching new audiences*.'
- **there was a high level of disagreement with all four objectives** – this ranged from 34% who disagreed or strongly disagreed with the *'Sustaining and improving the visitor offer'* objective to 44% for *'The journey towards net zero'* objective.

Some residents provided specific comments on the proposed visitor levy objectives. While there was some agreement with the proposed visitor levy objectives, many of these residents' raised concerns or disagreed with the objectives in some way – as was reflected in the responses to the closed question.

While there was some agreement that the objectives were *'admirable'* or broadly acceptable in principle (*'nothing to disagree with'*), some residents questioned how deliverable and achievable the proposed objectives were given the existing financial pressures the council faced. Further, some residents considered the council's proposals lacked a clear, evidence-based rationale for the introduction of a visitor levy scheme and its contribution to achieving the proposed objectives. Residents were also concerned that the level of revenue estimated to be generated through a visitor levy scheme might be *'insufficient'* to address these objectives.

> *"I cannot see how raising up to £8-£9million per annum max will achieve these vague objectives? That is, improving inter-island connectivity needs ships that cost way more. Plus £8 million over the whole of the Argyll area realistically equates to about £1million per main population area, for example so Oban might get £1m? This will not cover all you mention above."*

> *"I do not believe you have stated how a visitor levy will fund better facilities etc. for tourists, so I cannot agree with the aims and objectives."*

Some residents said that the objectives were too general – this fed into a view expressed that any visitor levy scheme revenue should be treated as *'additional'* and not used to cover statutory obligations of the council. They also questioned the need for a visitor levy scheme if improvements in infrastructure and services could be covered by other means (for example, council taxation).

Some residents expressed disagreement with a couple of the objectives, most notably:

- the *'Extending the season'* objective - most residents who provided feedback on this objective did not consider it appropriate. The main points raised in survey responses included that extending the season could place additional strain on existing infrastructure, and there was a need to strike an appropriate balance between meeting the needs of residents/communities first and foremost and efforts to attract visitors.
- the '*Journey to net zero'* objective - while some residents supported this objective in principle, others felt it was too specific or questioned its relevance. Another viewpoint expressed was that net zero should be a core and overarching aim for the council rather than dependent on tourism-related revenue generated by a visitor levy scheme.

"The primary objective however is concerning - extending the season and spreading demand seems to suggest that the very purpose is to drive away demand from the busier, more expensive, times of year and parts of the region as a percentage will make them even more expensive and therefore drive demand to a time and area of cheaper rates where the percentage levy would be less impactful."

"A visitor levy scheme objectives are interesting and in some ways contradictory - aims to increase tourism will increase the pressure on already strained services and I am not convinced the income from a visitor levy scheme will compensate for this."

"I don't see why net zero is a factor in this visitor levy. Surely any new transport connection (mentioned in other aims) should be low carbon options in this day and age. Net Zero should be an overall aim of the council not a separate aim of a visitor levy."

"The journey to net zero is a goal with much wider scope, not specific to tourism, and should not be part of a visitor levy scheme."

"These four broad aims are supported by many other Government and Council initiatives, (for example, net zero) and do not need to be duplicated by a visitor levy."

Table 4.1: To what extent do you agree or disagree with the A&BC visitor levy scheme objectives?

Objectives	Strongly agree		Agree		Neither agree or disagree		Disagree		Strongly disagree	
	Number	%	Number	%	Number	%	Number	%	Number	%
Extending the season and spreading visitors across the destination – for example, infrastructure, amenities, events, and marketing	341	17%	503	25%	351	17%	245	12%	602	29%
Reaching new audiences: marine, coastal, cultural and outdoors tourism – for example, visitor product development, inter-island connectivity, step ashore facilities, showcasing producers, culture and heritage	378	19%	537	26%	342	17%	236	12%	549	27%
Sustaining and improving the visitor offer – for example, transport options, destination investment (including toilets), support for individual tourism businesses to help them improve their products and services (grants, training, advice, toolkits)	540	26%	524	26%	276	14%	189	9%	513	25%
The journey towards net zero – for example, investment in sustainable tourism, business advice and support, low-carbon transport networks	385	19%	372	18%	398	19%	236	12%	651	32%

Source: A&BC Residents Survey.
Base=2042 (for each statement)

4.4 Other things residents would like to see a visitor levy spent on

Half of residents answered the follow-on question *'If there are other things you would like to see a visitor levy spent on please tell us here?'*. Some residents did not directly answer this question and is reflected in the themes presented below. Similar to the business survey, residents were keen to express the extent to which they supported a visitor levy scheme in Argyll and Bute or otherwise.

Comments related to the proposed visitor levy scheme

Many residents who answered this question took the opportunity to state that they:

- did not agree with the introduction of a visitor levy scheme in Argyll and Bute.
- or did not agree with the national legislation or with aspects of the council's draft proposals in their current form.

Many of these residents expressed disagreement as they thought a visitor levy scheme could have a negative impact on tourism and local businesses in Argyll and Bute. These residents highlighted risks that a visitor levy could have on deterring visitors, particularly in an area where the industry was said to be struggling and where the cost-of-living crisis was increasingly said to be influencing visitors' choice of destination.

Another view expressed by residents was that a visitor levy scheme might reduce the region's competitiveness and affordability as a destination compared to similarly attractive rural areas in Scotland and the UK (for example, the Lake District and Cornwall were mentioned in a small number of responses). These residents felt that Argyll and Bute might be placed at a disadvantage as many similar rural destinations did not currently have a visitor levy and/or were not planning to introduce a visitor levy. Another point raised was that residents considered Argyll and Bute to be different to other areas which have decided to introduce a visitor levy – for example, cities where people would visit *'regardless'* of a visitor levy (for example, Edinburgh and elsewhere abroad).

Residents raised concerns that a visitor levy could reduce footfall and revenue/income for local businesses - many of which were said to operate on the *'slimmest profit margins'* within the hospitality and visitor economy. Points raised included that a visitor levy could accelerate business closure, affect the many seasonal staff employed by these businesses, leading to job losses or reduced working hours (as well as constrain future employment growth), and result in a broader decline in the vibrancy of towns and communities across Argyll and Bute.

Compounding existing financial pressures faced by the visitor economy/accommodation providers with the introduction of a visitor levy or *'accommodation tax'* was described by residents as a potential *'nail in the coffin'* for local businesses. The rising cost-of-living pressures on residents and visitors was also emphasised within these survey responses, including reference to the increased costs of ferry services and Council Tax in Argyll and Bute.

Some of the points raised above are reflected in the following resident quotes:

> *"I would prefer a visitor levy were not introduced, as it immediately places Argyll and Bute at a disadvantage compared to the many areas of Scotland that have opted not to introduce a visitor levy, and therefore will be priced more competitively. In a cost of living crisis, with the current travel market in Scotland down compared to recent years, adding an extra financial cost on top just makes people more likely to rule Argyll and Bute out, in favour of other, equally lovely, parts of Scotland that will be by definition more affordable alternatives as a result of not having a visitor levy."*

> *"If you expect owners to fund a visitor levy themselves, to keep rates competitive with areas without a visitor levy, then you are pushing them out of business. On top of the huge expense of the short-term lets licensing scheme, owners simply won't be able to keep going, causing job losses, lost income and knock-on effects of reduced tourist spending in the area, as fewer will be able to stay. It is short sighted on all fronts".*

> *"…the legislation and proposed mechanism in its current form is fatally flawed. It's anti-business and anti-tourism and risks damage to Argyll's fragile visitor base economy."*

> *"It will severely impact local businesses and residents within Argyll and Bute. Our economy is dependent on visitor spending in the region. Expecting visitors to pay more to stay in the area will simply drive them to seek a cheaper option abroad or elsewhere in the UK."*

> *"Coming on top of a 19.5% ferry fares hike in just over two years, the Council Tax rise of 9.9%, increased National Insurance and lowering payment thresholds, energy cost increases along with a variety of other substantial cost uplifts, we strongly consider that it would be further damaging for our economy and for the well-being and welfare of our community."*

Residents also provided comment on the council's current position regarding no local exemptions (see **Section 4.5 of this chapter** for more detail). The main point raised was that no exemptions could further penalise local residents, particularly those living in island communities, who often travelled and stayed overnight on the mainland to access healthcare or employment opportunities and who already paid Council Tax.

A related point made was that Island residents often faced unavoidable travel disruption due to ferry delays or cancellations which necessitated unplanned overnight accommodation on the mainland.

Albeit to a lesser extent, residents also mentioned the proposed 5% levy rate in Argyll and Bute as well as a visitor levy being set as a percentage rate rather than a flat rate at this question. For some residents, the proposed rate was considered *'excessive'* and could further deter tourists/ visitors to the area, while they thought that the percentage rate would place an additional administrative burden on accommodation providers.

What should visitor levy revenue be spent on?

Many residents answered the follow-on question *'If there are other things you would like to see a visitor levy spent on please tell us here?'* by identifying specific areas for investment. The main themes identified relate to investment in infrastructure that benefits both residents and visitors, transport infrastructure, environmental sustainability, visitor-related services, and business support and sustainability.

Investment in infrastructure that benefits residents and visitors

Many residents stated that, if introduced, revenue generated from a visitor levy scheme should be invested transparently and directly into local infrastructure and services which benefit both residents and visitors and to help offset the impacts of tourism. These residents suggested that infrastructure could not be easily differentiated as visitor infrastructure as it was used by residents and visitors alike. Indeed, some residents said that visitors often have a disproportionate impact on local infrastructure and services, particularly during peak seasons and on fragile island infrastructure, and that this was exacerbated when existing infrastructure was not routinely maintained or improved.

> *"As visitors use all the facilities that we as residents use, and potentially cause more wear and tear, any extra money is a great idea and should be used to improve local infrastructure across Argyll and Bute."*

> *"Without Argyll and Bute being attractive to residents, it will not be perceived as attractive to would-be visitors. Make the place attractive to those who stay here will help and contribute to pride, positivity and welcoming. In other words, make sure 'here' is the best it can be to protect, encourage and sustain the local community FIRST. That means investment in the quality of existing amenities, services and infrastructure used day-to-day by locals."*

"If a visitor levy goes ahead, it must be spent on visitor facilities, ideally those which have a positive benefit for local communities, e.g. public transport, amenities such as parking and toilets, signage...after all as residents we are also very often leisure visitors to our own area."

Transport infrastructure

Many residents identified transport and roads as a priority for what revenue generated by a visitor levy scheme could be spent on. These residents said that roads throughout Argyll and Bute were in poor condition, with wide reference in responses to potholes, a lack of adequate parking provision, and a lack of a safe and sustainable traffic flow management systems which could create dangerous *'choke points'* around certain areas (for example, the A82 was frequently mentioned in responses).

These residents highlighted that the introduction of a visitor levy scheme could encourage a further increase in wild camping, camper vans and motorhomes (off-site) in Argyll and Bute. Responses highlighted an increasing number of motorhomes etc. as a main cause for degradation of road infrastructure in Argyll and Bute as well as causing other problems, such as littering. They suggested that visitor levy revenue could be invested in the increased provision of basic amenities and facilities, such as toilets and waste disposal points, to support or mitigate any unintended consequences of introducing a visitor levy scheme in Argyll and Bute.

Some residents considered a visitor levy scheme to be *'unfair'* or *'inconsistent'* as it did not apply to off-site motorhomes or campervans, which residents felt places increased pressure on local infrastructure and services, particularly roads and verges. These residents felt that a visitor levy scheme, if introduced, should also apply to visitors in campervans and motorhomes (off-site) to mitigate this impact. However, the practical challenges of collecting contributions from off-site visitors (aside from a donations box suggestion) was also acknowledged.

"Campervan waste/water facilities, infrastructure to provide more lay-bys for camper vans to 'wild' camp overnight. An accommodation levy will make campervans, staying outside campsites, much more appealing. If you create a problem, you should add in a fix for that problem."

"…my main concern is that applied as proposed, such a visitor levy could have the unintended consequence of increasing the number of camper vans and wild campers to the area. These visitors pay nothing and are responsible for many of the issues, especially litter and anti-social behaviour."

"Islay has many motorhome visitors, which is not an issue in itself. But a lack of camping options on the island is pushing more motorhome users to 'wild camp' in popular spots. This leads to an increase in littering. Due to no public toilet facilities being by these spots, it leads to other unfavourable results too."

"My concern is that if a visitor levy is only applied to paid accommodation, it could drive even more visitors to camping and camper vans. We need to spend money on improvements to camp and caravan sites but include a camp or campervan permit based on when they arrive and depart from a region or county as many seem to think that "wild camping" should be free."

Some residents said more reliable ferry services were a priority area for investment. Residents emphasised that ferry travel was a vital part of the region's transport network (for residents and visitors) due to the large number of islands and peninsulas in Argyll and Bute. Responses referred to *'well-documented failings'* and disruptions with the Caledonian MacBrayne's ferry service in recent years. Wider suggestions for investment included reopening Helensburgh Pier and reversing the decline of the Dunoon-Gourock passenger ferry.

"In Campbeltown, we have been told once again by CalMac that the ferry from Ardrossan via Brodick to Campbeltown will be taken for an island route… We need a reliable ferry route for locals and visitors alike. Putting on a catamaran which would take us to the real mainland would be possible with money from a visitor levy."

"The failings of the MacBrayne's ferry replacements are very well documented. While the "finger pointing" on who is to blame continues, the plain fact is that the islanders are the ones who suffer."

Linked to *'The journey to net zero'* objective, some residents reported that visitor levy scheme revenue could be used to provide more publicly available rapid Electric Vehicle (EV) charging points throughout Argyll and Bute – they suggested that this could help to accommodate the large amount of peak tourist traffic as well as futureproof the region's transport infrastructure.

Environmental sustainability

Many residents emphasised the importance of visitor levy revenue being invested in activities that contributed towards environmental sustainability. These residents identified the need to mitigate the negative impacts of tourism such as increased waste and litter, particularly around key visitor sites such as beaches.

The most common suggestion made by residents included greater provision of good-quality and well-maintained public toilets followed by a plentiful supply of bins (which were regularly uplifted). Other suggestions included beach cleaning throughout Argyll and Bute.

> *"A visitor levy should fund improvements to amenities and the towns to make visiting towns across Argyll and Bute more attractive. For example, the beaches at Ganavan in Oban - the council has done nothing to enhance Big Ganavan since it sold off the ground for house building. It should be a beautiful destination for locals & visitors but it's not! You don't provide the greatest asset (view looking out across the sea) but you could make Ganavan a more attractive place to sit and relax or enjoy water sports/activities."*

> *"Undertaking regular beach cleaning around villages and waste disposal uplift from public areas, this would make a huge environmental impact and can be enjoyed by communities and visitors."*

> *"Upgrading of local environments – for example, village pavements, (enforced) external painting for prominent unsightly premises, rural footpaths, public toilets, signage, information boards, fast charging points, financial aid for re-use of derelict or unused property, some form of grant assistance where needed for local artists, boat-based and other wildlife tours, restaurants, gift-shops, and similar tourist oriented small businesses, sponsoring and encouraging book/food/art etc.-festivals, working to attract new small businesses into the area."*

Visitor-related services

Some residents suggested that visitor levy revenue could contribute to increased provision of visitor-related information services, such as local tourist offices as they said that some had closed in recent years. Further, residents considered provision such as information boards and campaigns important to help mitigate the environmental impact of tourism by educating and supporting visitors to have a *'smaller footprint'* when they visited Argyll and Bute.

> *"Keeping tourist offices open so that visitors can get in-person advice suited to their individual needs rather than generic information online that might not be ideal for their particular circumstances."*

> *"Information for visitors to let them understand that Argyll & Bute is not primarily just a holiday destination. To be aware that inconsiderate behaviour such as driving too slowly and not allowing overtaking, parking in appropriate places, dumping rubbish at the roadside, can adversely affect the day to day lives of residents and businesses here."*

"Investment in a tourist information centre at a local level to encourage people to come to the area and spend money locally."

Business support and sustainability

A small number of residents suggested that visitor levy revenue could be used by the council to proactively support more local businesses to startup, survive and/or grow. These responses emphasised the role of a healthy, thriving, and vibrant business community (and towns) that offered a diverse range of food, accommodation, and leisure activities as a way to help attract visitors to Argyll and Bute. Wider suggestions made by residents included that reduced business rates could also help to address issues such as empty/derelict/vacant units in the region.

Residents also suggested that accommodation providers would require financial and other forms of support to help them cover the additional costs/effort required to administer the proposed visitor levy scheme.

"Financial support or incentives to make tourism businesses more sustainable."

"Desperately need to support businesses and tourism providers to continue to exist and enhance their offering. Very few pubs, eateries, local food providers to facilitate tourism."

"Helping small business shops start up with zero council taxes for a few years etc. rents in shop fronts already kill off a small shop business in the beginning. Then taxes and fuel costs too make it unsustainable."

"I would love to see it go to local small businesses, as we have seen many of them close down over the last few years here on Islay."

Transparency in how revenue generated through the proposed levy scheme would be spent

Many residents called for full transparency in how any visitor levy revenue would be spent in Argyll and Bute to ensure residents could hold the council to account (that is, to ensure the revenue was used for its intended purpose).

Scepticism and a general lack of trust was expressed in residents' survey responses on the council's ability to manage funds effectively, which fed into a wider negative view expressed that the proposed visitor levy scheme was a '*money-grabbing*' exercise or simply another form of taxation. For example, some residents pointed to the recent increase in Council Tax and questioned the need for a visitor levy scheme as a way to generate additional revenue for tourism infrastructure.

To mitigate these concerns, many of these residents believed that visitor levy revenue should be ring-fenced, retained and spent in the area and community it was raised.

This was considered *'fair'*, in particular for those areas in Argyll and Bute which have the most visitors and therefore additional pressure on local infrastructure and services. To a lesser extent, some residents said that the revenue raised should be distributed equitably across Argyll and Bute.

There were strong calls from these residents for communities to have a meaningful say in how the revenue generated through a visitor levy scheme would be spent – survey responses emphasised that residents and communities were best placed to identify and understand local needs and priorities. A concern raised was that a visitor levy might not benefit rural communities, especially smaller towns and areas that already struggle with tourism-related issues. '*Participatory budgeting'* was highlighted in responses as a potential useful mechanism for involving communities in decision-making processes.

> *"There is a requirement to invest the funds to help manage tourism impacts and the visitor experience but how will this investment be allocated? How could we be sure that funds would be spent locally, for example, here on Lismore? What will the funds be spent on and will communities have any involvement in decisions on how and where the funds are spent?"*

> *"A visitor levy should be passed on, in full, to local groups who can then decide how best to spend the money raised. Under no circumstances would I support a visitor levy if it were to be added to general funding for wider public services. Any money raised locally should be funnelled back into the local community."*

> *"We want transparency on how the funds generated are allocated; that communities are involved in how and where the funds are utilised and that a clear undertaking will be provided on the allocation and use of funds locally."*

> *"A visitor levy must absolutely be ring-fenced for the specific part of Argyll and Bute it is collected in. You say a visitor levy is to support the tourists that place demand and strain on an area and public services, therefore by your own reasoning, it must be re-invested proportionately with the locations in which it is collected - so funds collected on Mull, are reinvested on Mull, funds collected in Oban, reinvested in Oban."*

> *"A proportion of the money should be split between areas/committees for participatory budgeting purposes to allow residents and businesses in local areas to have a say in what the money gets spent on."*

"The funds raised on Coll from a visitor levy would not be ring-fenced and used here but would go into a general fund to be spent (probably) elsewhere. There certainly are services that could benefit here from specific funding in order to manage tourism impacts but unless the Coll Levy revenue is retained here, it is highly unlikely that the island will see any benefit from it. Coll is a very small island with virtually no voice within Argyll and Bute. If a visitor levy were to go ahead, we would have no say in how the money was to be spent so that future consultation would automatically leave us at a disadvantage compared to louder and more numerous voices."

4.5 Exemptions

Residents who agreed with the council's current position on local exemptions

Around one-quarter of residents (26%) either agreed or strongly agreed with the council's current proposal that there should be no local exemptions beyond those set out nationally in the visitor levy scheme legislation, see **Table 4.2**. As noted earlier, the council's current position is that this would ensure administration requirements of the scheme are kept to a minimum and would maximise the revenues generated to sustain, support, and develop the visitor economy.

Table 4.2: To what extent do you agree or disagree with the council's current position on local exemptions?

	Number	Percentage
Strongly agree	291	14%
Agree	249	12%
Neither agree nor disagree	261	13%
Disagree	248	12%
Strongly disagree	927	45%
Don't know	66	3%

Source: A&BC Residents Survey. Base=2,042.

Most residents who agreed or strongly agreed with the council's current position on local exemptions said that this was '*reasonable*' or '*fair*' – for example, survey responses expressed support for exemptions identified at a national level, in particular for disabled people (the extra cost of disability argument), and that it made sense for alignment at this level.

Some residents were supportive of the council's current position on local exemptions as they considered it important that the council struck the right balance in allowing exemptions for certain groups and individuals while also ensuring the '*efficient*' administration of a visitor levy scheme.

These residents were cautious about applying local exemptions as they considered that this could:

- **increase the complexity of scheme administration and could make it too onerous, in particular for micro and small accommodation providers** – these residents emphasised that any visitor levy scheme should be easy to understand and implement.
- **risk inconsistency or discrimination** between people eligible and not eligible for exemptions – for example, a view expressed was that too many exemptions might undermine trust in a visitor levy as it could be perceived to be unfair by those who were not exempt.
- **reduce the revenue available for investment in local infrastructure and services** – these residents mentioned that local exemptions could increase the administrative cost and could also dilute the scheme's overall effectiveness and impact.

A few residents' quotes which further illustrate these points are provided below.

"If a scheme is introduced it needs to be simple and clear. The more exemptions there are the more it will be resented by those who pay it "Am I the only visitor who is actually paying this thing?"

"I feel it is fair enough since I imagine adding further checks on if someone is a local or not, would just be an extra burden and annoyance on the businesses involved."

"I believe that limiting exemptions is important since watering this down will open the door to large numbers of exemption requests and complaints and effective progress will be stymied."

"Administration should be mapped onto national agreed systems and processes."

"The national stance should be adopted locally, unless there is good reason not to."

Residents who disagreed with the council's current position on local exemptions

Over half (57%) of residents either disagreed or strongly disagreed with the council's current position on local exemptions – most of whom strongly disagreed, see **Table 4.2**. A point raised was that the draft scheme made *'no differentiation between tourists and essential visitors.'*

Residents should be exempt from a visitor levy

Overwhelmingly, the most common reason expressed by residents who disagreed with the council's current position on local exemptions was that they believed local residents should be exempt from payment.

Most of these residents said that a lack of local exemptions penalises residents, particularly those living in island communities, who often travel and stay overnight on the mainland for essential non-leisure reasons, such as health appointments, shopping, visiting family, livestock sales, supplies for their businesses and other purposes, and face at least a one or two night stay if not more.

Further, many residents considered that a visitor levy would mean they would be charged an *'accommodation tax'* in addition to the Council Tax they already paid – including when the overnight stay in paid accommodation was unplanned due to, for example, ferry delays or cancellations.

A small number of residents who disagreed with the council's current position on local exemptions went further and suggested that residents who live in Scotland and the UK should also be exempt.

Some quotes which reflect the points raised are presented below.

> *"We have unique geographical restrictions which require islanders, pregnant ladies and NHS workers to stay locally, and I think that it is unfair to apply a visitor levy to them."*

> *"If a visitor levy applies to people living in Argyll and Bute (A&B) then it is not a visitor levy. Many residents need to stay overnight in other parts of A&B for things such as hospital visits, work, or due to a cancelled or missed ferry."*

> *"Argyll and Bute covers a vast area, and residents sometimes have to stay in accommodation for many reasons other than leisure i.e. in preparation for a hospital stay, caring for/visiting relatives/friends in hospital, awaiting next connecting ferry or bus/train, breakdown of travel services (esp. ferries but could include bus/train services or even personal transport), relatives visiting i.e. children visiting parents in a care home/funeral. If levy was purely visitors/leisure purposes, there would be more sense to it but applying it across the board will financially impact some relatives at a time they least need it."*

> *"I understand the need to introduce a visitor levy for visitors who use the services in Argyll and Bute, but residents already pay council tax. I think there will be a lot more support for a visitor levy if local people are made exempt."*

> *"Argyll has many island communities who already have higher living costs due to ferry freight costs etc. Coll is penalised by its ferry timetable generally requiring check-ins by 6.30am meaning an overnight stay in Oban. To have to also pay more for workers to come to the island and have friends or family to stay is hardly taxing tourists… A significant part of this tax will be funded directly or indirectly by island residents."*

"A visitor levy would apply to Coll residents staying overnight in Oban who were only on the mainland to, for example, attend an appointment within Argyll & Bute. Such appointments are not just confined to medical or dental needs but include all and every service not available on Coll – this could be anything from a haircut to an MOT. This has nothing to do with tourism. It is not and has never been possible for Coll residents to travel to and back from the mainland in one day by ferry."

"The principle behind a visitor levy, that those non residents who impact on our local services and environments, should be responsible for any damage they do to our communities has some support, but as demonstrated in our previous comments, this is not the way to do it, It needs to be much better thought through so that residents, businesses and those who have to visit the island to meet island needs in terms of services are protected, perhaps by a resident or island pass like the ferry pass."

Some residents highlighted that living and working in the region has become increasingly challenging and costly in part due to centralised service delivery (for example, healthcare was mentioned in responses) as well as the cost-of-living crisis.

Survey responses referred to the *'rural premium'* (that is, people in remote and rural areas paid higher prices for goods and services relative to those in urban areas).

Further, some residents queried whether the council's current position on local exemptions complied with the Islands (Scotland) Act 2018 and whether an Island Impact Assessment of the proposed visitor levy scheme has been conducted and/or published by the council[4]. These residents called for a human-rights based approach to ensure that a visitor levy scheme in Argyll and Bute did not penalise local residents, in particular in terms of residents' access to healthcare.

Some quotes which reflect the points raised are presented below.

"Under the Islands Act there is a responsibility for the council to consider the 'differentiated impact' of policy on islanders. For those of us living in an island and working across Argyll it is often difficult or even impossible to attend to work on the mainland or in other islands without an overnight stay."

[4] See also Appendix 2 of the Special Council meeting on 20 December 2024.

"The proposed Visitor Levy is clearly discriminatory against islanders. Tiree residents have no option but to travel to the mainland to attend hospital clinics, specialist livestock sales, shops or family re-unions on what is classified as a 'lifeline route'. Early sailing times usually necessitate an overnight stay in Oban. A Visitor Levy will therefore be a tax on island life."

"We would draw attention to key findings from the Scottish Human Rights Commission study into the Economic, Social and Cultural Rights in the Highlands and Islands published in 2024. Particular human rights concerns raised by the Commission in rural areas recorded 'inaccessible health care services'; 'transport connectivity to essential public services'; and 'access to technology or poor internet connectivity" are highlighted. All of which can contribute to local people requiring to stay away from home to exercise their right to health. We would encourage the council, as duty-bearers, to make policy-based decisions around the introduction of a Visitor Levy using a Human Rights Framework; that local policy is non-retrogressive, that barriers to accessing health are not inadvertently strengthened and rather, that a progressive realisation approach underpins local policy making which seeks to improve citizens' rights."

Further, residents emphasised that local exemptions would be necessary to ensure *'fairness'* and did not agree that these would increase the administration requirements of the scheme to an *'unreasonable'* level.

These residents made several practical suggestions, such as using existing travel passes or a proof-of-address system (similar to the Highland Railcard) to support a straightforward and simple exemption process which could be replicated across Argyll and Bute.

"A system similar to the Highland Railcard should be used; whereby providing proof of main residential postcode entitles users to a reduced rate. A similar system should be used for Argyll residents who need to stay over in other parts of the region for work / healthcare reasons because of the geographical complexities of the region. Failure to do this will just penalise locals even further."

"Anyone living in Argyll should be exempt from a visitor levy. This can be easily recorded by giving the address and drivers licence as proof. Just as we have to prove when applying to the Scottish Rail for the Highland Rail Card and Council for the Bus Pass."

"You are penalising people to make the administration easier and maximise income without proper consideration of locals and their needs especially those impacted heavily by island living and its challenges."

"I believe that all residents of Argyll and Bute should be exempt from a visitor levy and if this is not possible due to the burden of administering this, I would not be supportive of a visitor levy at all."

Workers and tradespeople that stay in the region should be exempt

Many residents raised concerns about the impact of a visitor levy on, for example, tradespeople and essential workers (for example NHS staff), who often required short-term accommodation in Argyll and Bute.

Residents noted that a visitor levy could make it difficult for local employers to recruit and retain staff and that it could also increase the costs of goods and services, some of which might be passed on by tradespeople to customers, further penalising local residents.

"A visitor levy would also increase the cost of hiring contracts, both for individuals and businesses, if the contractor needs to stay overnight, which is often the case in remote areas."

"Business visitors should not be charged a visitor levy in Argyll & Bute: this includes contractors carrying out work that cannot be sourced locally; e.g. SSE, Scottish Water, Openreach etc, building contractors, stranded delivery drivers, those delivering essential training, locum doctors, midwives, supply teachers etc. All such visitors bring vital services essential to our local economy and are not 'tourists'."

"Ambulance service personnel are often required to stay in visitor accommodation and any levy imposed would be a further burden on the health service."

"We already struggle to bring tradespeople, plumbers, builders, roofers and other essential workers such as NHS and care staff to the island, especially in winter with our minimal winter ferry service which means they may have to stay here several nights. They always have to stay at least one night even in the summer, with only one ferry a day and the weekly air service being unreliable and frequently booked up. It will mean the islanders one way or another will be paying the extra costs which will be passed on to them."

Carers accompanying people with a disability should be exempt

Many residents in their response to this question suggested that paid and unpaid carers accompanying a person with a disability should be exempt from a visitor levy charge.

Residents referred to the example in the consultation paper, whereby the person with a disability would be exempt but not their carer(s). They noted that carers were essential and helped support disabled people to visit Argyll and Bute, and that their stay could be considered as essential work rather than a leisure trip.

A wider point raised was that a visitor levy could further penalise those disabled people who have paid for a carer and who might then also be required to pay their carer(s) visitor levy charge too. A suggestion made was that a local exemption could be capped at one carer per person with a disability

> *"My husband is living with dementia and needs a carer to accompany him on any journey. His carer should be allowed to travel with the same consideration as him."*

> *"Carers of people with disability have a lot of additional expense already. They are not usually 'on holiday' but are almost always 'on duty'. so should not pay any levy."*

> *"As a disabled resident I cannot go to hospital appointments in the mainland alone. They often require an overnight stay and my husband taking time off work to take me. I would get a reduction in my half of the bill, but not his? That is ridiculous."*

> *"An unpaid carer accompanying someone with a disability may not have the means to pay nor the choice not to accompany them."*

> *"An individual who suffers a disability and who wants to visit the area, will be penalised because the carer that may need to accompany them, will be subject to paying a visitor levy. This is a ridiculous position to put carers into and many will just not be in a position to support the person with the disability therefore the person being cared for is automatically disadvantaged."*

There should be no exemptions

A small number of residents suggested that there should be no exemptions at all (that is, they also disagreed with the nationally identified list of exemptions). The main arguments for this viewpoint can be summarised as to:

- ensure administration requirements of the scheme were kept to a minimum.
- maximise the revenue generated.
- ensure a level playing field.

> *"Any exemptions would become a minefield for administration. This levy needs to be simple for all to understand and administer."*

> *"Exemptions dilute the returns you obtain from the visitors and if they are on holiday they must be expecting to spend money on enjoying the experience."*

> *"Why should I as a disabled person be exempt from paying? I use the roads, the infrastructure like anyone else!!!"*

Visitors in motorhomes and campervans (off-site), and wild-campers should not be exempt from a visitor levy

Some residents disagreed with the national legislation and suggested that visitors to Argyll and Bute who stay in motorhomes and campervans (off-site) and wild-campers should not be exempt from a visitor levy. These residents pointed to the increasing number of motorhomes in Argyll and Bute and the impact of these visitors and wild-campers on the local infrastructure and environment (for example, degradation of roads, littering).

> *"There should be no exemptions for campervans and they could pay a visitor levy online or at parking meters and display a ticket."*

> *"The problem is in using registered local accommodation to collect fees, which will miss campers, mobile homes, etc."*

> *"In terms of campervans; this is clearly complex to police - but it feels unfair that they can use local facilities and not contribute to the community. However, it could be that encouraging them into areas with decent camp sites and good, well stocked local shops / visitor attractions, will bring their custom and contributions in other ways."*

> *"Campervans should not be exempt. They visit Argyll and Bute in huge numbers, using roads, facilities, lay-bys to park in, etc. so should be expected to contribute to this in the same way as other visitors."*

> *"The whole thing is a mess, you are going to tax workers, hospital related stays but not camper vans."*

> *"A visitor levy would not apply to campervans outside official sites and some of our businesses and residents are fearful that this could increase campervan traffic to Coll which is an island that does not currently have any policy restrictions on "free" campervan parking. This IS about tourism but it's excluded."*

The process for reimbursing exempt visitors should be easy to understand and implement

A small number of residents emphasised the importance of ensuring processes for reimbursing exempt visitors should be easy to understand and implement, and that the council's proposed process might be challenging for some groups of people (for example, disabled people, low-income households).

"Also concerned as it has been said that people with a disability (although exempt) would still have to pay a visitor levy upfront then try and claim it back afterwards - this system sounds very confusing and vulnerable people may be penalised."

"This should be an automatic exemption and not have to be reclaimed. Any reclaim programme is set to disadvantage those on lower income and in vulnerable financial positions from being able to book accommodation in the first place."

Residents that neither agreed nor disagreed with the council's current position on local exemptions or don't know

The remainder (24%) of residents said that they neither agreed nor disagreed with the council's current position on local exemptions or were unsure, see **Table 4.2**. These residents suggested that the council would need to provide more information and detail to help them provide an informed view on this question.

A small number of these residents noted in their response that the national exemption for disabled people was *'well-intentioned'*, but questioned how this exemption would work in practice and that processes should not risk '*contravening the Equalities Act*.'

4.6 Proposal to set a visitor levy rate at 5%

Residents who do not support a visitor levy being introduced in Argyll and Bute

Almost half of residents (42%) selected *'I don't support a visitor levy being introduced across Argyll and Bute'* to the question *'To what extent do you agree with the council's proposal to set a visitor levy rate at 5%*, see **Table 4.3**.

EKOS note: some residents who selected disagree or strongly disagree to this question then provided qualitative feedback that indicated they did not support a visitor levy in Argyll and Bute (that is, they did not select the *'I don't support a visitor levy being introduced across Argyll and Bute'* option). **This suggests that the proportion of residents who disagree with the proposed levy rate of 5% would be lower while the proportion who do not support the introduction of a visitor levy would be higher than what has been presented in the table below**, see **Table 4.4**.

Table 4.3: To what extent do you agree with the Argyll and Bute Council proposal to set a visitor levy rate at 5%?

	Number	Percentage
Strongly agree	230	11%
Agree	297	15%
Neither agree nor disagree	162	8%
Disagree	143	7%
Strongly disagree	311	15%
Don't know	35	2%
I don't support a visitor levy being introduced across Argyll and Bute	863	42%

Source: A&BC Residents Survey.
Base=2,041

Table 4.4: To what extent do you agree with the Argyll and Bute Council proposal to set a visitor levy rate at 5%? (EKOS recoding)

	Number	Percentage
Strongly agree	230	11%
Agree	297	15%
Neither agree nor disagree	162	8%
Disagree	117	6%
Strongly disagree	143	7%
Don't know	35	2%
I don't support a visitor levy being introduced across Argyll and Bute	1057	52%

Source: A&BC Residents Survey.
Base=2,041

Most residents who did not support the introduction of a visitor levy said that the proposed rate of 5% was "too high" or "excessive". Residents survey responses highlighted that accommodation in Argyll and Bute was expensive and that an additional 5% levy would likely further deter visitors – particularly those most affected by the cost-of-living crisis.

Residents considered that the proposed levy rate risks tipping the balance against choosing Argyll and Bute as a holiday destination, especially when competing with other regions or countries that either do not impose a visitor levy or operate a lower percentage or flat-rate charge.

> *"5% feels discouraging. The value should be large enough to make a difference to a visitor levy, yet small enough not to notice for our visitors. France has a successful 'Taxe de séjour' system that varies the rate based on star ratings and amenities; if you hire a castle you can afford to pay more, if you're camping in the cheapest place to go kayaking you can't."*

"Accommodation is already expensive in Argyll due to high costs of operating in this area. Anything additional will be a disincentive for visitors to come."

Further, residents considered a 5% levy rate would further penalise local residents who have to travel and stay in paid overnight accommodation for non-leisure trip purposes.

"5% is way too high especially as this will impact residents having to spend a night away for hospital, etc."

"Due to the time requirements of travelling off an island, Mull and Iona residents will suffer increased cost of living by having to pay a visitor levy when they book an essential overnight stay in Mull, Oban or other areas, for health visits, to visit their children at Oban High School, go to funerals and many other reasons for travel that can normally be achieved in one day for those who don't live on an island."

Residents who disagreed with the proposal to set a visitor levy rate at 5%

Over one-fifth of residents either disagreed or strongly disagreed with the council's proposal to set a visitor levy rate at 5%. As noted above, it is likely lower than this. Points raised by residents who disagreed with the proposed levy rate were similar to those identified by residents who indicated that they did not support the introduction of a visitor levy in Argyll and Bute, and for brevity have not been repeated here.

Residents who disagreed with the proposed levy rate suggested a lower levy rate, typically between 2% and 3% - they considered this more *'reasonable'*, not least to test whether there was a negative impact on visitor numbers (see also **Section 4.7 of this chapter**).

There were repeated calls for a flat-rate approach rather than a percentage-based model to ensure a visitor levy scheme was straightforward and easy to implement for accommodation providers and to mitigate the impact of increased costs to these businesses, many of whom were considered to be operating with tight margins.

"5% is too high. I would suggest 2%, which is similar to rural areas and towns in Italy (only big cities charge as much as 5%)."

"Too high. Comparable schemes in European countries are set at a lower rate. 3% would be fair."

"I think it would be wise to start with a lower rate, with the potential to increase."

"Residents think the proposed levy rate of 5% may increase over time."

Some residents disagreed with the proposed levy rate of 5% as they thought it would likely be increased over time once a visitor levy scheme was firmly established in the region. They suggested that further increases would certainly deter visitors and have a much bigger impact on accommodation providers in Argyll and Bute.

> *"5% now. And when that money has been spent, it will become 10%, then 15%. What is to stop this from increasing further?"*

Residents who agreed with the proposal to set a visitor levy rate at 5%

Around one-quarter of residents (26%) either agreed or strongly agreed with the council's proposal to set a visitor levy rate at 5% in Argyll and Bute, see **Table 4.3**.

Where further feedback was provided, the main points raised by these residents included that a visitor levy rate of 5% in Argyll and Bute:

- was '*reasonable*' and '*fair*' for visitors (but not residents) as it would be broadly in line with other destinations which have a visitor levy scheme – and would be unlikely to deter visitors.
- could generate a significant amount of revenue to be invested in facilities and services which were used by people visiting the area and residents – some of these residents called for a higher percentage rate to maximise impact but acknowledged that this could risk deterring visitors.

Residents' quotes which broadly reflect the points raised are provided below.

> "It is highly unlikely that visitors would be put off by a £5-£10 increase for a hotel room, and I would wager *hotel prices would have already increased beyond that by implementation in 2027 despite claims that such a rise would decimate the area's visitor economy"*

> *"5% is a manageable extra amount for the majority of visitors using budget and mid-market accommodation. Increasing numbers of international visitors expect to contribute towards local services in addition to direct accommodation costs."*

> *"5% is a reasonable rate - unlikely to deter visitors but capable of raising a significant amount of money."*

> *"5% makes administration of the scheme (just about) worth doing. Anything less is just an additional cost that local people need to cover for public sector jobs."*

4.7 What levy rate do you consider appropriate

Residents who selected either disagree or strongly disagree to the question *'To what extent do you agree with the Argyll and Bute Council proposal to set a visitor levy rate at 5%?'* were asked *'What rate would you consider is appropriate?'*.

Most residents (79%) thought a visitor levy rate should be lower than 5% and a sizable proportion were unsure, **Table 4.5**.

Table 4.5: If you do not agree with a visitor levy being 5%, what rate would you consider is appropriate?

	Number	Percentage
A visitor levy rate should be less than 5%	360	79%
A visitor levy rate should be greater than 5%	12	3%
Don't know	83	18%

Source: A&BC Resident Survey.
Base=455. Note: the base number is low compared to the total number of residents survey responses as survey routing means that those who selected options other than disagree or strongly disagree to the question 'To what extent do you agree with the Argyll and Bute Council proposal to set a visitor levy rate at 5%?' were not asked this question.

Residents who thought a visitor levy rate should be less than 5%

The vast majority (79%) of residents asked this question said that a visitor levy rate should be less than 5%, see **Table 4.5**. As noted above, some residents who indicated that a visitor levy rate should be less than 5% actually thought there should be no visitor levy scheme at all. This was reflected in comments at this question such as: *"There should be no levy at all"; "Fully disagree with this levy"*; *"It should be 0%"*; and *"I don't think there should be a visitor levy at all."*

Other residents said that the proposed levy rate of 5% was too high. These residents typically noted in their response that a 5% levy rate:

- could deter visitors as it could make Argyll and Bute more expensive relative to other areas, and that steps should be taken to welcome visitors to the region rather than deter them – and that it could make accommodation providers less competitive than other places.
- is high when compared to visitor levies in other places/countries which have a flat rate of, for example £1 to £2 per night – preference was also expressed for a flat rate as it could be easier to administer and understand.

Points raised are broadly reflected in the resident quotes below.

> *"Setting too high will stop visitors coming to places that are already high in cost."*

"The proposed 5% seems excessive and would deter the less financially well off from visiting, which creates further inequality between those with greater financial means and those who are less well off."

"Cities charge more than rural areas. I know the city of Amsterdam is charging something like £12/night, but then they want to discourage tourists, as I said Venice charged me £2.50/night, so yes I think 5% is rather high for our area."

"Not to price our area out of the market as a fall in numbers is not good for our economy."

"5% is a very big number when businesses are trying to be competitive."

"A visitor levy in Europe is around 1.5 Euros so make it a fixed amount rather than a percentage."

"I think a percentage is unworkable and would be more likely to support a flat rate collected directly from visitors."

A small number of residents provided an alternative suggestion for a visitor levy rate – this ranged from 1% to 3%, with 3% mentioned most often in these responses.

Residents who thought a visitor levy rate should be greater than 5%

Only 3% of residents asked this question said that a visitor levy rate should be less than 5%, see **Table 4.5**. These residents hold this view as they thought a visitor levy rate higher than 5%:

- would maximise investment for tourism related infrastructure and services.
- might deter irresponsible visitors to the area.

A very small number of residents who thought a visitor levy rate should be greater than 5% specified an alternative visitor levy rate – this ranged from 7.5% to 15%, and 10% was mentioned most often in these responses (absolute numbers were small).

An alternative view expressed by these residents was that a banded levy rate could be used – to reflect lower to higher cost accommodation

A few residents' quotes which broadly reflect the points raised are presented below.

"I believe a visitor levy should be set higher, potentially 10-15% assuming that money raised would be available for projects locally. Living on an island means we get very little in the way of funding from council funds - services continue to deteriorate."

"If a visitor levy is enforced it should be graded so that the higher the cost of the accommodation the greater a visitor levy should be making it more proportionate."

"10% will allow for greater compensation and functionality. It must be considered that the volume and duration of visitors to the area is of greater detriment to the environment and communities than benefit. Any benefit of their presence is purely financial and limited personally to a small percentage of the population or more specifically their bank accounts - there must be some compensation for the communities as a whole."

4.8 How investment in tourism infrastructure and services could be paid for

Residents who selected *'I don't support a visitor levy being introduced across Argyll and Bute'* to the previous question, were asked a follow-on question *'How would you suggest that investment in our tourism infrastructure and services is paid for?'*.

Almost all of these residents provided a response to this question, and most raised multiple points. This particular point is best reflected in the following respondent quote.

"The optimal solution would likely combine multiple approaches rather than relying on a single funding mechanism. The key challenge is finding a balance that adequately funds necessary improvements without placing undue burden on either local residents or the tourism businesses that drive economic activity in the region."

More efficient council operations and use of funding

Many residents emphasised in their response to this question that the council could explore ways to become a more efficient, effective, and streamlined organisation – a council that *'manages its finances better',* was able to *'balance its books',* and which *'lives within its financial means.'*

These residents frequently identified the different ways they thought the council could improve how it operated to identify costs savings and efficiencies and to reduce bureaucracy, as well to identify funding that could be *'redirected'*/used to support investment in tourism infrastructure and in order to maximise the impact from that investment for the benefit of local visitors, residents, and businesses alike.

Suggestions made by these residents included that the council could:

- be better at the planning, prioritisation and targeting of how it used existing funding – a greater focus on *'core'* rather than *'non-essential'* provision.

- review how existing budgets and grants could be better directed to high-impact tourism projects.
- review its staffing complement/need, salaries, and other employment costs.
- review how much it paid elected members/councillors.
- dispose of council buildings and assets that it no longer needed.

A few resident quotes which further reflect points raised are provided below.

> *"The council needs to manage its finances better. Perhaps less money wasted on unwanted initiatives and looking at ways of being more efficient might be more appropriate."*

> *"The council budget should be used more sensible and practically, as it is in other places who are not imposing this tax."*

> *"A thorough audit of council services to rule out waste and excessive red tape. This would generate enough finance to pay for improvement."*

> *"Is this not what our council tax is for? Maybe if councillors didn't give themselves such a big pay rise that would also help."*

> *"Stop wasting funding doing things that local councils are against and building white elephants the community have already clearly stated they're against."*

> *"Impact investing focuses on generating social and environmental benefits alongside financial returns. By attracting impact investors, Argyll and Bute can fund projects that promote sustainable tourism, support local communities, and preserve cultural heritage. This could include initiatives like community-based tourism or conservation projects."*

> *"Less spending on local vanity projects, reduction in the number of people employed by the council, prudent use of (what should be) finite financial resources."*

More effective use of revenue generated through existing taxes

Many residents also felt that the council should make *'better use of taxpayers money'* to invest in tourism infrastructure. They added that this should be achieved in the same way that it has always been funded prior to consideration of a visitor levy, and via '*existing mechanisms.'*

Here, there was widespread reference in residents survey responses to recent increases in taxes such as Council Tax, Income Tax, and Business Rates – they suggested that the council could use the additional revenue generated through tax increases to support further investment in tourism infrastructure in Argyll and Bute.

In addition, there was widespread reference in residents survey responses to other forms of taxation and charges that raised revenue for the council to support investment at a local level – BID charges, Short-term Licence Scheme, VAT on good and services were all mentioned by residents.

A few resident quotes which further reflect points raised are provided below.

> *"I pay Council Tax and VAT, taxes which go toward the physical infrastructure. That is, roads, toilets etc. Other investment will come from the business operations themselves."*
>
> *"How about using some of the Council Tax taken from second homeowners."*
>
> *"Put Council Tax to better use."*
>
> *"Tourism incentive should be encouraged within the local business community funded by the Council from the business rates."*
>
> *"As it always has by local taxation on businesses by way of business rates."*
>
> *"From our ever-increasing Council Tax and Income Tax."*
>
> *"Out of the exorbitant taxes we already pay."*
>
> *"When visitors come to our area, they already spend money on social, catering, food and drink and purchase goods from our businesses."*

Activities to encourage tourism could create additional investment for tourism infrastructure

Some residents felt that a visitor levy was not the right solution (at all or at the current time) and identified other things that the council could do in order to:

- **address a perceived underinvestment (or limited or reducing) investment in tourism infrastructure** by the Scottish Government and the council in Argyll and Bute – some also considered existing tourism infrastructure poorly maintained.
- **revitalise communities** across Argyll and Bute and generate much-needed revenue.
- **encourage tourism in Argyll and Bute** which would support the private sector to create additional local employment opportunities and make further investment in tourism infrastructure.

This point is best reflected in the resident respondent quote below.

> *"The local economy relies on tourism.* By introducing *a visitor levy you will drive away a number of tourists, close a number of tourism businesses, and cripple other local businesses that rely on tourists (attractions, restaurants, etc). Many already can't open through the winter as it is not viable. You need to encourage tourism, which in turn increases local spending by tourists and boosts the local economy."*

Some of these residents considered that the Scottish Government and/or the council have not made sufficient investment in tourism infrastructure in Argyll and Bute in recent years. These responses frequently highlighted concerns such as:

- challenges associated with an *'unreliable ferry service'*.
- the closure or pending closure of *'Tourism Boards'* or *'Tourist Information Centres'* in the region, and the negative impact this has/will have for visitors to Argyll and Bute.
- a lack of Countryside Rangers to help educate the public about responsible tourism and the Scottish Outdoor Access Code.
- the current state of roads and pavements in Argyll and Bute.
- the perceived underinvestment in, and state of disrepair of, some towns in Argyll and Bute.
- issues related to local bin and litter collections.

A small number of residents said that they were *'not sure what investment'* has been made into tourism infrastructure over recent years, or they *'do not understand how the council invests in tourist infrastructure and services.'*

On the one hand, arguments made under this theme by some residents was that the council could focus its efforts on addressing or fixing the issues and challenges outlined above (that is, ferry service, roads, etc.) – for the benefit of local residents and businesses in the first instance, and prior to further consideration of introducing a visitor levy.

Points raised are broadly reflected in the resident quotes below.

> *"We need basic infrastructure first to support the people who live here."*

> *"What is tourism infrastructure and services, as distinct from infrastructure and services for use by everyone? It is nonsense to attempt to distinguish between the two."*

> *"If there are issues outside the remit of the council, these should be highlighted to the appropriate body."*

> *"Leave it up to businesses. Locals need decent roads, decent transport, clean streets, and we pay enough Council Tax to expect them."*

On the other hand, some residents put forward a case for additional activity that:

- **promoted Argyll and Bute as a place to visit** – for example, ensuring a broad range of activities that meet the needs and interests of tourists, such as cultural and historical tours, adventure trips, and eco-tourism initiatives.
- **encouraged and supported business start-up, growth and investment** in Argyll and Bute, as well as attracted more inward investment to the region.
- **reduced any unnecessary bureaucracy and financial burden for tourism related businesses** - for example, *'streamlining planning processes'* was mentioned by residents in their responses, as well as offering incentives such as *'tax relief or subsidies'* to tourism-related businesses or investors.
- **encouraged greater collaboration** between the council and local businesses.

A few resident quotes which broadly reflect points raised are provided below.

> *"By doing all you can to ensure Argyll's visitor economy is assisted (and not penalised) and by marking Argyll as a region free of visitor taxes you will foster a thriving local visitor economy and help strengthen our destination's desire ability for visitors…do that and you will see all the benefits through increased visitor spend and tourism business growth."*

> *"By entrepreneurship. Every £1 collected in a visitor levy is a £1 less spent in our shops and restaurants."*

> *"More people that visit means local businesses make money to support local jobs etc. Thriving business make an area attractive for other businesses to set up."*

> *"Local business being busy with more tourists who are then charged taxes by the government who then give money to councils, not rocket science."*

> *"Support for private investment in Tourism businesses depends on shops having realistic rents and rates."*

> *"Businesses fund their own improvements, upgrades, and development from revenue from their customers while still remaining competitive. Customer demand drives improvement, investment and services, if you want to help, streamline and speed up planning, remove red tape, and allow businesses to develop organically."*

At the same time, some residents felt that the **council could make better use of its influencing and lobbying role** to:

- leverage additional funding from the Scottish and UK Governments (and from other funding sources) to address perceived '*disparities in funding of rural, remote, and island communities.*'
- push for 'more local retention of business rates.'

A point made by these residents was that this revenue should be retained locally and used to provide essential investment for tourism infrastructure projects in Argyll and Bute.

Explore ways to increase revenue from existing sources and identify new income streams to support investment in tourism infrastructure

Some residents suggested that the council could explore ways to increase revenue from existing sources as well as identify new income streams to support investment in tourism infrastructure in Argyll and Bute.

The main suggestions from residents to increase revenue from existing sources included by:

- increasing Council Tax – for example on *'high value properties*, *'second homes'* which were run as a business, for '*holiday let properties'*, *'for everyone'*.
- increasing existing fees and charges – for example, *'car parks'* in high-tourism areas, a *'differentiated pricing model'* for attractions and services where visitors pay premium rates while residents receive discounted access, *'piers and harbour fees and charges'*, *'for events'*, '*self-catering letting fees'* – as well as supporting better enforcement with revenue specifically allocated to infrastructure improvements.
- increasing taxation on windfarms – for example, increasing the non-domestic rates on properties where windfarms are located to generate additional revenue for the council, and to maximise the use of grant funding for investment in tourism infrastructure.
- increasing Corporation Tax - increasing taxation on *'large businesses'* or '*large corporations'*.
- a higher road tax on campervans and motorhomes.

The main suggestions from residents to increase revenue from new sources included by:

- exploring other potential sources of grant funding, subsidies, or targeted government funding for rural and tourism-dependent areas at a national, regional, and local level.
- working collaboratively with VisitScotland and national tourism agencies to secure targeted investment.
- exploring other donation, fundraising, crowdfunding, and sponsorship opportunities.

- exploring additional funding opportunities through public-private partnerships.
- exploring creative funding through community bonds or tourism improvement districts or green bonds.
- introducing additional taxation/charges on sectors that residents considered benefited from visitors to the area and/or which they considered damage local road infrastructure in some way (for example, due to the use of large lorries and trucks) – for example, distilleries, windfarms, forestry, fish farms, and electricity companies were all mentioned by residents.
- introducing a road toll and charges for motorhomes and campervans or incorporate and additional charge for ferry ticket purchases.
- a 'wealth tax' or 'taxing the rich' or 'taxing wealthy land owners'.

A few resident quotes which further reflect points raised are provided below.

> *"The fact that local councils froze council tax for years has seriously damaged their offerings to constituents."*

> *"Put an additional charge on the companies killing Kintyre with windfarms."*

> *"A voluntary donation scheme integrated into accommodation bookings and major attractions."*

> *"Set up parking / toilet etc facilities for campervans and charge them for it."*

> *"An emphasis on cost-sharing with VisitScotland and other regional tourism bodies could also help fund sustainable infrastructure improvements without deterring visitors or overburdening local businesses."*

> *"Perhaps require camper van (or travellers van) permits to cover their more than average use of roads, and an additional fee for waste collection, plus enforced rules for disposal."*

> *"Crowdfunding platforms can be used to raise funds for specific tourism projects by appealing directly to the public. This method can generate significant interest and support from both locals and tourists who are passionate about the region. Projects such as the development of new tourist attractions or the enhancement of existing facilities can benefit from crowdfunding campaigns."*

Residents who expressed some support for a visitor levy

Some residents reiterated support for the council to introduce a visitor levy as a mechanism to raise additional revenue for investment in tourism infrastructure – albeit **not** in the form proposed by the Scottish Government legislation or in the council's proposals.

This point is reflected in the resident quote below.

> *"We're not opposed to investment – we're opposed to a poorly designed mechanism that makes us more vulnerable."*

Rather, these residents typically expressed support for a visitor levy that:

- only charges genuine visitors to the area – that is, not local and/or Scottish residents, etc.
- included other forms of overnight accommodation or type of visitor – campervans, motorhomes, wild campers, and cruise ship visitors were all mentioned by these residents.
- charged visitors a fixed rate and was collected by the council or via a centralised mechanism.

A few resident quotes which broadly reflect points raised are provided below.

> *"Maybe a visitor levy on more general tourism areas so to include wild camping or caravanning visitors as well so that all visitors contribute to the system. Maybe on arrival in Argyll pay a tourism tax similar to a toll."*

> *"The whole investment structure needs to be addressed, not just a short sighted money grab. The amount of camper vans who use the area for free, litter, park anywhere and will not even be included in the accommodation tax."*

> *"Find a way to include wild camping motorhomes and only tax tourists then I'd support it".*

> *"Departure taxes for international visitors, as is used in many other countries."*

> *"Tax on ferries for visitors only. Tax on camper vans."*

> *"Perhaps like some countries, there could be a one off fee when visitors land at the airports. A similar tax could be applied when passengers disembark from the cruise liners."*

> *"I agree we need a tax of some sort but not one that affects people who actually live in Scotland as we all pay council tax and should not pay any visitors tax as we live here."*

> *"May be some merit in a visitor levy in the busier locations, for example, Oban where the income generated by a visitor levy is most likely to be spent."*

The council should identify how additional investment for tourism infrastructure could be secured

A small number of residents said that they were either unsure where funding for investment in tourism infrastructure could come from or felt that this was a role for the council to explore and identify possible options for further consideration by residents.

No need for further investment in tourism infrastructure

A small number of residents said that there was no requirement for further investment in tourism infrastructure in Argyll and Bute. The main argument put forward by these residents was that people visit the region for the *'views, wildlife, scenery and peacefulness'*, for the '*beauty and unspoiled nature'* of Argyll and Bute, and for its '*landscape and its history*.'

Other points raised by these residents included that they were not sure whether additional investment in tourism infrastructure and services was required or felt tourism could cause damage to areas like Argyll and Bute or said that the council (and other organisations and agencies) could do more to support and preserve the natural beauty of Argyll and Bute rather than invest in additional tourism infrastructure.

A few resident quotes are provided below which seek to illustrate the main points raised above.

> *"People come to Argyll and Bute because of it's unspoiled, wild, and remote nature. Don't turn it into just another place to visit."*
>
> *"Most tourists come here for the natural beauty - that is free."*
>
> *"People come for the getaway element of nature, cycling, walking so don't see what you need the money for."*
>
> *"I believe we pay enough in Council Tax to support investment in tourism without a visitor levy. The money should be invested in supporting the natural beauty of the area."*
>
> *"I am not convinced that "tourism infrastructure and services", as separate facilities, are even needed; most of the examples you cite of the "services used by visitors and shared with residents" are actually basic services needed by residents and shared with tourists! Therefore, I find this question redundant."*

4.9 Should there be a cap on the number of nights accommodation

Setting resident survey responses to this question in context

Not all residents who answered the question '*Should there be a cap on the number of nights of accommodation that a visitor should pay a visitor levy?*' supported the introduction of a visitor levy and/or supported the legislation or council proposals in their current form.

As illustrative examples, comments made by residents included *'0 nights with levy'*, and *'0 nights should be the cap for Islanders'*. The points raised in these responses are covered elsewhere in this chapter and have not been included in the analysis to this specific question. This point aside, feedback from residents to this question was mixed – and more so than responses received to the business and visitors' surveys.

Yes, there should be a cap

Almost half of residents (49%) asked this question said there should be a cap on the number of nights of accommodation that a visitor should pay a visitor levy, see **Table 4.6**.

Table 4.6: Do you think there should be a cap on the number of nights of accommodation that a visitor should pay a visitor levy?

	Number	Percentage
Yes	578	49%
No	399	34%
Don't know	203	17%

Source: A&BC Resident Survey.
Base=1180. Note: the base number is lower than the total number of resident survey responses as only residents which did not select 'I do not support a visitor levy in Argyll and Bute' at the question 'To what extent do you agree with the Argyll and Bute Council proposal to set a visitor levy rate at 5%?' were asked this question in the survey.

Many residents, regardless of their support or otherwise for the introduction of a visitor levy, considered that a cap could be a '*reasonable*' middle ground as well as a '*more affordable*' option for visitors who would be required to pay a visitor levy.

> *"There shouldn't be a visitor levy at all, but if you do introduce one it should certainly be capped. Otherwise it is just a deterrent to stop visitors staying longer. Longer stays are good for accommodation rentals as they require less servicing."*

> *"Without a cap, the amount will quickly add up and may become unaffordable for some."*

Some residents who thought there should be a cap on the number of nights of accommodation that a visitor should pay a visitor levy said that this might encourage some visitors to stay longer in Argyll and Bute, in particular families. These responses also touched on the range of benefits and more sustainable impacts that this could have for the local economy.

Further, there was also some support for a cap if local residents and temporary workers were not made exempt from a visitor levy for non-leisure trips – albeit there were repeated calls for the council to use its discretion to apply local exemptions.

Many of the residents who thought there should be a cap on the number of nights of accommodation that a visitor should pay a visitor levy provided details of how many nights this could be in their response. Suggestions ranged from **one night to 30 nights (when a stay becomes a short-term residency) and were mainly at the lower end of this range (seven nights was most frequently mentioned)** as a way to encourage longer visits to Argyll and Bute.

An alternative suggestion made by residents, albeit raised to a lesser extent, was that there could be a cap on the number of nights of accommodation that a visitor should pay a visitor levy at the agreed percentage levy rate, and then a lower levy rate could be applied on nights stayed beyond this.

> *"I think most visitors stay for 3-5 nights therefore I think the cap should be anywhere between 3 and 5 nights, where after this there would not be a visitor levy since this would be considered a longer visit (for work or other) and should be seen as a local use."*

> *"I think there should be a cap at 7 nights. We are trying to encourage tourism and visitors to the area, having to pay a visitor levy might already be contentious so at least if someone was planning to come for longer they wouldn't be paying for every night of their stay which would hopefully be seen as a positive measure. This would then encourage people to come rather than put them off."*

A small number of residents suggested that the council could use a data-driven approach – for example, they suggested that it would be important to understand the average duration of stay for overnight visitors to Argyll and Bute, and that this could then be used to identify an appropriate number of nights of accommodation that a visitor should pay a visitor levy.

Further, some residents who supported the introduction of a cap acknowledged in their response that this could make the administration process for the scheme more complex.

> *"Extended holidays are to be encouraged. At the very least a visitor levy might be adjusted down for longer stays. Whilst I can see that this might be administratively difficult, a visitor levy scheme should not be compromised because of potential administrative difficulties."*

"I think a cap could be considered but I also think this could complicate even more the administration of a visitor levy which is being expected of accommodation providers, many of whom are small guest houses, B&Bs and self-catering options who will find it difficult to take on this administrative role."

No, there should not be a cap

Around one-third of residents (34%) thought there should not be a cap on the number of nights of accommodation that a visitor should pay a visitor levy, see **Table 4.6**.

Some of these residents highlighted that visitors used local services and infrastructure every day of their stay, therefore it was '*reasonable*' that a visitor levy should apply for their whole visit. Indeed, some residents went further and suggested that the introduction of a cap could '*unfairly*' penalise short-term visitors who, for example, were said to have less of an impact on tourism infrastructure and services.

Another view expressed by residents who did not support a cap was that if an individual could afford to visit the area for a longer visit then they should also be able to afford to pay a visitor levy for the duration of their stay – and that this might represent a relatively small proportion of their total accommodation costs.

"I think a visitor levy should be applied for the extent of the visit, bearing in mind that services will likely be used on a daily basis for the duration of the stay, for example, transport use, generation of waste, use of public facilities such as public toilets."

"Such a proposal would be illogical: those who can afford to stay the longest can afford to budget and pay a commensurate levy."

"Putting a cap on the number of nights for which a visitor levy is paid seems to defeat the purpose, when the facilities used will increase with the length of stay."

Other arguments made by residents who did not think there should be a cap on the number of nights of accommodation that a visitor should pay a visitor levy, was to help ensure the scheme was simple to administer for accommodation providers, and to avoid any unnecessary complexities. They also mentioned that many visitor stays were short-term (a few days on average) and that a cap would be unlikely to influence visitor behaviour.

"Makes collecting even more complicated. You're going to put enough strain on local businesses in collecting this as it is. Keep it simple!"

"Hard to administer a cap if a visitor is moving around within Argyll & Bute".

"Any cut off point would be an admin nightmare and impossible to police."

A small number of residents considered it more important for the council to apply local exemptions than a cap – to ensure a visitor levy was aimed at genuine tourists.

They also emphasised the importance of the council setting the percentage levy rate at a *'reasonable'* level, but with repeated calls for a fixed flat fee instead to simplify the administration process and to ensure the scheme was easy to understand.

Residents who were unsure whether there should be a cap

The remainder of residents (17%) said that they were unsure whether there should be a cap on the number of nights of accommodation that a visitor should pay a visitor levy, see **Table 4.6**. Only three residents who were unsure provided further comment - feedback was limited and has not been presented due to the small number of responses.

5 Visitor survey results

5.1 Introduction

This chapter presents the visitor survey analysis. A total of 538 responses were received from visitors and included in the analysis, as outlined in **Chapter 2**.

5.2 Visitor survey respondents

Location

Using postcode data, **Figure 5.1** maps where respondents to the visitor survey live.

Figure 5.1: Postcode map of visitor survey respondents – UK and Ireland respondents

Base=538.
Other international locations included United States of America (9), Canada (1), France (1), Netherlands (1), Germany (1), and Malaysia (1).

Many (28%) respondents to the visitor survey were residents of Argyll and Bute who visited and stay in paid accommodation in other parts of the region for a range of purposes, including for leisure and non-leisure related trips.

What attracts visitors to Argyll and Bute

By far the main motivating factor which attracted visitors to Argyll and Bute was the scenery and landscape (81%), see **Table 5.1**. This was followed by to explore Argyll and Bute and surrounding areas (49%) and to visit friends and family (46%).

Table 5.1: What attracts you to Argyll and Bute?

Sector	Number	Percentage
The scenery and landscape	437	81%
To explore Argyll and Bute and its surrounding regions / rest of Scotland	262	49%
To visit family and friends who live in Argyll and Bute	248	46%
Holidayed before and wanted to return	204	38%
The history and culture	164	30%
The friendly local people	109	20%
Other	98	18%
Value for money	89	17%
Personal event / celebration (anniversary, wedding etc.)	86	16%
To visit a particular attraction	49	9%
Other special event (music concert, sports match etc.)	39	7%
Argyll and Bute's reputation	34	6%
The climate and weather	33	6%
To visit a film location	6	1%

Source: A&BC Visitor Survey.
Base=538. Multiple response question where visitors could select more than one option and all that applied. Percentages may total more than 100% as a result.
'Other' responses include: to stay at a holiday/second home, to take part in sport and leisure activities, to visit distilleries, previously lived in Argyll and Bute, for work, to use the ferry, and for the wildlife.

Type of accommodation visitors are staying in

Most visitors said that they were staying in self-catering accommodation (49%), B&Bs/guest houses (35%), or hotels (34%) while visiting Argyll and Bute, see **Table 5.2**.

Table 5.2: As a visitor to Argyll and Bute, what type of accommodation are you staying in?

Sector	Number	Percentage
Self-catering	264	49%
B&B or guest house	186	35%
Hotel	185	34%
Staying with friends and families	107	20%
Caravan / campervan	93	17%
Homestay, for example, Airbnb	89	17%
Campsite	66	12%
Student accommodation	0	0%

Source: A&BC Visitor Survey.
Base=538.
Multiple response question where visitors could select more than one option and all that applied. Percentages may total more than 100% as a result.

5.3 Visitor levy scheme objectives

Visitors to Argyll and Bute were asked the extent to which they agreed or disagreed with the four proposed visitor levy scheme objectives for Argyll and Bute, see **Table 5.3**. The main points to note from the closed question included that:

- **more than half of visitors either disagreed or strongly disagreed with each of the four proposed objectives** – most prominently visitors disagreed with the objectives relating to *'Extending the season and spreading the visitors across the destination'* (60%), and *'The journey towards net zero'* (58%).
- **agreement (that is, rated either agree or strongly agree by visitors) with the four proposed visitor levy scheme objectives was much lower among visitors** – the exception to this was a sizable proportion of visitors (33%) agreed with the objective relating to *'Sustaining and improving the visitor offer'*.
- **a relatively sizeable proportion of visitors neither agreed nor disagreed** with the proposed visitor levy scheme objectives.

Table 5.3: To what extent do you agree or disagree with the A&BC visitor levy scheme objectives?

Objectives	Strongly agree		Agree		Neither agree or disagree		Disagree		Strongly disagree	
	Number	%	Number	%	Number	%	Number	%	Number	%
Extending the season and spreading visitors across the destination – for example, infrastructure, amenities, events, and marketing	52	10%	69	13%	96	18%	80	15%	241	45%
Reaching new audiences: marine, coastal, cultural and outdoors tourism – for example, visitor product development, inter-island connectivity, step ashore facilities, showcasing producers, culture and heritage	51	9%	85	16%	107	20%	67	12%	228	42%
Sustaining and improving the visitor offer – for example, transport options, destination investment (including toilets), support for individual tourism businesses to help them improve their products and services (grants, training, advice, toolkits)	83	15%	99	18%	82	15%	58	11%	216	40%
The journey towards net zero – for example, investment in sustainable tourism, business advice and support, low-carbon transport networks	51	9%	70	13%	101	19%	65	12%	250	46%

Source: A&BC Visitor Survey.
Base=538 for each objective with the exception of 'The journey to net zero' objectives (537 responses).

Some visitors provided specific comment on the proposed visitor levy objectives. Some stated that they felt the objectives were *'worthy'* or noted their agreement with them. Though, in most instances this was caveated with more negative feedback and on the ability of the objectives to be achieved through the introduction of a visitor levy scheme. Visitor comments tended to focus on the:

- *'Extending the season'* objective – some agreed with the objective of extending the season, though they noted that the introduction of a visitor levy scheme could make this *'unachievable'*, as it could actually deter visitors. A small number of visitors went further and stated that a visitor levy could result in business closures which would further hinder the ability to extend the season.
- *'The journey to net zero'* objective – a small number of visitors considered this to be a '*nonsense*' and '*fantasy*' objective. Other visitors raised concerns that a visitor levy would be '*counterproductive*' as it could encourage a greater number of campervans and motorhomes (off-site) and increase the frequency of wild camping. And that this could have a negative impact for the environment as well as an income loss for campsites.

These points are further reflected in the selected visitor survey respondent quotes below.

> *"This will have the opposite impact on the desired effects; it will shorten the tourism window, limit tourism in new audiences and have no net zero benefit as it will simply redirect tourists to other cheaper locations who do not prioritise carbon efficiency."*

> *"These are worthy objectives, however taxing visitors will not in any way spread/extend the season, it will discourage new audiences as they will perceive Argyll and Bute as excessively expensive"*

> *"The journey to net zero is a goal with much wider scope, not specific to tourism, and should not be part of the VL scheme."*

5.4 Other things visitors would like to see a visitor levy spent on

Over half of visitors answered the follow-on question *'If there are other things you would like to see a visitor levy spent on please tell us here?*'. Some visitors did not directly answer this question, and this is reflected in the themes presented below. As this was the first open-ended question in the visitor survey, some used this question to express their thoughts and opinions on the proposed visitor levy scheme more generally.

The themes identified from a review of visitor survey responses to this question were broadly similar to those outlined previously in the business and resident surveys.

Comments related to the proposed visitor levy scheme

More than half of visitors who answered this question provided comments relating to the proposed visitor levy scheme, overwhelmingly these visitors stated that they:

- did not agree with the introduction of a visitor levy in Argyll and Bute.
- or did not agree with aspects of the council's proposals or did not consider the national legislation fit for purpose.

Many visitors who were opposed to the introduction of a visitor levy scheme in Argyll and Bute framed their response to this question in the context of the recent cost-of-living crisis, noting that Scotland was an expensive holiday destination for visitors. They suggested that the introduction of a visitor levy could deter some people from visiting Argyll and Bute or from making a repeat visit – for example, it was suggested that some visitors may decide to seek out cheaper destinations (at home or abroad) that do not have a visitor levy.

A small number of visitors said that they did not consider Argyll and Bute to have a significant issue with overtourism and that the introduction of a visitor levy scheme could be counterintuitive in this regard. They said it could result in some accommodation providers taking the decision to close their business, not least as the cost of doing business has also been increasing (for example, business rates, energy costs, etc.).

Further many visitors noted in their response that a visitor levy scheme could have a negative impact on other local businesses in Argyll and Bute. Here, there was wider reference to some visitors reducing the length of their stay due to the additional accommodation costs, and that they might also spend less in other businesses within the local economy (for example, food and drink, day trip operators, etc.).

These points are further reflected in the selected visitor survey respondent quotes below.

> *"…the more tourists have to pay for their accommodation the less they will have to spend in local businesses to the detriment of the rural economy."*

> *"Visitors support local businesses, attend local events and plough money into local communities. It is extremely sad that given the current cost of living crisis and general world instability that visitors are seen as 'cash cows'. Visitors are a great asset to an area, but they do not have bottomless pockets."*

"I strongly disagree with a visitor levy full stop. It will discourage visitors and tourists from visiting specific areas due to heightened costs. They will simply go elsewhere thus negating any positive impact."

"VisitScotland show the tourist economy has shrunk in recent years, particularly in Argyll and Bute. On top of that, we are all in the midst of a cost-of-living crisis. Don't make it more expensive to holiday here when parts of Scotland won't be, you will cripple Argyll and Bute tourism."

"I do not agree with a visitor levy, it will drive tourists away and increase the decline in the area, the levies are ok for areas where there are too many tourists such as Barcelona, but the area needs more tourists to increase businesses to deliver more taxes to make the area thrive."

Visitors' suggestions for what revenue should be spent on

Some visitors provided feedback on the things they would like to see revenue generated through a visitor levy scheme spent on in Argyll and Bute. The most common themes were expenditure on:

- infrastructure.
- transport.
- tourist/visitor facilities.

Infrastructure

Many of the visitors who made suggestions for what the revenue should be spent on said this should include infrastructure improvements within Argyll and Bute. Predominantly, these visitors mentioned improvements to roads (for example, fixing potholes, signage, etc.), pavements, parking (short and long-term parking provision), as well as EV charging points. They suggested that this could help the region deal with the increased number of people visiting Argyll and Bute and travelling across the area over the peak summer months.

These points are further reflected in the selected visitor survey respondent quotes below.

"Improving the roads - I am a regular visitor and often bring up others with me and without exception they all comment on how appalling the roads are - quite often puts them off returning and as there are no public transport options."

"There are not enough EV chargers in Argyll and Bute. This is causing EV owners to take extension leads and use electricity from self-catering accommodation without permission from the owner. Tourist tax could be used to provide more EV chargers."

"Please can some of a visitor levy be used to: 1. Provide proper signage at ferry terminals on how to drive on single track roads. 2. For similar instructions to be handed out with tickets by CalMac for all visitors to the islands 3. Induce CalMac to make a safety announcement before disembarkation for all visitors to the islands. Safe and courteous driving is pivotal to harmony and security for visitors and residents, this has been a growing problem for years. The existing blue signs are inadequate and unfit for purpose. The slip of paper that CalMac has already produced and available in Oban is excellent and should be compulsory reading."

Tourist/visitor amenities, services, and facilities

Many visitors who made suggestions for what the revenue should be spent on recommended additional amenities, services, and facilities to help Argyll and Bute deal with the increased number of visitors the area received during the peak summer season.

The most common point raised by visitors was an identified need for Argyll and Bute to have increased provision of public toilet facilities for visitors. Responses frequently mentioned a lack of toilet facilities in the area or considered existing provision to be poor quality.

Further, a small number of visitors thought there should be more accessible visitor information available, including the ability to speak with visitor information staff who were knowledgeable about the region and local attractions, places to visit, things to do, etc. Here, there was reference to recent/planned closures of Tourist Offices (or similar) in Argyll and Bute and the impact such closures have for visitors in terms of reducing access to information that could help visitors get the most out of their trip.

These points are further reflected in the selected visitor survey respondent quotes below.

"You'll need a lot of money to improve the toilets and facilities in Argyll and Bute. I've holidayed here for over twenty years continuously and I see a vast decline in facilities for tourists."

"Improving visitor facilities is vital for Argyll and Bute as many areas have poor facilities and cannot cope with visitor numbers at peak times. The council appears to not have enough money to provide some of the basics that is needed to keep up with other places. For example, electric charging points for visitors, new campsites, places to find out information and clean and up to date public toilets."

"Retain Tourist Office and Visitor Information Offices staffed by people who can answer queries and have local knowledge."

Transport

Some visitors who made suggestions for what the revenue should be spent on mentioned transport infrastructure issues such as quality, reliability, connectivity, etc. These responses typically highlighted difficulties visitors experience in travelling to and from Argyll and Bute, and within the region. Points raised included that:

- public transport (for example, buses) was not considered fit for purpose and that visitors often have to rely more heavily on private transport (cars) to get about – for example, responses suggested there was a need for more regular (and affordable) bus services in rural areas such as Argyll and Bute, and that more car use placed increasing pressure on the quality of existing road infrastructure in the region.
- current ferry service provision in Argyll and Bute was felt to be unreliable and resulted in additional accommodation costs for unplanned stays, etc. – for example, responses highlighted the practical and logistical challenges caused by ferry cancellations, as well as wider issues such as ageing ferries or ferries being out of action during the peak season.

These points are further reflected in the selected visitor survey respondent quotes below.

> *"As a visitor, safe and cost-effective transportation is a big tick in the box. As a motorist I want to see good quality roads with no potholes on tarmac surfaces. As a user of public transport, low cost, reliable and efficient services are key to making a holiday relaxed and enjoyable. Cleanliness and comfort is expected on public transport."*

> *"A better ferry service (more reliable, more affordable for residents) would help. We don't need more marketing or events. We do just fine. More loos and a better bus service would be great."*

> *"Public transport in remote Kintyre is rare and tourists require cars to get about."*

> *"Improved ferry services, which are critical to residents and also benefit visitors."*

Concerns about how the revenue would be spent

A small number of visitors were not confident that the council would invest the revenue generated by a visitor levy scheme in the ways proposed in the consultation document and emphasised the need for this revenue to be ring-fenced in order to contribute towards levy scheme objectives (and regularly reported on to the public how this has been done). They added that such measures would help to ensure revenue generated could not be used by the council to *'fill gaps'* in its financial budget.

As described in **Chapter 1**, the legislation is clear that local authorities must use the net proceeds of a visitor levy scheme for certain specific purposes (that is, the net proceeds are ring-fenced) – to develop, support, and sustain facilities and services for or used by visitors to a local authority area for leisure or business purposes. There is also a statutory requirement for all councils to report annually on how revenue has been reinvested in line with scheme objectives.

A small number of visitors expressed the view that any visitor levy revenue should be spent within the area from which it has been collected. These visitors believed that the revenue generated from a visitor levy should be given to local community groups, such as community councils, to ensure it went towards tourism infrastructure and services. Contrastingly, a small number of visitors raised the opposite viewpoint, and stated that if a visitor levy was introduced, they would like to see revenue used across Argyll and Bute to benefit the area as a whole.

These points are further reflected in the selected visitor survey respondent quotes below.

> *"None of the above proposals have been ring fenced and there is no guarantee that funds will be spent to the benefit of tourism."*

> *"I don't believe a penny of it will be ringfenced and spent back where the money is raised. You are basically charging me more tax to visit. No doubt the cash raised will just be spent on your statutory obligations."*

> *"There is no guarantee that the revenue will be invested in the community, or that they will benefit all areas equally. Instead, it is likely that any money raised will disappear into bureaucratic black holes. while our local economy suffers."*

> *"If a Visitor Levy is unavoidable then it is essential that it is spent in the areas from which it is collected. That is best achieved by putting the finance under the control of local community councils who are best placed to spend the monies wisely and cost effectively. Control of the collected finances by central authorities is bound to result in inefficiencies and waste and runs the risk of being misspent for other purposes."*

5.5 Suggestions for how the visitor offer could be improved in Argyll and Bute

Most visitors (66%) provided a response to the survey question *'As a visitor to Argyll and Bute, do you have any suggestions for how the visitor offer could be improved in our area?'*.

The majority of visitors provided suggestions for how the visitor offer could be improved, and these were broadly in line with their responses to the earlier question *'If there are other things you would like to see a visitor levy spent on please tell us here?'*. Further, some visitors survey responses also contained more general comments on the detail of the proposed visitor levy scheme in Argyll and Bute.

Road investment

Some visitors noted in their response that road investment could help to improve Argyll and Bute's visitor offer – stopping further deterioration as well as improving road condition – albeit there were also responses which suggested that the maintenance and improvement of roads is an existing role for the council, and that visitor levy monies might not be an appropriate use for this funding. Much of the feedback relating to road investment mirrored that set out in **Section 5.4 of this chapter**.

Additional points raised included:

- roads such as the A85 and A83 were said to be in poor condition, due to potholes and uneven surfaces – and that challenges have reduced confidence in visitors' ability to access the region.
- quality road infrastructure was considered important given the number of single-track roads in the region, the volume of traffic experienced during the peak tourist season, as well as for those who were less familiar with driving (and driving conditions) in a rural region like Argyll and Bute.
- road investment at a more local level was also mentioned by visitors – for example, points raised included that local roads struggle to handle the volume of traffic experienced during the peak tourist season, and there was also said to be a lack of passing and/or stopping places.
- a lack of opportunities for visitors to safely stop to admire the Argyll and Bute's scenery and landscape without causing issues for other road users.
- roadside littering was noted as a particular concern - particularly due to the increase in the number of campervans and motorhomes (off-site) who make use of lay-bys or other roadside facilities. It was suggested that additional bins and more frequent bin collections could help.

Points raised are further reflected in the selected visitor survey respondent quotes below.

> *"Road surfaces and markings need to be improved. More lay-bys and roadside parking for stopping for a break or to see scenery and wildlife. More toilet facilities. Cafes and visitor centres."*

"Repair of the roads would be great. The number of potholes is really off-putting and causes damage to vehicles."

"Please, please make people aware of how to drive safely and courteously on single track roads."

"…proper infrastructure/overnight parking for campervans so they do not cause congestion for everyone else parking up by the side of the road as there's nowhere else for them."

Investment in transport projects and parking

Some visitors noted that various transport related projects could help to improve Argyll and Bute's visitor offer. Again, feedback on transport investment was broadly similar to that presented earlier.

Further, a need for additional free car parking facilities/spaces was also mentioned, albeit only by a small number of visitors. They suggested that this:

- could encourage visitors to stay in the area for longer and encourage more visitor spend.
- could provide much needed overnight parking facilities for the many campervans and motorhomes - easing road congestion and improving roadside conditions and facilities.

A point raised was that an unintended consequence of a visitor levy was that it might encourage more people to wild camp or stay in motorhomes parked in lay-bys and unofficial parking areas.

A small number of visitors suggested that improved public transport provision within Argyll and Bute could help to improve the visitor experience – these responses noted that travelling both within and outside the region is not always easy or as accessible as it could be. For example, it was suggested that more regular bus and coach services from Argyll and Bute to other key destinations such as Glasgow and Edinburgh could help to encourage people to visit the region. And that more reliable ferry services were vitally important.

These points are further reflected in the selected visitor survey respondent quotes below.

"Improve the frequency, range and availability of bus and coach connections to and within Argyllshire for those without their own transport. For example, to get to Inveraray from Glasgow there are only two buses a day!"

"More sustainable services – public transport particularly."

"Increased transportation options. More ferries. More local bus routes. More transportation rental options. E bikes, Mini cars/trucks/vans, and jeeps."

"The ferry services desperately need to be improved. We know this to be a serious problem to our local permanent resident friends, and it has become problematic for family and friends trying to visit us when we are in Mull. We have incurred overnight stays in Oban simply because we have been unable to book a later ferry to Mull the day before or have been delayed by an accident/heavy holiday traffic… The cancellation of a morning ferry to the mainland caused our young son missed train connections south, so he missed the event he was due to attend in London, since which he always leaves earlier than necessary, which disadvantages the island economy."

Better public toilet facilities

As noted earlier, some visitors felt that better public toilet facilities could help to improve the visitor offer in Argyll and Bute. Wider points raised about public toilet provision included that: there was a lack of year-round access to public toilet facilities in some areas; some public toilet facilities were being closed or have closed altogether; or that there could be free access.

These points are further reflected in the visitor survey respondent quotes below.

"Provide sufficient clean and properly maintained public toilets."

"There is a real need for much better public toilets especially on the main roads. It is a shame the facilities at Arrochar were shut, especially given the number of visitors there throughout the year."

Tourist information, marketing, and promotion

Some visitors noted in their response that more physical and online tourist information services, marketing and promotion, and signage could help to improve Argyll and Bute's visitor offer. These responses suggested that a lack of tourist information and signage made it difficult for visitors to know what Argyll and Bute has to offer, key attractions, and places to visit, etc.

These points are further reflected in the visitor survey respondent quotes below.

"I do think Dunoon in particular would benefit from more marketing of what it already has to offer. This includes the woodland walks on a nice day, Belmore Gardens, Castle House to name a few. A lot of visitors just don't know about these things."

"Cultural activities that enhance the visitor experience. Visitor centre that provides helpful information and services, etc."

More hospitality and leisure facilities

Some visitors suggested that more and a greater range of hospitality and leisure facilities could help to improve Argyll and Bute's visitor offer (as well as provide benefit for residents). Suggestions included more cafes, coffee shops, bars, restaurants, as well as things/activities to do indoors when the weather was bad and during the off-peak season (for example, bowling, cinema, and soft play facilities were specifically mentioned in these responses). Earlier opening times were also mentioned as well as more family friendly activities/facilities, and dog-friendly spaces.

While not mentioned to any great extent, visitors also mentioned the impact of empty shops and units across the region, particularly in more remote and rural areas, on the visitor experience. They suggested that the council could explore ways to address this issue to increase the vibrancy of towns and communities.

These points are further reflected in the selected visitor survey respondent quotes below.

> *"Lots of hospitality seems to have either closed completely or have very limited opening hours. Can only see a visitor levy exacerbating this."*

> *"Also don't rely so much on scenery - bad weather rules put a lot of outdoor activities which leaves nothing to do. Other parts of Scotland have great scenery and a lot more to do."*

> *"Over the years I have been visiting Argyll & Bute, the choice of hospitality venues for food and drink, and shopping options has reduced. In some areas it is impossible to find anywhere to eat an evening meal anymore or even find a cafe for lunch during the day. The council should do more to support local businesses, not charge visitors more & discourage them from visiting."*

> *"Support tourist businesses rather than tax them more than other businesses. Help local towns thrive with interesting high streets - at the moment e.g. Lochgilphead has relatively little to offer."*

> *"Local SMEs are struggling, we visit Argyll monthly, and we are seeing a decline in service, decline in staffing, decline in availability of services. The council needs to help these pubs and hotels out."*

Comments related to the proposed visitor levy scheme

Some visitors raised comments on the proposed visitor levy scheme instead. As noted at earlier questions, these visitors typically mentioned that they were opposed to a visitor levy in principle or aspects of the council's proposals. Further, many said that they would be unlikely to visit Argyll and Bute should a visitor levy scheme be introduced.

Points raised included that:

- holidaying in Scotland was expensive and introducing a visitor levy could result in some visitors staying for shorter periods or choosing other destinations to visit due to the additional accommodation costs.
- residents of Scotland should not have to pay to stay in areas within their country of residence - they should not be seen as visitors.
- the council could focus on cutting costs and reallocating their existing budgets to invest in tourism, rather than placing an additional tax on visitors.
- residents of Argyll and Bute should not be charged a visitor levy to stay in the region for healthcare, family visits/occasions, funerals and other non-leisure purposes.
- a visitor levy could negatively impact local businesses as visitors might not have as much money to spend in shops and restaurants during their visit.

These points are further reflected in the selected visitor survey respondent quotes below.

> *"Government should provide local councils with the funding required to maintain and improve local amenities. So many of Scotland's holiday towns are a badly run down and in need of major investment, this situation is a result of many years of neglect by councils due to lack of government funding. Now the government is making up schemes to try and claw more money out of people who are already struggling in order to pay for work they should have been responsible for in the first place. We can barely afford a short holiday as it is without it potentially becoming even more expensive."*

> *"Please don't charge us any more money to visit. It's expensive enough and will become impossible for us to visit family, even returning for funerals will be taxed by the council - abhorrent."*

> *"If visitors pay a visitor levy they will have less money to spend in local business and I wouldn't be able to afford to go out for dinner as much."*

> *"I disagree wholeheartedly that by imposing this tax that the council will "improve" the visitor experience in any way. The effect I believe will be entirely the opposite. This tax will deter visitors."*

No improvements are needed to improve Argyll and Bute's visitor offer

A small number of visitors suggested that Argyll and Bute's visitor offer did not need to be improved as most people visit for its scenery and landscape.

Rather than make infrastructure improvements they suggested that the council (and others) could do more with existing resources to preserve the natural landscape within Argyll and Bute to help keep it *'unspoiled'* for residents and visitors alike.

These points are further reflected in the visitor survey respondent quotes below.

> *"Visitors want to see the Scottish wildlife and local culture. Supporting the local people who care for the environment and also those who keep the culture and history alive, is vital to the survival of Scotland as we know it."*

> *"It's rural and I love it as it is. Please don't add more tarmac (apart from potholes) and paths. The beauty is to see as much of Argyll in its raw form!"*

5.6 Exemptions

Visitors who agreed with the council's current position on local exemptions

Less than one-fifth (16%) of visitors said that they either agreed or strongly agreed with the council's current proposal that there should be no local exemptions beyond those set out nationally in the visitor levy scheme legislation to aid operational simplicity, see **Table 5.4**.

Table 5.4: To what extent do you agree or disagree with this position on local exemptions?

	Number	Percentage
Strongly Agree	57	11%
Agree	29	5%
Neither agree nor disagree	76	14%
Disagree	63	12%
Strongly Disagree	289	54%
Don't know	24	4%

Source: A&BC Visitor Survey.
Base=538

Most visitors who agreed with the council's current position on local exemptions felt that this was a fair and proportionate approach - they expressed support for the exemptions set out at national level as:

- **adding local exemptions could create added complexity for scheme implementation** – support was expressed for a consistent approach.

- **adding local exemptions could risk an unlevel playing field** between those eligible and ineligible for an exemption. Similar to the residents' survey, a view expressed was that too many exemptions might undermine trust in a visitor levy as it could be perceived to be unfair by those who are not exempt.
- **this would ensure administration requirements of the scheme were kept to a minimum** – and at the same time maximise revenue generated to improve the visitor offer.

Some visitors who agreed with the council's current position on local exemptions caveated their response in some way. For example, not all agreed with a visitor levy being implemented in Argyll and Bute - but if it was to go ahead, they expressed support with the council's current position on local exemptions.

A couple of visitor quotes which further illustrate these points are provided below.

> *"Sounds sensible to keep administration costs as low as possible. Ensures funds can be spent on projects to improve the visitor offer in Argyll and Bute. More exemptions also opens the door for potentially fraudulent activity."*

> *"Meeting national standards provides a consistent approach."*

Visitors who disagreed with the council's current position on local exemptions

The majority (66%) of visitors said that they either disagreed or strongly disagreed with the council's current position on local exemptions, and most strongly disagreed, see **Table 5.4**.

A visitor levy should not be implemented

Some visitors who disagreed with the council's current position on local exemptions fundamentally did not agree with the introduction of a visitor levy scheme in Argyll and Bute. Points raised have been covered elsewhere in this chapter.

Residents should be exempt from a visitor levy scheme

Some visitors who disagreed with the council's current position on local exemptions believed residents should be exempt from the scheme. Different views were expressed here, with terms such as *'local' 'island', 'Scottish'* and *'UK'* residents all mentioned in these responses to varying degrees.

Responses which expressed support for Argyll and Bute residents (and particular groups, for example pregnant women) to be exempt frequently mentioned that local residents required to stay in paid accommodation within Argyll and Bute for non-leisure purposes (for example, to access healthcare/medical attention, family events and funerals, education, and for work were all mentioned). They mentioned that it was not always possible for those residents who live on the islands to travel to and from the mainland in one day. Poor ferry services, delays and cancellations were also frequently mentioned in these responses. These visitors suggested that the council could use its discretion to apply local exemptions related to the trip's purpose – as non-leisure trips were considered different to genuine visitors.

Some visitor responses also highlighted the fact that local residents paid their taxes and contributed to the local economy – and that a visitor levy could be considered *'double tax'* – they suggested that everyone would be negatively affected by a visitor levy scheme – it was described by some visitors as an *'accommodation tax'* or '*room* tax' rather than a visitor levy aimed at genuine tourists.

Another point raised by visitors, albeit to a lesser degree, was that Scottish and UK residents could also be made exempt – a view expressed was that there was a risk that some domestic visitors to Argyll and Bute, including those most impacted by the cost-of-living crisis, might simply choose alternative locations or regions where there was no levy.

Some quotes which reflect the points by visitors raised are presented below.

> *"Local residents in island communities often have no option other than to [stay] overnight on the mainland as a result of the unavoidable restrictions to travel imposed by ferry services, which are subject to weather and timetabling restrictions. Hospital/dental appointments, shopping trips, onward travel, often necessitate an overnight stay. These people should be exempt from having to pay any visitor levy as they are not "visiting" for pleasure but out of necessity."*

> *"We regularly need to visit from an island which requires an overnight stay to catch ferries. We are local residents and should not be required to pay an extra room tax."*

> *"I am a resident of Argyll and Bute, but I like to holiday within my local area to discover more of it. If I had to pay a visitor levy, I would probably choose to holiday elsewhere."*

> *"A visitor levy would discourage visitors in general, we already live in Scotland and find accommodation can be pricey for a staycation, a visitor levy would encourage me to stay elsewhere in Scotland or overseas."*

"The position of islanders must be considered. 1) Missed last ferry home due to delays on the mainland roads (landslips, accidents, etc.) – I have to pay a visitor levy. 2) Cancelled last ferry due to weather/breakdown/repositioning due to berthing problems – I have to pay a visitor levy. 3) Workmen come to the island. They pay a visitor levy on their accommodation, but we have to reimburse them. 4) Pregnant ladies are advised to leave the island three weeks prior to their delivery date and consequently have to stay somewhere. They pay a visitor levy. (There may be some ability to claim back from the NHS but this is never 100% even before a visitor levy.) 5) Hospital appointments on the mainland requiring an overnight stay – I have to pay a visitor levy (There may be some ability to claim back from the NHS but this is never 100% even before a visitor levy)."

"Accommodation is already too expensive and additional cost will keep visitors away."

Workers and tradespeople should be exempt from a visitor levy

Some visitors called for the council to apply its discretion to make those who work and live in Argyll and Bute on a temporary basis exempt from a visitor levy. Key workers were mentioned in these responses (such as those who work in health and social care) as well as tradespeople. Responses highlighted wider concerns around the recruitment and attention of skilled people to work in rural areas such as Argyll and Bute, in particular in island communities, where staff shortages were said to be commonplace. They added that a visitor levy could exacerbate this issue as well as increase the costs associated with employing the services of tradespeople.

Some quotes which reflect the points raised are presented below.

"There are many exemptions to consider for example, people staying in order to provide services should be exempt (for example, nurses, builders) they are here to support our community and/or keep the economy moving."

"Local companies have to bring in staff from outside the area due to skills shortages, and put them up in accommodation, this is just another form of tax that will hit local business and in turn mean job losses."

"A Visitor Levy should not be charged for healthcare or other workers who have to go to the islands (or elsewhere in Argyll and Bute) for their work - they are not visitors in the tourism viewpoint - they are there to work and shouldn't be penalized."

Carers accompanying people with a disability should be exempt

While disabled individuals would be exempt from paying a visitor levy (under national exemptions) those accompanying them would not be exempt unless a local authority applied its discretion to apply a local exemption.

Some visitors suggested that carers accompanying people with a disability should be exempt from paying a visitor levy – they mentioned that many disabled people required a carer/companion to help support them travel to and from different places – be that on holiday or for non-leisure overnight trips (for example, healthcare and hospital appointments, etc.) and without this they might not be able to travel at all or be less inclined to do so. The additional cost for disabled people to pay a visitor levy might also be prohibitive, including for their unpaid carers – responses suggested that many disabled people might not be able to cover/absorb this additional cost.

Some quotes which reflect the points raised are presented below.

> *"In other areas throughout Scotland, companions are offered elements, such as free travel or reduced prices in cinemas, I believe this would serve to show that the island retains a sense of keeping in touch with other regions."*

> *"The person accompanying the disabled person, maybe a carer and not financially able to afford the increase of 5%."*

> *"There are times that exemptions need to be considered, people with a disability travelling may require support and that should be accounted for."*

> *"Carers in many cases are unpaid and individuals with profound disabilities or learning difficulties will be challenged to take a holiday without accompaniment if the carers cannot afford a holiday due to the potential increase in nightly stays."*

There should be no exemptions

A small number of visitors said that there should not be any exemptions to a visitor levy (that is, they disagreed with the nationally identified list of exemptions).

The main argument made by these visitors was that it would be '*unfair*' to have exemptions. They suggested that all visitors used tourism infrastructure and facilities when visiting Argyll and Bute and so, everyone should be subject to a visitor levy charge. Further, they suggested that providing exemptions for disabled individuals could be seen as '*positive discrimination.*'

These points are further reflected in the visitor survey respondent quotes below.

> *"It must be a blanket charge for everyone, if everyone is using the facilities, everyone should pay."*

> *"If you wish to impose this tax it should be imposed on all, irrespective of poverty, disability, etc."*

Neither agreed nor disagreed with the council's current position on local exemptions or don't know

The remainder (14%) of visitors said that they neither agreed nor disagreed with the council's position on local exemptions or were unsure, see **Table 5.4**. Many of these visitors indicated that they did not support the introduction of a visitor levy (for the reasons described earlier), while others identified points which have been covered above (including support for Argyll and Bute residents to be exempt).

A couple of quotes which reflect the points raised by these visitors are presented below.

> *"Current proposal seems generally fair to visitors outside the region. Very unfair to residents of Argyll who want to travel and holiday within their own region."*

> *"I don't think a visitor levy is appropriate for Argyll and Bute so don't have an opinion on exemptions."*

5.7 Proposal to set a visitor levy rate at 5%

Visitors who did not support a visitor levy being introduced in Argyll and Bute

More than half of visitors (55%) selected *'I don't support a visitor levy being introduced across Argyll and Bute'* to the question which asked the extent to which they agree or disagree with the council's proposal to set a visitor levy rate at 5%, see **Table 5.5**.

EKOS note: a small number of visitors who selected disagree or strongly disagree to this question then provided qualitative feedback that indicated they did not support a visitor levy in Argyll and Bute (that is, they did not select the *'I don't support a visitor levy being introduced across Argyll and Bute'* option). **This suggests that the proportion of visitors who disagree with the proposed levy rate of 5% would be lower while the proportion who did not support the introduction of a visitor levy would be higher than what has been presented in the table below. See also Table 5.6.**

Table 5.5: To what extent do you agree with the Argyll and Bute Council proposal to set a visitor levy rate at 5%?

	Number	Percentage
Strongly agree	26	5%
Agree	29	5%
Neither agree nor disagree	32	6%
Disagree	32	6%
Strongly disagree	115	21%
Don't know	7	1%
I don't support a visitor levy being introduced across Argyll and Bute	297	55%

Source: A&BC Visitor Survey.
Base=538

Table 5.6: To what extent do you agree with the Argyll and Bute Council proposal to set a visitor levy rate at 5%? (EKOS recoding)

	Number	Percentage
Strongly agree	26	5%
Agree	29	5%
Neither agree nor disagree	32	6%
Disagree	28	5%
Strongly disagree	85	16%
Don't know	7	1%
I don't support a visitor levy being introduced across Argyll and Bute	331	62%

Source: A&BC Visitor Survey.
Base=538

The proposed levy rate of 5% is too high

Many visitors who did not support the introduction of a visitor levy scheme said that the proposed levy rate at 5% was '*unreasonable*' or '*too high*'. Responses mentioned that visitors already paid relatively high levels of tax on their accommodation (through a 20% VAT rate), and that a visitor levy would further increase costs for visitors. These visitor survey responses also mentioned that a visitor levy rate of 5% was too high within the context of the cost-of-living crisis, and that some visitors might choose to visit other places in Scotland with no visitor levy.

These points are further reflected in the visitor survey respondent quotes below.

> *"It's too high. And is also subject to VAT making it 6%. Businesses are going to struggle. A lot of visitors will stay away especially with the cost-of-living crisis"*

> *"Already a challenge to visit these areas, financially and geographically, so increasing costs will not attract more visitors"*

> *"A two week stay at £100 per night would cost £70 more. Too much in these hard financial times. High end accommodation costs considerably more than £100 [per night] so a 5% levy could make it unattainable. To attract overseas visitors the best accommodation at a fair price needs to be available."*

Additional points raised included that a small number of visitors suggested that Argyll and Bute does not suffer from severe overtourism issues (like some places/cities in Europe) - these visitors did not think a visitor levy was warranted. An argument made was that the council could do more positive things to encourage visitors to the area rather than deterring visitors via a visitor levy scheme.

These points are further reflected in the selected visitor survey respondent quotes below.

> *"A visitor levy is not right for a rural area that is struggling and needs visitors. I stay regularly in Argyll and support lots of businesses. If I, and many visitors, don't stay then businesses will suffer and many will close."*

> *"There are already fewer tourists visiting this will encourage potential visitors to look elsewhere. In Europe these levies are in place to reduce tourist numbers, but A&B should be trying to attract more."*

Visitors who disagreed with the proposal to set a visitor levy rate at 5%

A sizable proportion (27%) of visitors either disagreed or strongly disagreed with the council's proposal to set a visitor levy rate at 5%, see **Table 5.5**. As noted above, it is likely that a lower proportion of visitors disagreed with this proposal, and that the proportion who did not support the introduction of a visitor levy scheme is higher.

Points raised by visitors who either disagreed or strongly disagreed with the council's proposal to set a visitor levy rate at 5% were broadly similar to those identified by those visitors who did not support the introduction of a scheme (for example, it is too high, etc.).

Some of these visitors felt that a visitor levy should be a flat rate (such as that adopted in Manchester and other European countries), rather than a percentage of the total accommodation cost. These responses mentioned that this would be a fairer approach and would be clearer and easier to understand for visitors.

Others suggested that a percentage rate of 5% might encourage some visitors to opt for shorter stays in Argyll and Bute instead or to look for cheaper accommodation potentially at the expense of higher-end accommodation provision.

These points are further reflected in the visitor survey respondent quotes below.

> *"Have travelled to some of Europe's most popular destinations and have paid there, but they had a much simpler flat fee that was more like ten euros for a week. 5% penalises people like us who like to visit for longer, and favours more short-term stays."*

> *"We have paid visitor levies all over the world and this levy is one of the higher amounts. The vast majority of levies are a flat fee, and I could support this approach. A flat fee would be much easier to apply for the hotel/B&B owners and would not be unfairly punitive toward the higher priced lodgings. If the goal is to raise funds, it shouldn't be punitive toward the people who are required to administer a visitor levy."*

Visitors who agreed with the proposal to set a visitor levy rate at 5%

Few visitors (10%) either agreed or strongly agreed with the council's proposal to set a visitor levy rate at 5% in Argyll and Bute, see **Table 5.5**.

Most visitors who agreed with the proposal to set a visitor levy rate at 5% felt that this rate was '*fair*' and '*reasonable*' and would be unlikely to deter them or visitors staying in Argyll and Bute. There was reference in these responses to visitor levies established in other places/countries in further support of this viewpoint. They also considered a visitor levy rate of 5% could help to maximise the revenue generated for reinvestment in Argyll and Bute.

Some quotes which reflect the points raised by these visitors are presented below.

> *"It's not a significant amount to deter people, any less and it wouldn't provide enough benefit."*

> *"I think this will provide enough funding to make a real difference in improving the area for visitors and residents. I also hope it can be used to help businesses and improve marketing of the area. If there is there is no levy, I think other areas with one will quickly move ahead of Argyll and Bute with better facilities."*

> *"5% is a fair charge especially if it means improving the infrastructure"*

5.8 How investment in tourism infrastructure and services could be paid for

Visitors who indicated that they did not support a visitor levy were asked *'If you do not support a visitor levy, how would you suggest that investment in our tourism infrastructure and services is paid for?'*. Most visitors responded to this question.

Investment could be paid for from the council's existing budget

Many visitors suggested that investment in tourism infrastructure should be paid for from the council's existing budget – and most of these responses also appeared to criticise the council's management of its finances – points raised included that that the council was felt to be struggling to '*balance its budget*' or that the council's budget could be used '*more efficiently*' in order to invest in tourism infrastructure.

The main points raised by these visitors included that the council:

- could look to streamline its operations and services and to focus on '*core*' services and provision.
- could undertake a review of internal staffing requirements, salaries and other administrative costs as a way to manage its finances better and to ensure there was sufficient funding for investment in tourism infrastructure in order to attract people to spend time and money in the area.

These points are further reflected in the visitor survey respondent quotes below.

> *"Roads are already in council budgets. Caravan parks are generally in private hands. Public toilets are pay for use and if the need is that great then they will be self-funding. Car parks are generally pay for use. I don't see the need for additional funding through tax."*

> *"You invest by managing your budget. Your council and every other council should be looking at investments to create more revenue through visitors and residents spending more of their time and hard-earned money in your areas, growing the local economy. Taxing us even more just reduces our disposable income, which will ultimately curtail our spending in our own country."*

> *"Through better management of local funds issued to the local councils, investment in local companies and shops to bring in a wider spectrum of people, which in turn spend putting money back into the area."*

Investment could be paid for from revenues generated through existing taxes

Many visitors suggested that the council could use revenue generated through existing taxes, paid by businesses, residents, and visitors, to invest in local tourism infrastructure – as has long be the case (for example, investment in roads, pavements, etc. was mentioned in these responses).

There was also widespread reference to VAT, Council Tax and Road Tax in visitor survey responses. As well as to recent increases in, for example Council Tax in Argyll and Bute, to further support this viewpoint – it was suggested that additional revenue from increased taxation could '*help*' support continued investment in tourism infrastructure.

These points are further reflected in the visitor survey respondent quotes below.

> *"We are a nation that has until now funded tourism infrastructure from central government funds and business taxation on tourist businesses."*

> *"Rural Scotland is already one of the highest taxed communities in Europe. Priorities for government spending need to be reviewed at national level to make sure rural communities are not strangled by additional taxation."*

> *"Via the existing tax system."*

> *"Council Tax has just increased 9.9% - this should support it."*

Investment in tourism infrastructure and services should be funded in the same way as it always has been

A small number of visitors expressed the view that tourism infrastructure and services should be funded in the same way it always has been – for example, through existing budgets, revenue from taxation, businesses paying for it, visitors spending money in local area, etc.

These points are further reflected in the visitor survey respondent quotes below.

> *"Any form of "tourism infrastructure" that I use is of a commercial nature and is funded through the profits of the businesses that you are charging rates to. I really don't see what the council is "giving" us that we don't already have to pay for."*

> *"We have enjoyed all of our visits to date so I can only assume that whatever is currently in place is working just fine."*

> *"In the same way that it has always been paid for. Tourists, who visit responsibly, pay a considerable amount of money to visit the area and sleep, eat, and drink."*

Additional investment in tourism infrastructure was not required

Some visitors reported that additional monies might not be required to support investment in tourism infrastructure across Argyll and Bute. As noted earlier, visitors said that the scenery, landscape, and wildlife were the main factors that attracted visitors to Argyll and Bute (not tourism infrastructure). They emphasised that existing infrastructure should, however, be properly maintained for residents and visitors alike, and that efforts to protect and enhance the natural environment should be a key focus of investment efforts.

These points are further reflected in the visitor survey respondent quotes below.

> *"You don't have "tourism infrastructure". You just have infrastructure that everyone... both residents and visitors use as does everyone else. As a tourist there is nothing that is provided for me and cannot be and is not used by locals.*
>
> *"The tourism infrastructure is the day-to-day infrastructure."*

Other suggestions provided by visitors

Visitors provided an array of other suggestions for how investment in tourism infrastructure could be paid for. Suggestions mentioned most often included:

- operating a flat rate visitor levy, rather than a percentage rate.
- exploring voluntary donation points at strategic locations.
- incentivising more hospitality and tourism businesses to startup in Argyll and Bute by offering low tax/business rates – as a way to attract people to the area and to spend money.
- increasing council tax charges.
- charging holiday homeowners business rates on their properties.
- increasing road tax on campervans and motorhomes.

Some of these points are further reflected in the visitor survey respondent quotes below.

> *"There are hundreds of other ways that the council could generate this extra income. For example, increasing council tax on 2nd homes or charging business rates for holiday homeowners rather than them not paying anything."*
>
> *"Incentivising big businesses from elsewhere to set up in Argyll in exchange of low tax/ low business rents etc. so that more jobs are created to boost local economy."*

The council should determine how investment in tourism infrastructure and services could be paid for

A small number of visitors expressed the view that it was for the council to determine how it could pay for tourism infrastructure and services in Argyll and Bute. Points raised are broadly reflected in the visitor survey respondent quotes below.

> *"This question is unacceptable. It is up to a council to use its resources to create the conditions for tourism to thrive."*

> *"That's for politicians to work out. This survey should just be seeking opinions of those potentially affected."*

5.9 What levy rate do you consider appropriate

Visitors who selected either disagree or strongly disagree to the question which asked, *'To what extent do you agree with the Argyll and Bute Council proposal to set a visitor levy rate at 5%?'*, were asked what rate they considered appropriate.

The vast majority (86%) of visitors asked this question said that a visitor levy rate should be less than 5%, see **Table 5.7**.

Table 5.7: If you do not agree with a visitor levy being 5%, what rate would you consider is appropriate?

	Number	Percentage
A visitor levy rate should be less than 5%	127	86%
A visitor levy rate should be greater than 5%	2	1%
Don't know	19	13%

Source: A&BC Visitor Survey.
Base=148. Note: the base number is low compared to the total number of visitor survey responses as survey routing means that those who selected options other than disagree or strongly disagree to the question 'To what extent do you agree with the Argyll and Bute Council proposal to set a visitor levy rate at 5%?' were not asked this question.

A visitor levy rate should be less than 5%

As noted, the vast majority (86%) of visitors said that a visitor levy rate should be less than 5%. Many of these visitors (45%) went on to say that there should not be a visitor levy scheme in the area. The main themes from other visitors who thought a visitor levy rate should be lower than 5% are described below.

Preference for a flat fee over a percentage fee

Many of the visitors who said that a visitor levy rate should be less than 5% suggested that a visitor levy should be a flat rate, rather than a percentage fee. Points raised are broadly reflected in the visitor quotes below.

> *"A flat fee, not a percentage would be a much simpler system."*

> *"It should not be a percentage. If anything, it should be a flat rate like many other cities and countries."*

> *"A flat rate then we know exactly what's on top of the charge. Nothing to work out. The figure is there in front of you to add on."*

The proposed levy rate of 5% was too high

Many visitors who felt that a visitor levy rate should be less than 5% state that this was *'too much'* and that it could reduce the number of visitors to Argyll and Bute – not least as accommodation costs were considered high already.

Where an alternative percentage rate was provided, a small number of visitors suggested a range of between 1% to 3% - this was viewed as more appropriate and would be less likely to deter visitors.

Points raised are broadly reflected in the quotes below.

> *"To add 5% to accommodation costs is excessive and will deter visitors."*

> *"Increasing the overall cost of accommodation will decrease the number of visitors. People won't come. They can holiday somewhere else where there is no extra charge."*

> *"Affordability is the key issue as hotel costs are already expensive."*

A visitor levy rate should be greater than 5%

Only 1% of visitors said that a visitor levy rate should be higher than 5%, see **Table 5.7**, and qualitative feedback was limited.

5.10 Should there be a cap on the number of nights of accommodation

Setting business survey responses to this question in context

Not all visitors who answered the question '*Should there be a cap on the number of nights of accommodation that a visitor should pay a visitor levy?*' supported the introduction of a visitor levy and/or supported the legislation or council proposals in their current form. As illustrative examples, comments made by these visitors included *'It should be charged on 0 nights. No tourist tax'*, and *'It should be 0 nights. No levy'*. The points raised in these responses are covered elsewhere in this chapter and have not been included in the analysis to this specific question.

Yes, there should be a cap

The majority (61%) of visitors who were asked answered the question *'Do you think there should be a cap on the number of nights of accommodation that a visitor should pay a visitor levy?'* felt that there should be a cap, see **Table 5.8**.

Table 5.8: Do you think there should be a cap on the number of nights of accommodation that a visitor should pay a visitor levy?

	Number	Percentage
Yes	149	61%
No	52	21%
Don't Know	42	17%

Source: A&BC Visitor Survey.
Base=243. The base number is low compared to the total number of visitor survey responses as survey routing means that those who selected options other than disagree or strongly disagree to the question 'To what extent do you agree with the Argyll and Bute Council proposal to set a visitor levy rate at 5%?' were not asked this question.

Many visitors did not specify the number of nights of accommodation that a visitor should pay a visitor levy. However, where this was provided, figures ranged from **one night to 30 nights**, though it was largely at the lower end of this range, with most suggesting between **one and three nights**. Again, there were some calls for a flat fee model rather than a percentage rate.

A cap would ensure visitors were not deterred from visiting the area and could also encourage longer stays

Many visitors who supported a cap on the number of nights' accommodation a visitor levy was paid suggested that this could ensure visitors were not deterred from visiting Argyll and Bute and could also encourage visitors to stay in the area for longer.

Points raised are broadly reflected in the quotes below.

"If there was no cap on the number of nights payment was required, my thought is that it would decimate holiday parks, if not with the increased prices of a two-week holiday or of lodge owners who visit numerous times in a season then there is the administrative cost for the management of the holiday parks."

"No cap on number of nights could also encourage an increase to the number of shorter stays which in turn creates more traffic which is not going to improve the road infrastructure or any net zero ambitions."

"It would be enticing to get some nights 'free' of a visitor levy."

A cap would benefit temporary workers and those travelling for non-leisure purposes

Some visitors expressed the view that a cap could benefit temporary workers and those staying in Argyll and Bute for non-leisure purposes (for example, health and social care workers, tradespeople were mentioned in responses).

Responses suggested that these workers stayed in the region on a temporary basis (but at times for a long period), primarily on the islands, to provide essential services for local communities.

The staff recruitment and retention argument made earlier was repeated here. A further repeated point made was around local residents making non-leisure trips within Argyll and Bute (for example, caring for elderly family members, attending family events (such as funerals), and visiting family and friends.

Points raised are broadly reflected in the quotes below.

"Many people use local accommodation for work purposes, that is, living whilst working on local projects, etc. Many for months at a time, many of whom are sole traders."

"Workers in the area for example can spend weeks staying in accommodation as they carry out jobs on construction."

"If someone is staying beyond two weeks then it may be due to work or care duties. Not everyone staying is on holiday."

No, there should not be a cap

One fifth of visitors (21%) believed that there should not be a cap on the number of nights of accommodation that a visitor should pay a visitor levy, see **Table 5.8**.

No cap could help to ensure the scheme is simple to administer

A small number of visitors said that no cap could help to ensure a visitor levy scheme was easier to implement for accommodation providers – in terms of both minimising the administrative burden and making calculations more straightforward.

These visitors also asked questions around how a cap would work in practice and emphasised the need for a clear and shared understanding of this should a cap be introduced – for example, for visitors who stayed with various accommodation providers during their visit to Argyll and Bute

Points raised are broadly reflected in the quotes below.

> *"How would accommodation providers know how many nights a visitor has previously spent in A&B were the number of nights to be capped? If I stay in one location for a number of nights and then move to another, if there was a cap on the number of nights, how does the second accommodation owner know not to charge me if I've paid my maximum at the first location."*

> *"Too difficult to apply, because visitors often travel around, for example, on island rover tickets."*

Visitors who stay for longer periods use tourism infrastructure and facilities more than those who have a short stay

A small number of visitors suggested that there should not be a cap on the number of nights a visitor levy was charged – the argument made was that those visitors who stayed in the area for longer periods might use tourism infrastructure and facilities more often those on a short trip. This was considered a fairer approach. Points raised are broadly reflected in the quotes below.

> *"The longer a person stays, the more they use roads and other local facilities provided by the council and others."*

> *"If you are staying longer. you are using more of the facilities - only fair you should pay more."*

> *"If I stay for 28 days. I'll drive for 28 days. Use 28 days' worth of bins and toilet roll. If I stay for 1, I'll use one. Charge a flat rate per day."*

Unsure whether there should be a cap

The remainder of visitors (17%) said that they are unsure whether there should be a cap on the number of nights of accommodation that a visitor should pay a visitor levy, see **Table 5.8**. These visitors did not provide additional feedback.

6 Updated impact assessments

6.1 Introduction

EKOS has carried out an independent impact assessment of the proposed draft visitor levy scheme for Argyll and Bute.

We have developed a bespoke financial and economic model within a cost benefit framework in accordance with HM Treasury Green Book guidance. The model quantifies a range of costs and benefits associated with the set-up and implementation of a visitor levy scheme in Argyll and Bute and has allowed for three distinct analyses:

1. a financial cost benefit analysis from the perspective of A&BC measuring the tax revenue generated against the cost of implementing and operating a visitor levy.
2. a financial cost benefit analysis from the perspective of Argyll and Bute accommodation providers who would be subject to paying a visitor levy. This considers the:
    - benefits - uplift in business turnover/income as a result of investment by A&BC in the visitor economy using funds collected from a visitor levy.
    - costs:
        - direct costs to accommodation businesses for the implementation and ongoing administration of a visitor levy.
        - indirect costs in terms of business turnover/income lost due to consumer behavioural changes in response to price increases (price elasticity of demand).
3. an economic cost benefit analysis from a regional economic development perspective assessing the net additional economic impacts (Gross Value Added) generated through visitor levy funded investment against the public sector and private (accommodation) sector costs of implementing and operating a visitor levy.

Approach

In assessing the costs and benefits associated with a visitor levy, we have taken an approach which estimates a range of scenarios based on different model specifications. This approach is driven by the nature of the data and evidence available, which is presented as a range of possible values, and the uncertainty around the impacts of visitor levies in general, which have only been recently introduced in a select number of areas and cities globally.

There is also an increased level of uncertainty around the effects of a visitor levy in a rural region such as Argyll and Bute as visitor levies, thus far, have typically been introduced in urban areas and cities with significant international tourism appeal.

There are several key variables in the model which are subject to multiple specifications. Where feasible and data allow, to avoid the use of assumptions we have used data available from official published sources and the Scottish Government's Financial Memorandum to the Visitor Levy Scotland Bill[5]. The key variables are:

- set-up/implementation costs and administrative costs for both A&BC and accommodation businesses. Three cost scenarios have been modelled including low, mid and high-cost scenarios based on data from Scottish Government's Financial Memorandum to the Visitor Levy Scotland Bill.
- Price elasticity of demand (PED) values. Three PED values have been modelled to reflect uncertainty in the response overnight visitors will have when facing a price increase in the total price of a trip to Argyll and Bute. Specification with a low-level responsiveness (PED of -0.2), medium-level responsiveness (PED of -0.85) and high-level responsiveness (PED of -1.50) based on evidence in Scottish Government's Financial Memorandum to the Visitor Levy (Scotland) Bill have been modelled.
- investment impact. The impact on the accommodation sector and overnight visitor economy turnover driven by visitor levy funded public investment in the Argyll and Bute visitor economy. As there is no detail available on the scope and scale of any specific investment projects, the potential effects have been modelled using four different values: 0%, 1%, 2% and 4% annual uplifts. This is a 'project level assumption' (based on VisitScotland data which show that the total spend in the visitor economy, 2022-2023 grew by +3%[6]) and allows for a comparison of the effects of varying level of return on investment.

Applying all of these specifications in combination has enabled the modelling of 36 distinct model specifications and enables a range of possible results to be analysed.

Technical note and key assumptions

The financial and economic analysis considers the following technical elements and key assumptions which have been informed by HM Treasury Green Book guidance for undertaking economic and financial appraisals.

[5] Source: Visitor Levy (Scotland) Bill – Financial Memorandum Financial Memorandum accessible
[6] Driving the visitor economy, VisitScotland's Corporate Plan 2025 – 2028

Constant Prices - are prices that have been adjusted to remove the effects of inflation. This allows a comparison of costs and benefits over time in real terms, also known as 'real prices'. Expressed in terms of the prices prevailing in a selected base year and used to isolate the real change in value over time, without the distortion caused by inflation. Within the appraisal we have set the base year as the first year that implementation costs associated with a visitor levy would first be realised. We have assumed that a visitor levy could be approved in the Financial Year 2025-2026.

Present Value - is the value today of a stream of future costs or benefits, discounted to account for the Social Time Preference to reflect the concept that a pound today is worth more than a pound tomorrow. This has been calculated at the HM Treasury recommended discount rate of 3.5%.

Appraisal Period – we have set the appraisal period (the timescale over which the model estimates costs and benefits) at 10 years to consider the longer-term implications that could be driven by the introduction of a visitor levy.

Assumptions:

- a 5% visitor levy has been applied on the assumption that the full cost is passed through to the end consumer. At the time of appraisal, no definitive information was available regarding the scope or criteria for local exemptions, nor on the potential for remittance or redistribution of visitor levy proceeds to accommodation providers. As such, this constitutes a conservative (worst-case) modelling scenario. Should further clarification or policy guidance become available on exemption mechanisms or fund allocations, it is recommended that the financial impact assessment be revisited and updated accordingly.
- all available funding (net of set-up and ongoing administration costs) is invested back into the visitor economy under the broad themes as outlined in the Visitor Levy (Scotland) Bill:
    - maintaining and improving tourism infrastructure.
    - environmental management.
    - cultural and heritage projects.
    - public transport and local services.
    - promoting sustainable tourism.

Islands vs Mainland – ideally, the assessment would include disaggregated appraisals to evaluate the differential impacts of a visitor levy across distinct sub-regions, particularly given the heightened economic sensitivity of island communities to external influences. However, there is a lack of sufficiently granular and reliable official data to accurately quantify the size, structure, and performance of the islands' accommodation sector or wider visitor economy.

Consequently, it is not currently possible to determine whether the introduction of a visitor levy would have a proportionately greater or lesser effect on island areas relative to the mainland. Therefore, all financial and economic modelling has been conducted at the local authority level.

Figure 6.1, over provides a visual representation of the methodology, including the assessment of benefits and costs and benefit to cost ratios, and how they relate to the accommodation sector baseline forecast and the PED and investment impact effects.

Below we have outlined a **summary of all relevant calculations for ease of reference**.

$$\textit{Net accommodation sector turnover change}\ (\textbf{Table 6.9})$$
$$= \textit{Benefits}\ (\textbf{Table 6.6a}) - \textit{Total costs}\ (\textit{direct costs}, \textbf{Table 6.2}$$
$$+ \textit{indirect costs}, \textbf{Table 6.5})$$

$$\textit{Accommodation sector Benefit Cost Ratio}\ (\textbf{Table 6.13})$$
$$= \textit{Benefits}\ (\textbf{Table 6.6a}) \div \textit{Total costs}\ (\textit{direct costs}, \textbf{Table 6.2}$$
$$+ \textit{indirect costs}, \textbf{Table 6.5})$$

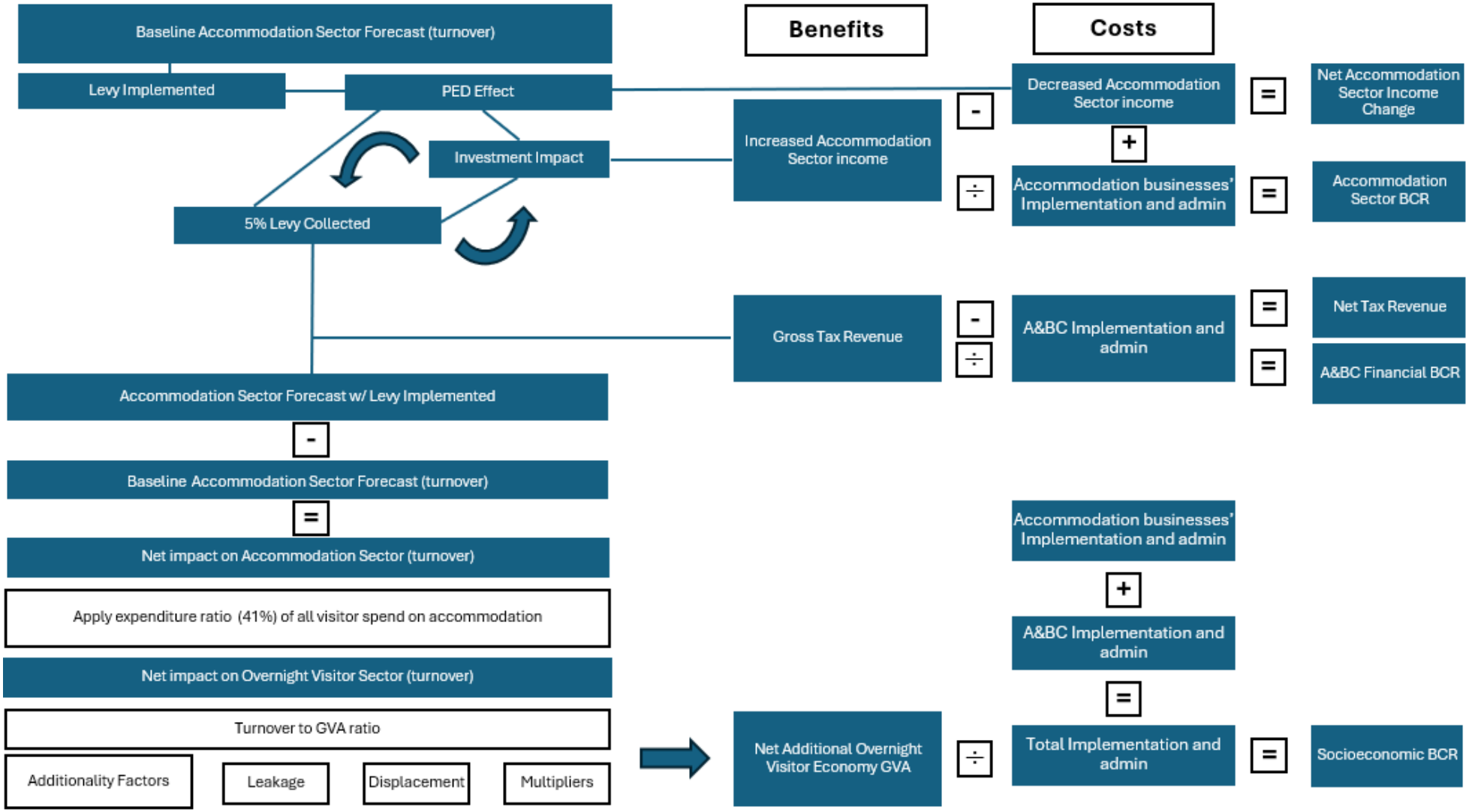
$$\textit{Net tax revenues}\ (\textbf{Table 6.8})$$
$$= \textit{Gross tax revenue}\ (\textbf{Table 6.7})$$
$$- \textit{A\&BC set up and implementation costs}\ (\textbf{Table 6.1})$$

$$\textit{A\&BC Benefit Cost Ratio}\ (\textbf{Table 6.12})$$
$$= \textit{Net tax revenues}\ (\textbf{Table 6.8})$$
$$\div \textit{A\&BC set up and implementation costs}\ (\textbf{Table 6.1})$$

$$\textit{Net change in economic activity within the wider overnight visitor sector}\ (\textbf{Table 6.11})$$
$$= \textit{Benefits}\ (\textbf{Table 6.6b}) - \textit{Direct costs}\ (\textbf{Table 6.2})$$
$$+ \textit{A\&BC set up and implementation costs}\ (\textbf{Table 6.1}).$$

$$\textit{Wider overnight visitor sector BCR}\ (\textbf{Table 6.14})$$
$$= \textit{Benefits}\ (\textbf{Table 6.6b}) \div \textit{Direct costs}\ (\textbf{Table 6.2})$$
$$+ \textit{A\&BC set up and implementation costs}\ (\textbf{Table 6.1}).$$

Figure 6.1: Methodology summary



6.2 Limitations of the analysis

While the financial and economic analysis is based on the best evidence available and provides a range of possible costs and benefits to A&BC, accommodation sector businesses and the wider Argyll and Bute economy, it is important to recognise the limitations of the analysis.

The analysis is not able to determine which scenario is more likely to occur. That is to say, we are unable to comment on if the PED is value is more likely to be -0.2, -0.85 or -1.50. This is also the case for the costs of set-up and administration, and investment impact. What the analysis does provide is insight to a range of possible costs and benefits and an understanding of the magnitude of impact that investment of visitor levy funds will need to generate a positive impact/return.

The analysis provides insight into the effects of a visitor levy at the Argyll and Bute level only. No distinction can be made at a sub-regional level, for example, islands vs. mainland. While different sub-regions may be impacted differently by a visitor levy, there is insufficient data to disaggregate any regional effects.

The analysis also presents accommodation and overnight visitor economy businesses in aggregate and the potential turnover losses and gains are assessed on a sectoral basis. It is possible that turnover losses due to a visitor levy may be unevenly distributed across the region. This could have significant impacts on specific businesses and may result in closure of businesses who are particularly impacted. Similarly, businesses may be differentially impacted by investment in the sector and the potential benefits may not be evenly felt across the region.

6.3 Costs

This section outlines the approach to estimating costs only - this includes the costs borne by A&BC and those borne by the Argyll and Bute accommodation providers as a result of implementing a visitor levy scheme.

Section 6.4 and **Section 6.5** provide detail on the benefits and cost-benefit analysis, respectively.

Local authority costs

As set out in the Visitor Levy (Scotland) Bill Financial Memorandum local authorities will face two sets of costs as result of implementing a visitor levy scheme. These are:

- one-off set-up and implementation costs.
- ongoing costs associated with administration of a visitor levy.

Set-up and implementation costs

These costs include developing new processes and systems to collect visitor levy payments made by accommodation providers. There will also be costs associated with recruitment and/or training of staff and for awareness raising and wider comms – for example, informing accommodation providers how to collect and pay a visitor levy.

The Financial Memorandum estimates the total set-up costs as £100,000 to £460,000. The memorandum also suggests that set-up costs will occur over a two-year period which precedes a visitor levy officially coming into effect. EKOS has used these estimates to inform lower and higher cost scenarios and have also developed a "mid" cost scenario based on the midpoint between these lower and upper bounds.

Ongoing visitor levy administration costs

These costs are expected to come from core operational staff who will undertake several additional activities such as collecting tax returns, undertaking monitoring enforcement duties such as debt recovery and audit procedures, issuing penalties, and handling complaints, etc.

There will also be ongoing costs associated with the maintenance of new IT systems and ongoing communications with stakeholders and the accommodation sector.

Scottish Government estimates core staffing requirements to be between 3 and 5 full-time equivalent members of local authority administrative staff and that the likely range of staff costs would be £105,000 to £185,000 per annum (this cost range is consistent with actual staff costs within A&BC and across Scottish Councils with the average cost per employee (including salary, pensions, NI is £35,000 - £45,000 per annum). Government also estimates the need to budget for 'non-staff costs' at a rate of +25% to ongoing visitor levy administration costs.

Therefore, the lower and upper bound of ongoing administrative costs are £145,000 to £240,000 with a midpoint estimate of £192,500 per annum. EKOS has used these ranges to inform three costs scenarios.

Total local authority costs

Using the lower bound, midpoint and upper bound costs estimates described above and applying these on an annual basis over the 10-year appraisal period, **Table 6.1** summarises three costs scenarios.

Table 6.1: A&BC visitor levy set-up and administration costs

Cost Scenario	Cost Type	2025/26	2026/27	2027/28-2034/35 (per annum costs)	Total	Present Value
Low	Implementation	£50,000	£50,000	£0	£100,000	£98,309
	Administration	£0	£0	£145,000	£725,000	£654,683
	Total	**£50,000**	**£50,000**	**£145,000**	**£825,000**	**£752,992**
Mid	Implementation	£140,000	£140,000	£0	£280,000	£275,266
	Administration	£0	£0	£192,500	£962,500	£869,148
	Total	**£140,000**	**£140,000**	**£192,500**	**£1,242,500**	**£1,144,413**
High	Implementation	£230,000	£230,000	£0	£460,000	£452,222
	Administration	£0	£0	£240,000	£1,200,000	£1,083,613
	Total	**£230,000**	**£230,000**	**£240,000**	**£1,660,000**	**£1,535,835**

Please note that the Mid Cost Scenario values are carried forward throughout the remainder of the analysis presented in this chapter. This is done so that the effects of different PED and investment impact values can be assessed directly.

Note that the costs presented in **Table 6.1** above are the set of costs that are netted off gross tax revenue to calculate net tax revenue that could be generated by a visitor levy.

Argyll and Bute accommodation provider costs

Direct costs

Accommodation providers in Argyll and Bute who would be subject to a visitor levy would be required to calculate and collect a visitor levy payable by visitors staying on the premises and remit all levies collected to the council.

To comply with these requirements, accommodation providers would be subject to the following direct costs:

- one-off set-up and implementation costs.
- ongoing costs associated with administration of a visitor levy.

The assessment of these costs is based on Scottish Government's Financial Memorandum to the Visitor Levy (Scotland) Bill.

One-off set-up and implementation costs

These costs will include upgrading existing or purchasing new property management system (PMS) software or adapting existing practices to update booking and invoicing processes to account for the inclusion of a visitor levy.

These costs may vary by business size depending on the sophistication of their booking channels. There also may be costs associated with adapting practices in businesses' data collection and record keeping to meet local authority requirements. For example, providing disaggregated bills which separate accommodation charges out from other "package" services such as dining or spa services.

Businesses with turnover > £1,000,000

The Financial Memorandum estimates that for a small to medium sized business[7] the one-off fee charged by a PMS supplier is between £1,000 to £3,000 and staff time required to implement all other set-up activities is between 10 and 30 working days or between £2,000 to £7,000.

This estimates a total set-up cost for SMEs of between £3,000 and £10,000 per accommodation provider.

Businesses with turnover < £90,000 (below VAT threshold)

For businesses operating at turnover levels below the VAT registration threshold, the Financial Memorandum assumes that these businesses will face lower set-up costs. Set-up activities are assumed to absorb between 2 to 5 days of a business owner time equating to between £150 and £1,100.

Businesses with turnover >£90,000 but < than £1,000,000

There are no estimates provided on businesses who are above the VAT registration threshold but that generate under £1,000,000 in turnover per annum. We have assumed that the set-up cost for businesses of this size are the average of SMEs (businesses with turnover > £1,000,000) and micro businesses (businesses with turnover >£90,000 but < than £1,000,000) provided by the Scottish Government. This is £1,575 to £5,550.

The Financial Memorandum assumes that businesses will incur set-up and implementation costs one year prior to a visitor levy being officially implemented.

Ongoing visitor levy administration costs

Accommodation providers would have to calculate the additional costs of a visitor levy and ensure that this amount is collected at each sale. Providers would also need to process and file quarterly returns to the council.

[7] Turnover between £1,000,000 and £4,999,999 per annum.

These activities are likely to induce increased administrative burden, the scale of which will vary depending on existing PMS or manual processes and how these will need to be adapted, the complexity of revenues streams and the size of the business.

The Financial Memorandum estimates the following ongoing administration costs for accommodation businesses:

- businesses with turnover > £1,000,000: £300 to £400 per business per annum.
- businesses with turnover < £90,000 (below VAT threshold): £200 to £850 per business per annum.

Again, no cost estimates are provided for businesses above the VAT threshold but below £1,000,000 in turnover, so an average of the above is applied. The estimated annual cost for accommodation businesses of this size is: £250 to £625 per business per annum.

Total accommodation sector business costs

To assess the total cost direct costs of implementing and administering a visitor levy, the costs estimates are multiplied by the number of accommodation providers falling within each turnover band.

It is challenging to determine that exact number of accommodation businesses in Argyll and Bute as the majority are non-VAT registered and therefore not captured in official government data sets.

At the local level they are tracked based on the number of properties registered for non-domestic rates, though a single business can own multiple properties. Using a variety of data sources including NOMIS, Co-Star, STEAM and data held by A&BC the number of accommodation businesses within each turnover band is estimated as follows:

- businesses with turnover between £1,000,000 and £5,000,000[8]: **36**.
- businesses with turnover between £90,000 and £999,999: **191**.
- businesses with turnover below VAT-registration threshold (<£90,000): **1,703**.

Table 6.2 presents three costs scenarios for accommodation businesses based on the ranges described above as the lower and upper bounds estimates and a midpoint estimate.

[8] It is estimated that there are 6 businesses with annual turnover between £5,000,000 and £9,999,999. However, as there are no cost estimates for this cohort, they have been included in the £1,000,000 to £5,000,000 turnover band.

Table 6.2: Argyll and Bute accommodation businesses visitor levy set-up and administration costs

Cost Scenario	Cost Type	2025/26	2026/27	2027/28-2034/35	Total	Present Value
Low	Implementation	£0	£664,275	£0	£664,275	£641,812
	Administration	£0	£0	£399,150	£3,193,200	£2,650,956
	Total	**£0**	**£664,275**	**£399,150**	**£3,857,475**	**£3,292,767**
Mid	Implementation	£0	£1,978,813	£0	£1,978,813	£1,911,896
	Administration	£0	£0	£990,238	£7,921,900	£6,576,665
	Total	**£0**	**£1,978,813**	**£990,238**	**£9,900,713**	**£8,488,561**
High	Implementation	£0	£3,293,350	£0	£3,293,350	£3,181,981
	Administration	£0	£0	£1,581,325	£12,650,600	£10,502,375
	Total	**£0**	**£3,293,350**	**£1,581,325**	**£15,943,950**	**£13,684,355**

It is estimated that the total direct costs to accommodation providers for set-up and ongoing administration could be £3.3m to £13.7m over the 10-year appraisal period. Note that this is the aggregate cost to all businesses in the sector and the actual cost paid by each individual business will vary.

Again, please note that the Mid Cost Scenario values are carried forward throughout the remainder of the analysis presented in this chapter. This is done so that the effects of different PED and investment impact values can be assessed directly.

Indirect costs

In addition, we must also account for an indirect cost of a visitor levy in the form of decreased business turnover/income. These costs are based on a financial modelling exercise undertaken by EKOS.

The application of a 5% visitor levy to the cost of accommodation will increase the overall price of a consumer's overnight stay to Argyll and Bute. Economic theory suggests that as the cost of goods increases, the quantity demand of that good decreases. The relationship between the magnitude of the price change and the magnitude of the quantity demanded change is known as the price elasticity of demand (PED).

This is expressed as the following ratio:

PED =% change in quantity demand / % change in price.

Rearranging to solve for % change in quantity demand (which in this context is turnover/income to accommodation providers), the relationship: =% change in quantity demanded = PED * % change in price.

Estimates for the PED for an overnight trip vary widely and the academic literature does not suggest a consensus.

Scottish Government commissioned research into estimating a PED for the Scottish Overnight Tourism Sector with the study suggesting a low-end value (that is, least price sensitive response) of -0.2 and a high-end value (that is, the most price sensitive response) of -1.50.

To support the development of a range of scenarios to estimate the impact of a price increase on sector turnover, EKOS has employed the above PED values as low and upper bounds and have included a midpoint value of -0.85 to inform low, mid, and high impact scenarios.

It is important to note that the PED estimates are calculated based on the total cost of an overnight trip which include not just accommodation but all other spending (travel, paid activities, food and drink, etc.). The proposed 5% visitor levy therefore increases the overall cost of an overnight trip by less than 5%. To estimate the percentage change in price we rely on STEAM data which segments overnight visitor spending by category of spend. The data suggests that in 2024, accommodation accounted for c. 41% of total trip expenditure.

Therefore, the value of the price increase due to a visitor levy is 5% * 41% or 2.08%. We then apply the 2.08% and the low, mid and high estimates for PED to calculate the magnitude of turnover decrease in the wider overnight visitor economy. **Table 6.3** presents the percentage decrease in sector turnover induced by the proposed 5% visitor levy at the three PED scenarios.

Table 6.3: Estimated impact on overnight visitor economy turnover – indirect costs

PED	Levy	% Change in Price	% Change in Turnover
-0.2	5%	2.08%	-0.4%
-0.85	5%	2.08%	-1.8%
-1.5	5%	2.08%	-3.1%

Depending on the PED value, the additional indirect costs are estimated to decrease turnover generated in the overnight visitor economy by between -0.4% and -3.1% annually. Please note that these forecast effects do not take account of any potential uplift from targeted investments which are considered in **Section 6.4** and **Section 6.5** in this chapter.

To estimate the absolute value of this impact on business turnover, EKOS has developed a baseline sector forecast for the overnight visitor economy.

A&BC has supplied forecast data prepared by the University of Edinburgh on overnight accommodation expenditure which provides forecast values up to 2029/30.

To extend this forecast to the end of this 10-year appraisal period, EKOS has applied the average annual expenditure growth rate from 2028/29 to 2029/30 (0.4%) to all subsequent years on an annual basis up to 2035/36. We assume that the proportion of all visitor expenditure on accommodation (41%) remains constant through this period.

We can apply the percentage change in turnover at each PED scenario, to estimate the expected overnight visitor economy and accommodation specific loss in turnover. This is presented in **Table 6.4.**

Table 6.4: Forecast sector baseline and forecast estimated turnover impacts (£millions) total

	Sector Turnover	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Baseline	Overnight Visitor Economy	£440.3	£453.2	£455.0	£456.8	£458.6	£460.4	£462.2	£464.0
	Accommodation Sector	£183.4	£188.7	£189.5	£190.2	£191.0	£191.7	£192.5	£193.2
PED	**Turnover change**								
-0.2	Overnight Visitor Economy	-£1.8	-£1.9	-£1.9	-£1.9	-£1.9	-£1.9	-£1.9	-£1.9
	Accommodation Sector	-£0.8	-£0.8	-£0.8	-£0.8	-£0.8	-£0.8	-£0.8	-£0.8
-0.85	Overnight Visitor Economy	-£7.8	-£8.0	-£8.1	-£8.1	-£8.1	-£8.1	-£8.2	-£8.2
	Accommodation Sector	-£3.2	-£3.3	-£3.4	-£3.4	-£3.4	-£3.4	-£3.4	-£3.4
-1.5	Overnight Visitor Economy	-£13.8	-£14.2	-£14.2	-£14.3	-£14.3	-£14.4	-£14.4	-£14.5
	Accommodation Sector	-£5.7	-£5.9	-£5.9	-£5.9	-£6.0	-£6.0	-£6.0	-£6.0

Note: Figures rounded to nearest £0.1m

Note that there is no impact on the forecast size of the overnight and accommodation sectors in year 2025/26 and 2026/27 as a visitor levy would not yet take effect. Therefore, these years are not shown in the table above.

Depending on the price sensitivity of the market, it is estimated that the accommodation sector could decline between -£0.8m and -£6.0m in turnover per annum. Please note that these forecast effects do not take account of any potential uplift from targeted investments which are considered in **Section 6.4** and **Section 6.5** in this chapter.

Considering the wider tourism economy, the price increases due to a visitor levy could induce a reduction in the turnover of the overnight visitor economy between -£1.8m and -£14.5m per annum.

Total costs to accommodation sector businesses

Assuming the "mid" direct cost scenario, the total costs to businesses at each PED scenario is presented below in **Table 6.5**

Table 6.5: Total costs to accommodation sector businesses (£millions) over 10 years

PED	Costs	PV total
-0.2	Direct Costs	£8.5
	Indirect Costs (turnover change)	£5.2
	Total Cost	**£13.7**
-0.85	Direct Costs	£8.5
	Indirect Costs (turnover change)	£22.3
	Total Cost	**£30.8**
-1.5	Direct Costs	£8.5
	Indirect Costs (turnover change)	£39.4
	Total Cost	**£47.9**

Note: Figures rounded to nearest £0.1m and discounted at 3.5% annually.

The costs presented in **Table 6.5** above are used in the Cost Benefit Analysis for Argyll and Bute accommodation sector businesses as described in **Section 6.5** later in this chapter.

6.4 Benefits

This section outlines the potential benefits arising from the introduction of a visitor levy and considers the following benefits:

- financial returns to A&BC in the form of tax receipts collected from a visitor levy.
- increased turnover/income within the accommodation sector and wider overnight visitor sector generated by visitor levy funded investment in the visitor economy.
- the net additional GVA generated within the visitor economy as a result of the net change in sector turnover/income accounting for the effect of public sector investment and consumer responses to price increases associated with a visitor levy.

To estimate these benefits, we developed a forecast model for turnover within the overnight tourism and accommodation sectors, using the baseline position presented in **Table 6.4** as a starting point.

We then applied three levels of PED (accounting for the indirect costs/change in turnover presented in **Table 6.5**) and four levels of investment impact, representing the potential effect of visitor levy funded public investment by the council to support the visitor economy. The investment impact scenarios reflect assumed annual compounding uplifts in sector turnover of 4%, 2%, 1%, and 0%.

Tables 6.6a and **6b** present the resulting sector forecasts across all combinations of PED and investment impact scenarios.

It is assumed that a visitor levy takes effect in year 3 of the appraisal period (after set-up and implementation) and that the investment impacts are first realised in year five allowing for funds to first be collected in year 3, invested in year 4 and the impact beginning to be realised in year 5.

Table 6.6a: Argyll and Bute accommodation sector forecasts (£millions)

PED	Investment impact	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Baseline		Not Available*		£183.4	£188.7	£189.5	£190.2	£191.0	£191.7	£192.5	£193.2
-0.2	0%			£182.6	£187.9	£188.7	£189.4	£190.2	£190.9	£191.7	£192.4
	1%			£182.6	£187.9	£190.6	£192.5	£194.4	£196.3	£198.3	£200.3
	2%			£182.6	£187.9	£192.4	£196.3	£200.2	£204.2	£208.3	£212.5
	4%			£182.6	£187.9	£196.2	£204.0	£212.2	£220.7	£229.5	£238.7
-0.85	0%			£180.1	£185.4	£186.1	£186.8	£187.6	£188.3	£189.1	£189.8
	1%			£180.1	£185.4	£188.0	£189.8	£191.7	£193.7	£195.6	£197.6
	2%			£180.1	£185.4	£189.8	£193.6	£197.5	£201.4	£205.5	£209.6
	4%			£180.1	£185.4	£193.5	£201.3	£209.3	£217.7	£226.4	£235.5
-1.5	0%			£177.6	£182.8	£183.5	£184.3	£185.0	£185.7	£186.5	£187.2
	1%			£177.6	£182.8	£185.4	£187.2	£189.1	£191.0	£192.9	£194.8
	2%			£177.6	£182.8	£187.2	£190.9	£194.8	£198.7	£202.6	£206.7
	4%			£177.6	£182.8	£190.9	£198.5	£206.4	£214.7	£223.3	£232.2

Note: Figures rounded to nearest £0.1m

* The sector forecasts presented are based on time series analysis conducted by the University of Edinburgh. This methodology produces robust estimates for years where sufficient historical data patterns are available. However, it does not extend to the 2025/26 and 2026/27 financial years, and therefore no figures are provided for these periods. These columns have been intentionally left blank. This reflects the limitations of applying time series analysis beyond its forecast horizon. Importantly, this gap does not affect any estimates of the potential impact of a visitor levy. As such a measure could only be implemented from the 2027/28 financial year onward due to the required 18-month implementation period if a visitor levy scheme is agreed in the autumn of 2025/26.

Table 6.6b: Argyll and Bute wider overnight visitor sector forecasts (£millions)

PED	Investment impact	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Baseline		Not Available*		£440.3	£453.2	£455.0	£456.8	£458.6	£460.4	£462.2	£464.0
-0.2	0%			£438.5	£451.3	£453.1	£454.9	£456.6	£458.4	£460.2	£462.1
	1%			£438.5	£451.3	£457.6	£462.2	£466.8	£471.4	£476.2	£480.9
	2%			£438.5	£451.3	£462.1	£471.3	£480.8	£490.4	£500.2	£510.2
	4%			£438.5	£451.3	£471.1	£490.0	£509.6	£529.9	£551.1	£573.2
-0.85	0%			£432.5	£445.2	£446.9	£448.7	£450.4	£452.2	£454.0	£455.8
	1%			£432.5	£445.2	£451.4	£455.9	£460.4	£465.0	£469.7	£474.4
	2%			£432.5	£445.2	£446.9	£448.7	£450.4	£452.2	£454.0	£455.8
	4%			£432.5	£445.2	£464.7	£483.3	£502.6	£522.7	£543.7	£565.4
-1.5	0%			£426.6	£439.0	£440.8	£442.5	£444.2	£446.0	£447.7	£449.5
	1%			£426.6	£439.0	£445.1	£449.6	£454.1	£458.6	£463.2	£467.8
	2%			£426.6	£439.0	£449.5	£458.5	£467.7	£477.0	£486.6	£496.3
	4%			£426.6	£439.0	£458.3	£476.6	£495.7	£515.5	£536.2	£557.6

Note: Figures rounded to nearest £0.1m

* The sector forecasts presented are based on time series analysis conducted by the University of Edinburgh. This methodology produces robust estimates for years where sufficient historical data patterns are available. However, it does not extend to the 2025/26 and 2026/27 financial years, and therefore no figures are provided for these periods. These columns have been intentionally left blank. This reflects the limitations of applying time series analysis beyond its forecast horizon. Importantly, this gap does not affect any estimates of the potential impact of a visitor levy. As such a measure could only be implemented from the 2027/28 financial year onward due to the required 18-month implementation period if a visitor levy scheme is agreed in the autumn of 2025/26.

Tax revenue generated

The tax revenue generated is assessed based on collecting 5% of overnight accommodation sector turnover as presented above in **Table 6.6a**.

As noted at the beginning of this chapter, the estimate is based on a proposed 5% levy with no local exemptions, no cap on the number of nights of accommodation on which a visitor levy is charged, no remittance to accommodation businesses and that a visitor levy goes into effect in year 3 after a two-year implementation period as required by legislation.

The estimates for **gross tax receipts** are presented in **Table 6.7**.

Table 6.7: Gross annual tax receipts (£millions)

PED	Investment impact	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
-0.2	0%	£0.0	£0.0	£9.1	£9.4	£9.4	£9.5	£9.5	£9.5	£9.6	£9.6
	1%	£0.0	£0.0	£9.1	£9.4	£9.5	£9.6	£9.7	£9.8	£9.9	£10.0
	2%	£0.0	£0.0	£9.1	£9.4	£9.6	£9.8	£10.0	£10.2	£10.4	£10.6
	4%	£0.0	£0.0	£9.1	£9.4	£9.8	£10.2	£10.6	£11.0	£11.5	£11.9
-0.85	0%	£0.0	£0.0	£9.0	£9.3	£9.3	£9.3	£9.4	£9.4	£9.5	£9.5
	1%	£0.0	£0.0	£9.0	£9.3	£9.4	£9.5	£9.6	£9.7	£9.8	£9.9
	2%	£0.0	£0.0	£9.0	£9.3	£9.5	£9.7	£9.9	£10.1	£10.3	£10.5
	4%	£0.0	£0.0	£9.0	£9.3	£9.7	£10.1	£10.5	£10.9	£11.3	£11.8
-1.5	0%	£0.0	£0.0	£8.9	£9.1	£9.2	£9.2	£9.2	£9.3	£9.3	£9.4
	1%	£0.0	£0.0	£8.9	£9.1	£9.3	£9.4	£9.5	£9.5	£9.6	£9.7
	2%	£0.0	£0.0	£8.9	£9.1	£9.4	£9.5	£9.7	£9.9	£10.1	£10.3
	4%	£0.0	£0.0	£8.9	£9.1	£9.5	£9.9	£10.3	£10.7	£11.2	£11.6

Note: Figures rounded to nearest £0.1m

It is estimated that a visitor levy could generate between £9.4m and £11.9m per annum by 2034/35. Over the 10-year appraisal period, it is forecast that a visitor levy may generate a total of £73.6m-£83.6m (£61.1m-£68.9m at present values).

The net tax receipts consider the set-up and implementation costs (as presented in **Table 6.1**) borne by A&BC and this figure represents the maximum funding that would be available for investment in the visitor economy, before any exemptions, caps, business payments are considered. **Table 6.8** presents net tax receipts assuming the "mid" cost scenario.

Table 6.8: Net tax receipts (£millions)

PED	Investment impact	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
-0.2	0%	-£0.1	-£0.1	£9.0	£9.3	£9.3	£9.3	£9.4	£9.4	£9.4	£9.5
	1%	-£0.1	-£0.1	£9.0	£9.3	£9.4	£9.5	£9.6	£9.7	£9.8	£9.9
	2%	-£0.1	-£0.1	£9.0	£9.3	£9.5	£9.7	£9.9	£10.1	£10.3	£10.5
	4%	-£0.1	-£0.1	£9.0	£9.3	£9.7	£10.1	£10.5	£10.9	£11.3	£11.8
-0.85	0%	-£0.1	-£0.1	£8.9	£9.1	£9.2	£9.2	£9.2	£9.3	£9.3	£9.4
	1%	-£0.1	-£0.1	£8.9	£9.1	£9.3	£9.4	£9.4	£9.5	£9.6	£9.7
	2%	-£0.1	-£0.1	£8.9	£9.1	£9.4	£9.5	£9.7	£9.9	£10.1	£10.3
	4%	-£0.1	-£0.1	£8.9	£9.1	£9.5	£9.9	£10.3	£10.7	£11.2	£11.6
-1.5	0%	-£0.1	-£0.1	£8.7	£9.0	£9.0	£9.1	£9.1	£9.1	£9.2	£9.2
	1%	-£0.1	-£0.1	£8.7	£9.0	£9.1	£9.2	£9.3	£9.4	£9.5	£9.6
	2%	-£0.1	-£0.1	£8.7	£9.0	£9.2	£9.4	£9.6	£9.8	£10.0	£10.2
	4%	-£0.1	-£0.1	£8.7	£9.0	£9.4	£9.8	£10.2	£10.6	£11.0	£11.5

Note: Figures rounded to nearest £0.1m

It is estimated that the **net tax receipts** a visitor levy could generate is between £9.2m and £11.8m per annum by 2034/35. Over the 10-year appraisal period, it is forecast that a visitor levy may generate a total of £72.2m - £82.2m (£59.9m-£67.7m at present values).

Accommodation sector and overnight visitor sector turnover

The net impact on accommodation sector turnover and the net impact on the wider overnight visitor economy sector (which considered visitor expenditure in additional areas such as dining, retail, transport, recreational activities, etc.) depends on the magnitude of turnover decrease due to price rises caused by a visitor levy (see **Table 6.5**, Turnover change rows) set against the turnover increase induced by visitor levy funded investment in the sector.

Table 6.9 below presents the net impact on the accommodation sector across a range of PED and investment impact values. This is calculated by assessing the difference between the baseline accommodation sector forecast in the first row of **Table 6.6a** and the accommodation sector forecasts presented in the subsequent rows of **Table 6.6a** which considers PED and investment impact effects.

Table 6.9: Net accommodation sector turnover (£millions)

PED	Investment impact	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	Total	Present Value
-0.2	0%	£0.0	£0.0	-£0.8	-£0.8	-£0.8	-£0.8	-£0.8	-£0.8	-£0.8	-£0.8	-£6.3	-£5.2
	1%	£0.0	£0.0	-£0.8	-£0.8	£1.1	£2.3	£3.4	£4.6	£5.8	£7.1	£22.7	£17.4
	2%	£0.0	£0.0	-£0.8	-£0.8	£3.0	£6.1	£9.2	£12.5	£15.8	£19.2	£64.3	£49.8
	4%	£0.0	£0.0	-£0.8	-£0.8	£6.7	£13.8	£21.2	£29.0	£37.1	£45.5	£151.8	£117.7
-0.85	0%	£0.0	£0.0	-£3.2	-£3.3	-£3.4	-£3.4	-£3.4	-£3.4	-£3.4	-£3.4	-£26.9	-£22.3
	1%	£0.0	£0.0	-£3.2	-£3.3	-£1.5	-£0.4	£0.8	£1.9	£3.1	£4.3	£1.7	£0.1
	2%	£0.0	£0.0	-£3.2	-£3.3	£0.4	£3.4	£6.5	£9.7	£13.0	£16.4	£42.8	£32.0
	4%	£0.0	£0.0	-£3.2	-£3.3	£4.1	£11.1	£18.4	£26.0	£33.9	£42.2	£129.0	£98.9
-1.5	0%	£0.0	£0.0	-£5.7	-£5.9	-£5.9	-£5.9	-£6.0	-£6.0	-£6.0	-£6.0	-£47.5	-£39.4
	1%	£0.0	£0.0	-£5.7	-£5.9	-£4.1	-£3.0	-£1.9	-£0.7	£0.4	£1.6	-£19.2	-£17.3
	2%	£0.0	£0.0	-£5.7	-£5.9	-£2.3	£0.7	£3.8	£7.0	£10.2	£13.5	£21.2	£14.2
	4%	£0.0	£0.0	-£5.7	-£5.9	£1.4	£8.3	£15.5	£23.0	£30.8	£39.0	£106.3	£80.2

Note: Figures rounded to nearest £0.1m. Present values discounted at 3.5% annually.

The estimated net impact on accommodation sector turnover is dependent on the PED and investment impacts values. In the "best case scenario" where PED is low at -0.2 and investment impact high at 4% annually, a visitor levy could support an increase in accommodation sector turnover of up to £45.5m per annum by 2034/35 and have a cumulative impact of £151.8m (£117.7m at present value) over the 10-year appraisal period.

In the "worst-case scenario" where PED is high at -1.50 and investment impact is low at 0% annually, a visitor levy may reduce accommodation sector turnover by up to -£6.0m per annum by 2034/35 and have a cumulative impact of -£47.5m (-£39.4m in present value) over the 10-year appraisal period.

A "midpoint scenario" where PED is -0.85 and the investment impact is 2% annually, a visitor levy could support an increase in accommodation sector turnover of £16.4m per annum by 2034/35 and have a cumulative impact of £42.8m (£32.0m at present value) over the 10-year appraisal period.

To estimate the turnover impact across the wider overnight visitor economy we rely on STEAM data which suggests that accommodation expenditure accounted for 41% of total overnight visitor expenditure in 2024. Assuming this proportion remains constant over the appraisal period, **Table 6.10** below presents the net impact on the wider overnight visitor economy across a range of PED and investment impact values. This is calculated by assessing the difference between the baseline accommodation sector forecast in the first row of **Table 6.6b** and the accommodation sector forecasts presented in the subsequent rows of **Table 6.6b** which considers PED and investment impact effects

Table 6.10: Net overnight visitor sector turnover (£millions)

PED	Investment impact	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	Total	Present Value
-0.2	0%	£0.0	£0.0	-£1.8	-£1.9	-£1.9	-£1.9	-£1.9	-£1.9	-£1.9	-£1.9	-£15.2	-£12.6
	1%	£0.0	£0.0	-£1.8	-£1.9	£2.6	£5.4	£8.2	£11.1	£14.0	£16.9	£54.5	£41.9
	2%	£0.0	£0.0	-£1.8	-£1.9	£7.1	£14.6	£22.2	£30.0	£38.0	£46.2	£154.4	£119.5
	4%	£0.0	£0.0	-£1.8	-£1.9	£16.2	£33.2	£51.0	£69.6	£89.0	£109.2	£364.4	£282.5
-0.85	0%	£0.0	£0.0	-£7.8	-£8.0	-£8.1	-£8.1	-£8.1	-£8.1	-£8.2	-£8.2	-£64.6	-£53.6
	1%	£0.0	£0.0	-£7.8	-£8.0	-£3.6	-£0.9	£1.9	£4.7	£7.5	£10.4	£4.2	£0.2
	2%	£0.0	£0.0	-£7.8	-£8.0	£0.9	£8.2	£15.7	£23.4	£31.2	£39.3	£102.7	£76.7
	4%	£0.0	£0.0	-£7.8	-£8.0	£9.8	£26.6	£44.1	£62.4	£81.5	£101.4	£309.9	£237.5
-1.5	0%	£0.0	£0.0	-£13.8	-£14.2	-£14.2	-£14.3	-£14.3	-£14.4	-£14.4	-£14.5	-£114.0	-£94.5
	1%	£0.0	£0.0	-£13.8	-£14.2	-£9.8	-£7.2	-£4.5	-£1.7	£1.0	£3.9	-£46.2	-£41.5
	2%	£0.0	£0.0	-£13.8	-£14.2	-£5.4	£1.8	£9.1	£16.7	£24.4	£32.3	£51.0	£34.0
	4%	£0.0	£0.0	-£13.8	-£14.2	£3.4	£19.9	£37.2	£55.2	£74.0	£93.6	£255.3	£192.6

Note: Figures rounded to nearest £0.1m

The estimated net impact on the overnight visitor economy turnover is dependent on the PED and investment impacts values. In the "best case scenario" where PED is low at -0.2 and investment impact high at 4% annually, a visitor levy could support an increase of up to £109.2m per annum by 2034/35 and have a cumulative impact of £364.4m (£282.5m at present value) over the 10-year appraisal period.

In the "worst-case scenario" where PED is high at -1.50 and investment impact is low at 0% annually, a visitor levy may reduce accommodation sector turnover by up to -£14.5m per annum by 2034/35 and have a cumulative impact of -£114.0m (-£94.5m in present value) over the 10-year appraisal period.

A "midpoint scenario" where PED is -0.85 and the investment impact is 2% annually, a visitor levy could support an increase of £39.3m in net turnover by 2034/35 and have a cumulative impact of £102.7m (£76.7 at present value) over the 10-year appraisal period.

Socioeconomic benefits – net additional GVA

To estimate the net additional impact on the regional overnight visitor sector economy we have converted net turnover to net additional GVA[9] by applying average sector economic coefficients based on Scottish Government Sustainable Tourism sector data[10], applying the additionality factors of leakage and displacement and applying economic multipliers[11] associated with supply chain and income effects.

The following economic additionality factors have been applied:

- turnover to GVA ratio: 51%.
- leakage: 5% to account for the outward flow of profits from national or internationally headquartered businesses operating in the regional sector.
- displacement: 10% to account for the potential redistribution of visitors from one area in Argyll and Bute to another depending on the location of investment and the potential for new roles in the sector to be filled by those who are already employed elsewhere in the economy and are switching roles.

[9] GVA is a measure of economic output that considers the value of goods and services produced before allowing for depreciation or capital consumption. GVA measures the income generated by businesses after the subtraction of input costs, but before costs such as wages and capital investment. This is Scottish and UK government standard approach to measurement.
[10] Scottish Annual Business Statistics 2022
[11] Type-2 multipliers sourced from Scotland Input/Output Tables.

- Type-2 GVA multiplier: 1.4. Assumed to be 67% of the Scotland level multiplier to account for the smaller economy and geographic reach of Argyll and Bute. In economic impact analysis, Type II multipliers include both:
    - indirect effects (business-to-business supply chain spending).
    - induced effects (spending by employees from wages).

Table 6.11 summarises the estimated net additional GVA generated in the Argyll and Bute overnight visitor economy as a result of a visitor levy across the range of specification for PED and investment impact.

The estimated Net Additional GVA impact in Argyll and Bute as a result of a visitor levy is dependent on the PED and investment impacts values. In the "best case scenario" where PED is low at -0.2 and investment impact high at 4% annually, a visitor levy could support up to £66.9m net additional GVA per annum by 2034/35 and have a cumulative impact of £223.3m (£173.1m at present value) over the 10-year appraisal period.

In the "worst-case scenario" where PED is high at -1.50 and investment impact is low at 0% annually, a visitor levy may reduce net additional GVA by up to -£8.9m per annum by 2034/35 and have a cumulative impact of -£69.9m (-£57.9m in present value) over the 10-year appraisal period.

A "midpoint scenario" where PED is -0.85 and the investment impact is 2% annually, a visitor levy could support £24.1m in net additional GVA by 2034/35 and have a cumulative impact of £63.0m (£47.0m at present value) over the 10-year appraisal period.

Table 6.11: Net additional GVA - overnight visitor sector (£millions)

PED	Investment impact	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	Total	Present Value
-0.2	0%	£0.0	£0.0	-£1.1	-£1.2	-£1.2	-£1.2	-£1.2	-£1.2	-£1.2	-£1.2	-£9.3	-£7.7
	1%	£0.0	£0.0	-£1.1	-£1.2	£1.6	£3.3	£5.0	£6.8	£8.6	£10.4	£33.4	£25.7
	2%	£0.0	£0.0	-£1.1	-£1.2	£4.4	£8.9	£13.6	£18.4	£23.3	£28.3	£94.6	£73.2
	4%	£0.0	£0.0	-£1.1	-£1.2	£9.9	£20.4	£31.3	£42.6	£54.5	£66.9	£223.3	£173.1
-0.85	0%	£0.0	£0.0	-£4.8	-£4.9	-£4.9	-£5.0	-£5.0	-£5.0	-£5.0	-£5.0	-£39.6	-£32.8
	1%	£0.0	£0.0	-£4.8	-£4.9	-£2.2	-£0.5	£1.2	£2.9	£4.6	£6.4	£2.6	£0.1
	2%	£0.0	£0.0	-£4.8	-£4.9	£0.5	£5.0	£9.6	£14.3	£19.1	£24.1	£63.0	£47.0
	4%	£0.0	£0.0	-£4.8	-£4.9	£6.0	£16.3	£27.0	£38.2	£49.9	£62.1	£189.9	£145.6
-1.5	0%	£0.0	£0.0	-£8.4	-£8.7	-£8.7	-£8.7	-£8.8	-£8.8	-£8.8	-£8.9	-£69.9	-£57.9
	1%	£0.0	£0.0	-£8.4	-£8.7	-£6.0	-£4.4	-£2.7	-£1.1	£0.6	£2.4	-£28.3	-£25.5
	2%	£0.0	£0.0	-£8.4	-£8.7	-£3.3	£1.1	£5.6	£10.2	£15.0	£19.8	£31.3	£20.8
	4%	£0.0	£0.0	-£8.4	-£8.7	£2.1	£12.2	£22.8	£33.8	£45.3	£57.4	£156.5	£118.0

Note: Figures rounded to nearest £0.1m. Present Values discounted at 3.5% annually.

6.5 Cost – Benefit Analysis

EKOS has assessed the cost and benefits associated with a visitor levy through three distinct cost benefit analyses (CBA). These CBAs consider the following:

1. A financial cost benefit analysis from the perspective of A&BC measuring the tax revenue generated against the public sector cost of implementing and operating a visitor levy.
2. A financial cost benefit analysis from the perspective of Argyll and Bute accommodation sector businesses who would be subject to paying a visitor levy. This considers the benefit (additional business turnover/income to the sector associated with direct visitor economy investment by A&BC using funds collected from a visitor levy) assessed against the direct cost to accommodation businesses (implementation and ongoing administrative costs) and indirect costs, including business turnover/income change due to consumer behavioural changes in response to price increases.
3. A socioeconomic cost benefit analysis from a regional economic development perspective assessing the net additional economic impacts (GVA) generated through visitor levy funded visitor economy investment against the public sector costs of implementing and operating a visitor levy. Note that the indirect cost of lost turnover is included within the calculation of Net Additional GVA as this itself is based on the net effect a visitor levy has on accommodation sector and overnight visitor sector turnover.

The analysis presents two results metrics:

- Net Present Value (NPV) – is a measure of the **absolute** magnitude of impact attributed to a visitor levy. NPV measures the present value benefits minus the present value costs.
- Benefit to Cost Ratio (BCR) – is a measure of the **relative** magnitude of impact attributed to a visitor levy. The BCR measures the present value benefits divided by the present value costs.

The results presented below are based on the "mid" cost scenario for all implementation and administrative costs, and then present results based on a range of PED values and sector uplift values.

A&BC financial cost benefit analysis

This analysis measures the net present value of gross tax receipts received as a result of a visitor levy against the net present value of the council's set-up/implementation costs and ongoing administration costs over the 10-year appraisal period. Results are presented in **Table 6.12**.

Table 6.12: A&BC financial cost benefit analysis results (£millions)

PED value	Investment impact	Tax revenue generated	Cost of set up and admin	NPV	BCR
-0.2	0%	£62.8	£10.0	£52.7	6.3
	1%	£63.9	£10.0	£53.9	6.4
	2%	£65.5	£10.0	£55.5	6.5
	4%	£68.9	£10.0	£58.9	6.9
-0.85	0%	£61.9	£10.0	£51.9	6.2
	1%	£63.0	£10.0	£53.0	6.3
	2%	£64.6	£10.0	£54.6	6.4
	4%	£68.0	£10.0	£57.9	6.8
-1.5	0%	£61.1	£10.0	£51.0	6.1
	1%	£62.2	£10.0	£52.1	6.2
	2%	£63.7	£10.0	£53.7	6.3
	4%	£67.0	£10.0	£57.0	6.7

Note: Financial values rounded to nearest £0.1m and discounted at 3.5% annually.
This analysis assesses the gross tax revenue against the cost of set-up and admin, as net tax revenue already considers these costs.

At midpoint set-up and administration costs, it is estimated that A&BC could generate tax revenue from a visitor levy significantly in excess of its expenditure in implementing and administrating a visitor levy.

This holds true for all PED values and investment impact values. It is estimated that over a 10-year period, the council could generate between £6.10 and £6.90 in tax revenue for every £1 of costs.

The analysis suggests that from a purely financial perspective, a visitor levy is likely to have a positive impact and there will be tax revenue receipts in excess of costs to fund investment in the visitor economy each year in which a visitor levy is in effect.

Argyll and Bute accommodation sector businesses CBA

This analysis measures the net present value of the turnover benefit to businesses as a result of public investment in the visitor economy using visitor levy generated funds against the present value direct costs to accommodation business and indirect costs (the value of lost turnover due to prices increases brought on by a visitor levy) over the 10-year appraisal period.

Results are presented in **Table 6.13**.

Table 6.13: Accommodation sector businesses financial cost benefit analysis results (£millions)

PED value	Investment impact	Turnover uplift	Set-up and admin costs	Turnover lost	Total cost	NPV	BCR
-0.2	0%	£0.0	£8.5	£5.2	£13.7	-£13.7	0.0
	1%	£22.7	£8.5	£5.2	£13.7	£9.0	1.7
	2%	£55.0	£8.5	£5.2	£13.7	£41.3	4.0
	4%	£122.9	£8.5	£5.2	£13.7	£109.2	8.9
-0.85	0%	£0.0	£8.5	£22.3	£30.8	-£30.8	0.0
	1%	£22.4	£8.5	£22.3	£30.8	-£8.4	0.7
	2%	£54.3	£8.5	£22.3	£30.8	£23.5	1.8
	4%	£121.2	£8.5	£22.3	£30.8	£90.4	3.9
-1.5	0%	£0.0	£8.5	£39.4	£47.9	-£47.9	0.0
	1%	£22.1	£8.5	£39.4	£47.9	-£25.8	0.5
	2%	£53.5	£8.5	£39.4	£47.9	£5.7	1.1
	4%	£119.6	£8.5	£39.4	£47.9	£71.7	2.5

Note: Financial values rounded to nearest £0.1m and discounted at 3.5% annually.

Note that the turnover uplift column in **Table 6.13** above refers to the present value gross turnover uplift induced by investment of visitor levy funds. This differs from the turnover impact presented in **Table 6.9** which measures the net turnover impact, which is equivalent to Turnover Uplift less Turnover Lost in **Table 6.13**.

At midpoint set-up and administration costs, the analysis suggests that the forecast impact on accommodation businesses is sensitive to PED values and investment impacts.

Across all PED values, if visitor levy funded investments in the visitor economy fail to generate any uplift in turnover, the overall impact of a visitor levy on accommodation businesses will be negative and the worst case scenario results in a NPV of -£47.9m over the 10-year appraisal period.

We note that this analysis is also sensitive to the application of set-up and admin costs. When including the low and high set-up and admin costs scenarios, there is a total of 36 modelled scenarios. Within 15 of these scenarios a visitor levy generates a negative NPV and a BCR less than 1.

This scenario modelling identifies that if investment can support at least a 2% annual uplift in visitor economy activity, it is estimated that under any scenario that has been modelled, a visitor levy may generate a positive impact on accommodation sector turnover/income.

Socioeconomic cost benefit analysis

This analysis measures the present value of the net additional GVA retained in Argyll and Bute as a result of investment of visitor levy generated funds against the present value of the direct costs to the council plus the direct costs to accommodation business over the 10-year appraisal period[12]. Results are presented in **Table 6.14**.

Table 6.14: Socioeconomic cost benefit analysis results (£millions)

PED Value	Investment impact	Net additional GVA	Council Cost of set-up and admin	Business cost of set-up and admin	Total cost	NPV	BCR
-0.2	0%	-£7.7	£10.0	£8.5	£18.5	-£26.3	-0.4
	1%	£25.7	£10.0	£8.5	£18.5	£7.1	1.4
	2%	£73.2	£10.0	£8.5	£18.5	£54.7	4.0
	4%	£173.1	£10.0	£8.5	£18.5	£154.6	9.3
-0.85	0%	-£32.8	£10.0	£8.5	£18.5	-£51.4	-1.8
	1%	£0.1	£10.0	£8.5	£18.5	-£18.4	0.0
	2%	£47.0	£10.0	£8.5	£18.5	£28.5	2.5
	4%	£145.6	£10.0	£8.5	£18.5	£127.0	7.9
-1.5	0%	-£57.9	£10.0	£8.5	£18.5	-£76.5	-3.1
	1%	-£25.5	£10.0	£8.5	£18.5	-£44.0	-1.4
	2%	£20.8	£10.0	£8.5	£18.5	£2.3	1.1
	4%	£118.0	£10.0	£8.5	£18.5	£99.5	6.4

Note: Financial values rounded to nearest £0.1m and discounted at 3.5% annually.

The analyses show that at a 0% investment impact, under all PED values a visitor levy is forecast to generate a negative NPV and a negative BCR. There is also a negative NPV and BCR at the 1% annual investment impact scenario when the PED is -0.85 or -1.50.

We note that this analysis is also sensitive to the application of set-up and admin costs. When including the low and high set-up and admin costs scenarios, there is a total of 36 modelled scenarios. Within 17 of these scenarios a visitor levy generates a negative NPV and a BCR less than 1.

[12] Note that here we do not include indirect costs (the cost of decline in turnover for businesses) as this is already accounted for in the net additional GVA benefit which is derived from net additional turnover. Net additional turnover considers the turnover generated from investment in the visitor economy using visitor levy funds minus lost turnover from price increases as described earlier.

This scenario modelling identifies that if investment can support at least a 2% annual uplift in economy activity (GVA), it is estimated that under any scenario that has been modelled, a visitor levy may generate a positive impact on economic activity within the sector.

7 What other local authorities are doing

7.1 Introduction

Local authorities in Scotland are at different stages of considering or implementing a visitor levy, and this chapter provides a brief overview of the current position – albeit it should be noted that this is a fluid and evolving situation.

All seven local authorities that are members of the Highlands and Islands Regional Economic Partnership, including A&BC, have undertaken pre-consultation and formal consultation work to help inform decisions on whether or not to introduce a visitor levy scheme in their local areas. Some, as noted below, have since issued an update on their deliberations.

7.2 The first visitor levy schemes approved in Scotland

At the time of drafting this consultation analysis report for A&BC, three local authorities in Scotland have approved a visitor levy scheme – the **City of Edinburgh**, **Glasgow City**, and **Aberdeen City**.

The City of Edinburgh Council is the first local authority in Scotland to approve the introduction of a visitor levy scheme – it was approved at a full council meeting on 24th January 2025. The scheme covers the entirety of the City of Edinburgh Council boundary and will apply to overnight stays from 24th July 2026, booked and paid for (in part or full) on or after 1st October 2025. It will apply indefinitely, or until the council decides to end or amend it.

A visitor levy rate will be 5%, payable for a maximum of five consecutive nights, and will apply at the same level, year-round. Certain accommodation providers may apply to the council for a discretionary site exemption if they meet both of the following criteria: the property is occupied by a charity or trustee of a charity; and overnight stays must be wholly or mainly for charitable purposes. This discretionary exemption is aligned with the cases where charities may receive mandatory relief from paying Non-Domestic Rates and may be cross-checked with that register. Accommodation providers who do not charge for overnight accommodation, or who cater fully for individuals who are exempted from paying a visitor levy are not liable for a visitor levy.

The council paper notes that a visitor levy is expected to raise £45-50 million for the City of Edinburgh a year by 2028-2029. The money generated by the scheme will be reinvested into initiatives that benefit residents and enhance visitor experiences. After administration and contingency costs, a fixed amount will be assigned to:

- housing and tourism mitigation (£5 million annually).
- participatory budgeting (£2 million over three years).
- reimbursement of 2% of collected funds to accommodation providers, to off-set the administrative cost incurred from collecting a visitor levy.

Remaining funds will then be split across three investment streams:

- city operations and infrastructure (55%).
- culture, heritage, and events (35%).
- destination management (10%).

Glasgow City Council[13] approved at visitor levy scheme for the city at the City Administration Committee on 19th June 2025. The scheme's implementation date will be 25th January 2027. The levy will apply to online bookings made 12 months in advance of the scheme implementation date, and monies paid to the council after the customer stays at the accommodation.

Similar to the Edinburgh scheme, a visitor levy scheme in Glasgow covers the entirety of the Glasgow City boundary, has a visitor levy rate of 5%, and is an indefinite scheme subject to regular review. The Glasgow City visitor levy scheme differs from the City of Edinburgh scheme in that:

- there will be no cap – the levy will be applied for the length of stay.
- there will be no local exemptions - to minimise additional administrative burden and costs.
- accommodation providers will be able to retain 1.5% of the levy monies they collect due to the costs incur in administering the scheme – this is slightly lower than the 2% reimbursement approved in Edinburgh.

The net income generated has been reviewed and is estimated in the council paper at between £15.9 million and £16.1 million a year. After administration costs, the remaining funds (revenue generated) will be split across several investment areas including:

- city operations and infrastructure – investment in the look and feel of the city, including in the built and natural environment and infrastructure.

[13] See also Glasgow gives go-ahead for 'tourist tax' on visitors - BBC News

- culture and events – investing in the city's long-term attractiveness and sustainability, as well as supporting the advocacy and promotion of Glasgow as a leading culture and events destination.
- destination marketing and management – additional funding will support destination marketing initiatives that align with the Glasgow Tourism 2030 action plan and seek to grow the city's market share of leisure visitors coming to Scotland and the UK.

The committee report does not provide an indicative monetary or proportional split across the investment themes.

Aberdeen City Council approved its visitor levy scheme in August 2025. Details about the scheme include that:

- the 7% levy rate is higher than the other two local authority schemes.
- it will apply year round without variation.
- it includes a local exemption for individuals travelling to Aberdeen for medical appointments, along with their companion[14].
- after administration costs, the estimated gross funding of £6.8 per annum will be spent across the investment areas of:
    - Economic Growth and Competitive Advantage (63%) including funds to attract events across business, entertainment, culture and sport sectors; and to support Aberdeen's venues and emerging local creative and sporting talent.
    - Destination Marketing and Development (18%) to support marketing and advertising of the city, ensure that local businesses are assisted to make the most of visitor opportunities, and maintain a well-trained, highly skilled workforce.
    - Destination Readiness and Improvement (14%) to ensure city accessibility and visitor safety, enhance public areas, and invest in assets which are popular with visitors.
    - Reserve Fund (5%) to offset any risks of long-term project commitments and help the visitor economy in times of crisis.
- accommodation providers will be able to retain 2.5% of the levy monies they collect due to the costs incurred in administering the scheme.

[14] A companion for medical travel refers to an individual who is accompanying a patient due to medical necessity, such as assisting with mobility, communication, or personal care.

7.3 Other local authorities that have/are undertaking formal public consultations

In addition to A&BC, Highland Council and Stirling Council have undertaken or are undertaking a formal consultation on draft proposals to introduce a visitor levy scheme.

The formal consultation period for Highland Council has closed. The Highland Council estimates that such a scheme could generate £10 million net revenue income[15] and it sought views on proposals to support activities aligned to the scheme objectives to:

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

Highland Council is currently (August 2025) commissioning an independent contractor to undertake the formal consultation analysis and impact assessment work.

Stirling Council launched its formal consultation process on 14th July 2025, it will close on 12th October 2025, and findings are expected to be presented to councillors in December 2025. It is estimated that the introduction of a 1% visitor levy could generate between £1.3 million and £2.5 million annually. A 5% visitor levy could generate between £6.6 million and £12.7 million. After administration costs, all money raised would be reinvested locally on facilities and services such as:

- Infrastructure, including capital and revenue expenditure (45%).
- Destination Marketing and Product Development (15%).
- Events and Culture (15%).
- Supporting Community Led Initiatives & Events - 'Community Tourism Fund' (12.5%).
- Business Support (12.5%).

[15] This forecast income is based on VisitScotland's occupancy and price data, and data relating to accommodation providers subject to Non-Domestic Rates.

Points to note from across these three proposed visitor levy schemes are that:

- all propose to be local authority area wide, apply year round without variation, and have a visitor levy rate of 5% (like Edinburgh and Glasgow).
- A&BC and Highland Council do not currently propose to exercise their discretion to apply local exemptions – Stirling Council has proposed local exemptions including:
    - for residents who are registered for council tax (or within a council-tax registered property) in the Stirling Council area.
    - certain accommodation providers may apply to the council for a discretionary site exemption if they meet both of the following criteria (similar to Edinburgh): The property is occupied by a charity or trustee of a charity; and overnight stays must be wholly or mainly for charitable or educational purposes.
    - reimbursement would be available for visitor levy paid beyond 7 nights in a single booking or invoice, via the exemption mechanism (as it proposes no cap)
- Stirling Council proposes that accommodation providers will retain 3% of the total monies collected at their establishment(s), remitting the remaining 97% to the local authority.

7.4 Other local authorities considering the introduction of a visitor levy

Several other local authorities are engaging in early discussions to inform their plans but have not yet started a formal consultation. The VisitScotland website indicates that this includes the following councils: Aberdeenshire; East Ayrshire; East Lothian; Moray; Perth and Kinross; Stirling; West Dunbartonshire.

Over and above those listed on the VisitScotland webpage, other local authorities appear to be engaging in early discussions or exploratory processes regarding the potential of a visitor levy scheme in their area include: Fife Council, Angus Council, Dundee City Council; and East Dunbartonshire Council.

7.5 Local authorities who have indicated that they are not considering a visitor levy at this time

A couple of local authorities, following early engagement and discussions have recently (June 2025) put consideration of a visitor levy on hold at this time. This includes:

- Comhairle nan Eilean Siar – a report presented to a council meeting notes that cost benefit analysis suggest a visitor levy would have *'marginal benefits'* and could potentially harm the islands' tourism economy. And that a pause would also allow time for a potential introduction of a *'point-of-entry'* levy, which could be charged at ports and airports. See also Outer Hebrides Visitor Levy Report Investigating the feasibility of a levy on overnight accommodation (Urban Foresight report, 2025).
- Orkney and Shetland Island Councils have both adopted a similar policy as Comhairle nan Eilean Siar to pause the introduction of a visitor levy scheme at this time.
- South Ayrshire Council has made a recommendation to its elected members that plans for a visitor levy should not proceed at this time, following initial feedback from local businesses and residents and ongoing concerns about the potential impact on tourism competitiveness.

Finally, several local authorities have indicated that they do not have current plans to undertake further consultation into the introduction of a visitor levy or have not reached a decision whether to proceed with the consultation on the implementation of a visitor levy.

Appendix A: Pre-consultation survey

A high level summary of the key findings from the closed questions in the **pre-consultation survey** undertaken in Argyll and Bute undertaken during October and November 2024 have been presented below.

The survey received 1,254 responses, and analysis undertaken by the council noted that:

- the vast majority (83%) of survey responses were from residents, followed by those who ran a business (25%) in the region, and then visitors (8%).
- visitors were predominantly visiting Argyll and Bute from the rest of the UK.
- visitors to Argyll and Bute were predominantly stay in mid-market accommodation in Argyll and Bute (44%).
- awareness of what a visitor levy was high – 61% were quite aware and a further 30% said that there were very aware of visitor levies.
- over half (53%) of survey respondents did not think a visitor levy for Argyll and Bute should apply at the same level, all year round – while 35% thought it should, and the remainder (12%) were unsure.

Appendix B: Wider issues raised

Introduction

Appendix B presents wider issues raised by respondents to the consultation – this largely relates to periphery information raised in the surveys that did not pertain directly to the question set.

Consultation process

There were responses which considered aspects of the consultation process *'less than adequate'* or *'insufficient'* given the nature and importance of the subject matter as well as the role of consultation findings in informing decision-making processes. Points raised included:

- the timeline for the consultation (12 weeks) was perceived to be too short for a consultation of this significance.
- there was a perceived lack of engagement with accommodation providers in particular and with other tourism and hospitality businesses and other organisations more generally, and with those who live in island communities - and listening to the lived experiences of those who live and work in the area.
- whether people felt they had enough information/detail to provide an informed response, including on the potential negative impacts or risks associated with the introduction of a visitor levy.
- the appropriateness of the data used to help inform the visitor levy bill – as an example, there was reference to the Scottish Government BRIA which used 2019 data (before Covid, the war in Ukraine, the cost-of-living crisis).

Others highlighted the importance of adhering to The Gunning Principles in undertaking public consultation.

A small number of respondents noted in their response that a visitor levy in Argyll and Bute appeared to be *'a done deal'* – these respondents suggested that the council had already decided to introduce a visitor levy scheme in Argyll and Bute. There was wider feedback which suggested scepticism around whether the independent consultation analysis and findings would have any or much influence on council decision-making processes.

Wider feedback provided was on the promotion and communication by the council of the surveys – a small number of respondents considered this *'inadequate'* – points raised included that: the number of responses was not high enough to provide a '*true indication of the views of those who would be affected by a visitor levy'*, especially as the area includes islands; and that more could have been done to ensure an inclusive approach.

Others mentioned writing letters to local councillors and not receiving formal responses.

A wider point raised was that some organisations (for example, community councils) did not feel the consultation had an appropriate format to input their views.

Survey question set

There was feedback that the questions asked in the surveys lacked the level of detail needed for the council to make an informed decision about whether or not to proceed with a visitor levy scheme – or that the questions *'do not appear to be fit for purpose and do not appear to meet the standards for a public consultation'*, were *'poorly designed'*, *'potentially leading'* or '*biased'* in some way.

First, respondents mentioned that as an example running a guesthouse/B&B was not listed as one of the options in the business survey question which asked *'What sector does your business mainly operate in?'*. It was suggested that this was an oversight and could skew results.

Second, there was feedback that the council could have asked a simple question such as *'Do you support the introduction of a visitor levy in Argyll and Bute'* with a Yes, No and Don't know response (or a similar rating scale type question) at the very start of the survey. Rather than opening with a question on the extent to which respondents agreed or disagreed with the proposed levy scheme objectives. These respondents also felt that some respondents might have missed reference to the option to select *'I don't not support the introduction to a visitor levy'* at the question *'To what extent do you agree with the Argyll and Bute Council proposal to set a visitor levy rate at 5%?'*.

Further, there was feedback that the question *'To what extent do you agree or disagree with the A&BC visitor levy scheme objectives'* could have been asked in a different way to allow respondents to indicate which of the examples for expenditure under each objective they agreed or disagreed with rather than all of the examples being grouped together. While others thought it was unclear what the council intended to use the money for above and beyond what other organisations (and the private sector) were already doing, and that the achievement of the objectives was not completely dependent on the existence of a visitor levy.

Local authorities have the discretion to introduce local exemptions that meet their area's circumstances and needs. There was also feedback that the council could have asked a more explicit question that sought views on what local exemptions could look like in an Argyll and Bute context or could have listed potential local exemptions for consideration.

The rationale for why a visitor levy rate of 5% was proposed was not clear to all.

Respondents who selected *'I don't support a visitor levy being introduced across Argyll and Bute'* were asked '*How would you suggest that investment in our tourism infrastructure and services is paid for?'*.

There was feedback that this question presumed there was no other way to pay for infrastructure and services, or that improvement on infrastructure and services would be solely dependent upon a visitor levy. There was also feedback that a more thoughtful line of questioning could have elicited a more considered response or that the question could have been asked in a different way. For example, '*What barriers are there to tourism in your area?'* and '*What are the solutions to those barriers?'* were suggested.

There was also reference to the estimated £9 million in revenue that could be generated through a visitor levy scheme, and that this estimate *'feels way off'* or was *'too optimistic'* especially in the *very challenging business environment.'* As well as wider questions related to the information and data that has underpinned this estimate and a call for more detail on/an accurate picture of how much it would cost to operate a visitor levy scheme

Depending on how respondents answered certain questions survey routing was applied. This led to some respondents asking questions on why they did not get a chance to see or answer all of the questions in the survey, regardless of their overall views on a visitor levy scheme.

Webinars

There was some negative feedback in relation to webinars held – mainly that respondents were not able to speak at the sessions, and that the sessions felt scripted rather than allowing issues to develop and be discussed in the course of the meetings.

As noted in **Chapter 2** attendees were invited to submit questions in advance of the webinars as well as during the sessions to help ensure the sessions ran to time (one hour). The council answered some questions during the sessions and shared responses to questions after the sessions through its FAQ pages. See also **Appendix C (Webinars)**.

Appendix C: Webinars

Introduction

Appendix C presents analysis of the comments and questions recorded by the council at the four webinars it held as part of the consultation. As noted in **Chapter 2**, four webinars were held between 24th February and 3rd April 2025 – there were a total of 148 attendees and 213 questions and comments were raised. The main themes raised have been summarised below.

Issues and questions related to the councils' proposals

There were many comments and questions which related directly to the council's proposals to introduce a visitor levy scheme in Argyll and Bute. These largely focused on the underpinning evidence base for the scheme, specific aspects of the council's proposals, as well as on what the council has learned from other local authorities which have either approved a visitor levy scheme, or are considering it, or from those who have paused deliberations.

Local exemptions were mentioned a lot. Some webinar attendees suggested that the council could reconsider its current position on local exemptions, as in its current form, the proposals would increase costs for residents and for those working in the region on a temporary basis. By far the most common feedback was that there could be exemptions for Argyll and Bute residents – there was wide reference to residents who live in remote or island communities who have to use overnight accommodation when accessing essential and non-leisure related services (such as healthcare) or when ferries were cancelled (for example, due to bad weather).

Another example mentioned, albeit not to a great extent, was local exemptions for school residential visits to Argyll and Bute.

Wider feedback from attendees reiterated that not all visits to the area were for recreation. For example, attendees mentioned that '*Contractors often stay in accommodation and form a large proportion of off season bookings. Will those visiting for commercial purposes also be charged and how will they benefit from improved visitor infrastructure?*'

Further, some scepticism was expressed by webinar attendees on how the revenue raised by the council through a visitor levy would be used (that is, they said it should not be used to fill a budget gap).

Related points raised included: whether the revenue would be ring-fenced; whether the revenue raised would be retained/reinvested in the area(s) it was raised; how revenue would be used to support additional activity that was not already covered by existing council/partners budgets; how communities would be involved in decisions on expenditure; and how much it would cost the council to administer the scheme (and whether the costs would outweigh the benefits). More information on governance and management arrangements was also requested.

Questions were also raised on the proposed visitor levy scheme objectives – for example, a common question raised by webinar attendees was on *'how charging visitors more money will extend the 'season?'*. A wider point made was *'the council states that a visitor levy could be spent on roads, public loos, car parks, waste etc...these are all council functions I thought? They're not bringing anything extra to the tourism experience.'*

There was also reference to the proposed 5% levy rate – for example, where mentioned this was considered high, but there were also questions around scenario planning – *'What reduction in demand have you predicted through the introduction of a 5% tax? How does this scale upwards/downwards at different thresholds of percentage?'* As well as a request for economic modelling to be shared with the public.

Questions were also raised in relation to the evidence base for the introduction of a visitor levy scheme in Argyll and Bute, including:

- on the visitor/overnight visitor numbers used to inform impact assessments.
- comments that suggested Argyll and Bute did not suffer from overtourism.
- on when impact assessments were completed, in particular an islands impact assessment.
- on what consideration has been given to the potential impact on other businesses (for example, cafes, restaurants, bars, leisure clubs, etc.).
- on whether (and when) all of the evidence would be made available to the public.

Finally, there were comments which suggested that a review of the impact of levy scheme at the three-year point might not be appropriate – it was suggested that a review should happen sooner. Albeit it should be noted that this suggestion is contrary to legislative requirements.

Impact of the proposed scheme on businesses, the visitor economy, and on people

Some webinar attendees raised various concerns about the impact of a visitor levy scheme on accommodation providers and on the visitor economy more generally, as well as identified the impact of the scheme on visitors/residents.

Common points raised at webinars related to:

- the current challenging trading environment for accommodation providers – for example, declining visitor numbers, rising costs, implications of the short-term let licence scheme, BID levies, etc. – with feedback that a visitor levy scheme could make the situation worse.
- points which suggest that travel to the islands was already very expensive (for example, flight prices, rising ferry charges were mentioned) – with feedback that islands could also be disproportionately affected by a visitor levy scheme. There was wider feedback pertaining to the impact of an unreliable ferry service on visitors (and residents).
- the potential of a visitor levy scheme to deter rather than attract visitors to the area – including comments which suggested that some visitors might decide to go to other places which did not have a visitor levy (for example, Dumfries and Galloway was mentioned).
- the negative impact of another tax on people who were already considered to pay high levels of Council Tax, VAT, etc.

Wider impacts mentioned included that a visitor levy scheme could:

- result in costs incurred by accommodation providers who were required to collect a visitor levy and pay it to the council.
- prevent investment by accommodation providers in their business.
- push some accommodation providers over the VAT threshold (who were structured this way for a reason) - with wider implications around how businesses then responded to this potential impact (for example, close altogether).
- put some accommodation providers out of business and resulting job losses.
- act as a disincentive for people to start a new accommodation business in the area.
- reduce visitor spend in other local businesses (for example, cafes, retail outlets, etc.).

A wider point raised related to the impact of a visitor levy scheme on the mental health and wellbeing of those running accommodation businesses (for example, increased stress, anxiety).

The consultation process and decision-making process

Some webinar attendees raised a range of comments and questions about the wider consultation process and on decision-making processes (see also **Appendix B**).

There were questions raised around why the consultation process was designed and facilitated in-house rather than using external consultants (for example, for questionnaire design).

There were some questions about how extensively the consultation had been marketed and promoted, including in inclusive ways, to ensure as many people, businesses, and local groups were aware of the consultation and the opportunity to input their views.

Suggestions included emailing all accommodation providers via information held by the council through the short-term let licence scheme. There were also questions on how the council would look to secure feedback from particular groups who might not have responded to the consultation (for example, those who did not have access to a computer, those who could not attend an event, etc.).

There were various requests for further information and more detail – impact assessments and data from the University of Edinburgh work, revenue generation forecasts, costs (money and time) associated with undertaking the consultation process, and details of the contractor undertaking the independent analysis, were all mentioned.

There was a perception among a small number of webinar attendees that a visitor levy was a *'done deal'*, and that the outcome of the consultation process was unlikely to influence the council's decision – this linked to a wider perception that the council might use a visitor levy as a mechanism to raise revenue to address a funding deficit as well as feedback on the question wording in surveys. Ensuring transparency of the process, consultation analysis and findings were all mentioned. Questions were also raised about how *'neutral'* the council would be when considering the consultation analysis findings.

Finally, there were comments and questions about the timeline and next steps – for example, when consultation analysis findings would be considered by councillors, and whether there would be further engagement with residents, businesses, and other stakeholders.

Concerns relating to the complexity of scheme implementation, the additional administrative and financial burden placed on accommodation providers, and support requirements

Some webinar attendees raised a variety of points relating to the complexity of scheme implementation, the additional administrative and financial burden placed on accommodation providers. They also identified support needs. Points raised related to:

- how the council would cope with administering the scheme – these comments were often framed in terms of issues businesses have personally experienced with the short-term let licence scheme.
- complexities and challenges for accommodation providers in calculating a visitor levy – for example, 'too much happens between booking and arrival. Highland Council has specifically stated that the tax is taken on arrival not booking. It would be impossible to extract the accommodation only aspect at the booking stage.' As well as queries regarding how it would work when visitors stayed in various accommodation during their visit, and that there would also be a need to engage with online booking agencies.

Concerns were raised that the burden would fall disproportionately on accommodation providers – who would essentially be *'unpaid tax collectors'* for the council.

Concerns were also raised on the online system the Improvement Service was currently developing – for example, *'it's not easy to fill in, doesn't cater for anomalies and asks for a lot of unnecessary data - at least in its current form',* and that any new online system/platform would likely have initial teething problems that could cause additional or unnecessary work and stress for accommodation providers.

Wider concerns raised related to the potential *'intrusiveness'* and *'complexity'* of any forms/ paperwork that would require to be completed, and on the timing of when returns might be required. There were requests for accommodation providers to be meaningfully involved in the design and/or testing stage of the online system and reporting processes and procedures.

Support needs identified for accommodation providers included:

- financial reimbursement for the costs incurred in collecting a visitor levy and paying it to the council (for example, set-up costs, credit card fees, bank charges, accounting costs, etc.) – and questions were asked about what this would look like and how it would work in practice.
- a sufficient lead-in time before a visitor levy, if approved, goes live.

Feedback on the webinar sessions

Some attendees provided feedback or asked questions relating to the webinar sessions themselves. The main points raised included:

- why attendees were not allowed to speak at the webinars - that is, they had to post questions in the chat function instead.
- why some of the questions or comments posed had not been read out or answered by the council – and a perception that officers were *'reading from a script'*.
- questions relating to why more councillors were not in attendance at the webinars.
- questions relating to whether the sessions would be recorded, whether slide decks would be made available afterwards, and whether the questions and answers would be shared (the council has indicated that they were shared afterwards).

The national visitor levy scheme legislation

A small number of comments raised at the webinars included those raised by attendees who did not consider the national visitor levy legislation fit for purpose for a geography like Argyll and Bute, as well as comments which called on the council to do more to push back on this issue to the Scottish Government.

> *"The legislation is flawed and needs to be sent back to Government to be changed."*
>
> *"Is the council thinking of requesting the Scot Gov to look at the legislation again as the legislation has been poorly thought out and will be a burden on small businesses?*

Points raised by attendees centred on:

- the types of accommodation not included in the legislation – for example, motorhomes and campervans (off-site) were mentioned specifically.
- why a visitor levy charge needed to be added to accommodation providers turnover – the VAT threshold argument and the impact of this position on micro and small businesses.
- the rationale for why some types of paid accommodation were exempt at a national level - for example, gypsy and traveller sites were mentioned specifically.
- the types of overnight accommodation included in the legislation – for example, caravan sites were mentioned in a small number of cases, with comments suggesting that these could be exempt as they *'do not provide accommodation'* as well as unintended consequences (for example, an increase in wild camping).

Other general comments

A small number of webinar attendees raised more general comments or questions not captured above. For example, this included:

- questions relating to the underpinning rationale and evidence base for the creation of the national visitor levy legislation and for the council's proposals.
- comments that the scheme was an *'accommodation tax'* and not a visitor levy/tax.
- questions relating to how aspects of the scheme would work in practice – for example, processes for calculating a visitor levy on accommodation costs, exemptions, payment and reporting to the council, etc.
- questions about a Visitor Levy Forum that would require to be established – for example, who would sit on the forum, governance and reporting arrangements, etc.
- questions around whether other industry sectors have a similar levy – or questions about why it was only aimed at accommodation providers and not other parts of the sector that also benefit from tourists (for example, cafes, restaurants).

Appendix D: Drop-in events

Introduction

Appendix D presents analysis of the comments and questions recorded by the council at the drop-in events held as part of the consultation process. As noted in **Chapter 2**, the 10 events were held between 10th February and 1st April 2025 – there were a total of 270 attendees and over 140 comments and questions were raised, with attendees often raising multiple points.

The main themes which were raised during the drop-in events have been summarised below.

The council's proposals and evidence base

Most attendees at the drop-in events provided comment or asked questions relating to the council's proposals to introduce a visitor levy scheme in Argyll and Bute.

There was some feedback that suggested attendees understood why the council was considering a visitor levy scheme, and that, *'if implemented properly'* that it could be a good thing for the area.

However, most of the feedback provided at the drop-in events suggested that:

- the proposals in their current form (as well as wider issues identified with the national legislation, see below) were considered *'unworkable'* and could discourage visitors and harm the fragile visitor economy in Argyll and Bute, especially the islands.
- the proposals lacked sufficient detail and/or attendees asked for more detail on the evidence base that has been used to inform the proposed scheme.
- Attendees said that they did not have confidence and trust that the council would deliver the scheme efficiently or effectively or use the revenue generated for its intended purpose.

Some went further and suggested that the council should either reject the proposals altogether or delay a decision to consider the efficacy or otherwise of such a visitor levy in other areas.

Here, attendees highlighted the very challenging trading environment they were operating in – for example, there was reference to ongoing post Brexit and Covid-19 challenges, rising operating costs (staffing, utilities, insurance, etc.), as well as to the cost-of-living crisis. These attendees identified a range of potential impacts of a visitor levy scheme such as:

- accommodation providers were already '*suffering with lower visitor numbers'*.
- any business which has so far remained under the VAT threshold might have to *'curtail their season'* with consequential loss to them and their community.

- a year-round levy would be unhelpful – for example, larger hotels that cater year-round for visitors and employ people year-round were *'currently finding it difficult to attract off-season business.'*
- deterring visitors which could reduce the number of bookings, leave visitors with less money to spend in accommodation providers' restaurants, and further reduce profit margins.
- the wider impact on other businesses that relied on visitors – for example, many small businesses would not survive on local trade alone, and visitor attractions and tours could not depend solely on day visitors. And that many hospitality businesses (cafes, restaurants, and pubs) would become unviable if visitor numbers fall off, and that this would be to the detriment of local people as well as visitors.
- The negative implications of all of the above on jobs and de-population challenges.

The islands were also said to be in a particularly fragile and vulnerable situation due to ongoing challenges with ferry services.

> *"Accommodation providers have enough to deal with re rising running costs, ferry problems that is, visitors' bookings for ferry being cancelled at short notice, the perception that Mull is the place that has the ferry problems so stay clear, and short-term license admin."*

> *"Costs of administering collection would be great and such a hassle. Staff time and costs are not viable. Businesses on Mull already hit by increases in National Insurance, heating and appalling ferry service (guests already cancelling as no availability)."*

> *"Collecting a visitor levy on every booking would take us over the VAT threshold. We would therefore block our calendars to ensure that we sell fewer nights. This will have a negative financial impact on the local laundry we use, less money for our cleaners, fewer visitors using local restaurants and cafes, and visiting tourist attractions."*

Attendees also emphasised that a visitor levy would not only affect visitors, but everyone – and that the council should consider local exemptions. For example:

- for Argyll and Bute residents (or island residents) – who already paid Council Tax and who often need to travel and use overnight paid accommodation when attending hospital appointments and other essential services (or when ferries were cancelled).
- contractors working in the region often made use of overnight paid accommodation, particularly in the islands, and that a visitor levy would add to the costs of this - this could potentially push up prices for local people and/or deter businesses from operating in these areas.
- for carers.

"Visitors are not always tourists: No exemptions for intra-Argyll (and beyond to Glasgow and Clyde) travel for non-leisure travel such as dental, medical appointments which inevitably means an overnight stay. This means that the NHS will be paying a visitor levy via patient travel expenses. No exemptions for intra-Argyll travel for family events and that are not leisure related such as school visits (island to Oban for example) or funerals. No exemptions for business/trades etc who are coming to do jobs on the islands raising prices further (and it's already difficult to get trades onto the Islands). No exemptions for pregnant women which is a potential breach of Equalities Act."

Attendees considered the proposed levy rate of 5%, where mentioned, too high. The main points raised included that:

- Argyll and Bute was an expensive place to visit, in particular the islands.
- it would make it more difficult for accommodation providers in Argyll and Bute to be price competitiveness and a visitor levy could deter price sensitive visitors.
- visitors might go to places with no visitor levy instead - Dumfries and Galloway was mentioned.
- visitors might have less money to spend in local shops, etc.
- attendees were concerned that the proposed 5% rate would be increased over time.

If a visitor levy scheme was approved, then some support was expressed by event attendees for a fixed flat rate rather than a percentage rate, as is the case in some other places/countries – this could ensure the scheme did not deter visitors and would be easier to implement. Another viewpoint, albeit not raised to any extent, was that *'exemptions will be hard to account for and if a visitor levy were a low percentage this would have little effect on the visitor.'*

Some concern was raised that the council has consulted on a proposed visitor levy scheme to help fill a gap in its financial budget. There was also feedback which suggested attendees considered the data which has underpinned the £9 million estimated gross revenue generated through a visitor levy scheme *'flawed'* or '*misleading',* and that the calculations were also considered outdated and to do reflect the current reality.

Wider points raised related to how much it would cost the council to manage and administer the scheme (as well as to reimburse accommodation providers for costs incurred) – the concern raised was that this could leave limited revenue for reinvestment in the visitor economy – '*So very little reward but the effect on individual businesses will be huge.'* Aligned to this were requests for the council to provide greater detail on how this revenue could be spent, and whether the revenue would be reinvested in the area(s) it was collected.

"The hospitality sector on Mull is on its knees - this will close a lot of businesses. There would be no real benefit - £9 million spread over whole of county would be of little benefit. Costs to council to run it and police it would be expensive."

Various comments were made about the need for an islands impact assessment and due consideration of the requirements of The Islands (Scotland) Act 2018. This point was further reflected in comments which expressed a *'lack of confidence in the reliability of the very limited examination of impact on the islands' businesses and residents.'*

The national legislation

Some attendees at the drop-in events also considered the national legislation not fit for purpose or flawed in various ways. Here, there was wider reference to:

- inadequate consideration of VAT implications and the effect of this on the overall economy – it could push some small accommodation providers over the VAT threshold, others might close, or open for fewer months, etc.
- the requirement for a visitor levy to be a percentage rate and the complexities this has for scheme administration, etc – if a scheme was approved, support was expressed for a flat rate or a tiered system of payment in proportion to size of accommodation provided – it was suggested that this could be easier to understand and implement.
- the type of accommodation included in the legislation – for example, questions were raised about why motorhome and campervans (off-site) and cruise ships were not covered by the legislation. For example, an unintended consequence mentioned was that a visitor levy would '*not incentive visitors in motorhomes or campervans to stay on recognised sites and dispose of waste responsibly'*.
- concerns that the legislation in its current form would not only impact visitors – this related to a point made above that *'visitors are not all tourists.'*

The national Business and Regulatory Impact Assessment (BRIA) was also said to have been based on outdated information and data which did not reflect the current situation.

There were also calls for the council to do more to push back on the national legislation and to ask the Scottish Government to consider changing it to ensure the legislation was fit for purpose and did not further disadvantage rural and island geographies/economies such as Argyll and Bute.

Further, albeit only raised in a handful of cases, there was feedback which suggested that attendees did not believe that the council does not have more discretion over scheme design (for example, adopting a flat rate was explicitly mentioned).

Concerns relating to the complexity of scheme implementation, the additional administrative and financial burden placed on accommodation providers, and support requirements

Drop-in event attendees raised concerns about the potential complexities of scheme administration, and on the burden it would place on accommodation providers in particular – as well as how the scheme would work in practice. Points raised related to:

- the burden falling on accommodation providers to calculate a visitor levy, to collect a visitor levy when visitors booked or paid for their booking, and to report and remit a visitor levy to the council – there was wide reference to accommodation providers being *'unpaid tax collectors'*.
- complexities around, for example, GDPR considerations, accommodation providers that charge different rates on different nights, itemising costs, or how Online Travel Agencies (OTA) rates would be accounted for, etc.
- questions on how a visitor levy would be collected and how exemptions would work in practice.
- micro and smaller accommodation providers potentially being disproportionately impacted by administrative and reporting requirements.
- the need for ongoing engagement with third party booking agents, etc.

"We will be unpaid tax collectors for the council and in reality the admin required to run the scheme won't leave much left for infrastructure and other investments in Argyll and Bute and extra admin burden on providers and the council who are already short staffed."

As a booking agent, if we collect a visitor levy on behalf of owners we will incur thousands of pounds worth of costs. Will we be reimbursed for the collection costs (credit +debit card payments)?"

"Unpaid work which costs us time, transaction fees, restructuring costs, lost business through more price increases, income tax on levy and potential of having to open for less time to avoid VAT threshold."

"Most of our bookings come via booking.com and Airbnb, both of which charges circa 15% commission plus a payment handling charge. If a visitor levy is paid at the time of booking, the online travel agents will take their commission on a visitor levy too. This means that we would need to make up in the region of £850 per year to balance a visitor levy demanded by the council. This penalty is in addition to the extra admin required to process a visitor levy. It is a flawed and unfair proposal. "

There were calls for the scheme, if approved, to be simple to administer, implement, and to understand. Reporting requirements, including paperwork, should also be easy to complete, etc. Some of these respondents also noted that:

- a clear and comprehensive timeline for implementation should be provided.
- guidance, advice, and a range of support would need to be provided by the council – accommodation providers, for example, raised concerns about visitors making complaints or refusing to the pay a visitor levy, and they asked questions about it would be enforced.
- accommodation providers should be reimbursed for time/costs incurred.

The consultation process, including the drop-in events

A small number of comments were made relating to the events as well as to the wider consultation and decision-making process. For example:

- disappointment was expressed by attendees on the lack or low number of councillors who attended the drop-in sessions.
- there was feedback that the drop-in sessions only covered the potential benefits of a visitor levy scheme and did not sufficiently cover the potential negative impacts of introducing a scheme in Argyll and Bute.
- there was feedback which perceived the council has already decided whether to introduce a visitor levy scheme and that the consultation process and findings would be unlikely to influence that decision.

Appendix E: Business case studies

Summary overview of all case studies

The case study interviews, which were undertaken by EKOS with a diverse range of accommodation providers, tourism-related businesses, and a construction company in Argyll and Bute (the latter aligns to intra-regional travel for tradespeople), reflect widespread opposition to the proposed 5% visitor levy rate. A consistent set of concerns were raised across rural, island, and small business contexts, including financial strain, administrative burden, and a lack of confidence in the scheme's design, delivery, and impact.

As noted in **Chapter 2**, some case study interviewees asked for their case study to be anonymised while others gave permission for the business to be named, and this is reflected in the 13 case studies which are presented on the pages below.

Financial impact

- Thin margins – businesses that operate just below the VAT threshold fear a visitor levy could push them over the threshold and trigger additional costs and compliance requirements.
- In order to stay under the VAT threshold while accommodating a visitor levy, accommodation providers would need to reduce the number of nights they sell — meaning their own income would decrease.
- Absorption versus pass-on: some providers may look to absorb a visitor levy (if they can) or pass it on – concerns were raised about reduced income or bookings regardless of option.
- Price sensitivity - a visitor levy is expected to deter cost-conscious visitors, especially in shoulder seasons and to visit rural and remote areas such as Argyll and Bute. Visitors may choose to visit similar areas that do not have a visitor levy.

Administrative burden

- Complexity - the percentage-based model is seen as confusing and difficult to implement, especially for small operators, and the proposed 5% is considered too high.
- Resource constraints – micro and smaller accommodation providers may lack the capacity and resource to manage new collection, remittance, and reporting requirements.
- Call for simplicity - many advocate for a flat-rate fee and a centralised collection system to reduce burden on accommodation providers if a scheme is approved.

Local economy and employment

- Knock-on effects - reduced visitor numbers could impact local shops, cafés, tradespeople, and seasonal staff.
- Business viability - some operators may reduce availability, shorten seasons, or cease trading altogether.

Island-specific challenges

- Ferry disruption - unreliable ferry services are already deterring visitors and complicating travel for residents and visitors alike.
- Essential travel - island residents often require planned and unplanned overnight stays for medical or personal reasons, which would be unfairly taxed via a visitor levy (links to point on local exemptions).
- Infrastructure gaps - poor transport, a lack of housing, and public services undermine the visitor experience and business sustainability.

Trust and governance

- Scepticism - there is low confidence in the council's ability to ring-fence and reinvest levy revenue effectively.
- Lack of transparency: questions are asked about how the £9 million estimated gross revenue was arrived at, how much would be left after administration costs, etc. and a fear that funds will be absorbed into general council budgets.
- Consultation concerns - many feel the process has been rushed and inadequately responsive to local realities, especially accommodation providers and island residents.

Suggested alternatives

- A flat-rate levy would be preferred by most for simplicity and fairness.
- Local exemptions were suggested for residents, temporary workers, and tradespeople (for non-leisure trips), and micro businesses.
- A point-of-entry levy scheme is proposed for islands, in part to capture other tourists (day visitors, motorhomes which stay off-site, etc. and to reduce the burden on accommodation providers.
- Ring-fenced spending - there is strong demand for revenue to be reinvested locally in infrastructure and services that directly supports tourism in the area in which it is raised.

Case Study 1: Willow Lodge, Dunoon

About the business

Willow Lodge is a small, seasonal self-catering lodge located near Dunoon, operating between April and October each year. The business is owner-operated, with no employees, but relies on a number of local suppliers and tradespeople. With an annual turnover of approximately £12,000, it operates on very tight margins and serves visitors to the Cowal peninsula – a region not typically associated with high visitor volumes or over-tourism. The owner has over 30 years' of experience in the local hospitality industry and is deeply embedded in the tourism fabric of the community.

Engagement with the consultation

The business owner participated in the A&BC visitor levy consultation, submitting a formal response and attending consultation events. Their feedback reflects deep concern about the appropriateness and potential impact of a visitor levy in the context of Dunoon and Cowal's visitor economy.

Views on the proposed visitor levy scheme

The owner strongly opposes the introduction of a visitor levy scheme in Argyll and Bute, particularly at the proposed 5% levy rate. They argue that the measure is not justified in low-volume destinations such as Dunoon and Cowal, which do not experience over-tourism and are, in fact, still recovering from economic shocks including Covid-19, Brexit, and the ongoing cost-of-living crisis.

> *"Dunoon and Cowal is not New York, Paris, or even Oban. We're struggling for tourism – we should be doing everything possible to encourage visitors, not putting up barriers."*

The primary concerns raised include:

- a lack of visible benefits to visitors in the area.
- insufficient understanding of the hospitality sector by the council.
- a broader breakdown in trust with local authorities and fears that funds may not be ring-fenced or used effectively.
- additional administrative burdens for small operators.
- risk of unintended consequences such as informal, unregulated accommodation providers avoiding compliance.
- potential business closures and subsequent job losses, due to a reduction in overnight visitors to the area, deterred by the introduction of a visitor levy.

Potential impact on the business

The average room rate at Willow Lodge is around £100–£105 per night. A 5% levy rate would add around £5 per night, which the owner fears would deter price-sensitive customers, especially in the shoulder seasons. They have a minimum night stay of three nights.

Impact on business operations:

- **customer numbers:** expected to decrease, with potential visitors choosing destinations without a visitor levy.
- **repeat visits:** likely to decrease, with guests feeling unfairly charged for minimal added benefit.
- **turnover:** estimated reduction of up to 20%, though the owner may absorb a visitor levy as a cost rather than pass it on to guests.
- **employment:** no change, as there are no employees – but reduced income could impact the viability of continued operations.

> *"At this level of income, it's already hard to justify the work and risk. This could tip the balance."*

Wider impacts

The owner noted knock-on effects for other local businesses, including shops, cafés, and restaurants, especially those reliant on part-time or seasonal staff. There is concern about potential declines in footfall affecting the broader local economy.

Administrative burden and costs

The owner highlighted concerns about additional administration and time spent managing a visitor levy, including:

- **administrative time:** dependent on frequency of reporting – quarterly or annual returns would be more manageable than monthly.
- **financial burden:** no specific figures provided, but transaction and reporting costs would further erode already slim margins.

> *"It's just another burden added to a business that is already close to not being worth it."*

Views on proposed uses of revenue generated by a visitor levy scheme

The owner was sceptical about the impact investing revenue against the four proposed objectives (for example, extending the season) could have in Dunoon and Cowal specifically, although acknowledged potential benefit to the wider region if implemented effectively.

Concerns remained about the likelihood of revenue being thinly spread, and the lack of a clear local return on the charge.

> *"£9 million won't go far once it's administered. Net zero doesn't make sense here – so many rural areas rely on cars for transport and fossil fuels for heating. It doesn't reflect our reality."*

Final reflections

The business owner concluded with a strong appeal for the council to listen more closely to small business voices in areas like Dunoon and Cowal.

> *"This is not the right solution for our area. We need support, not added costs and complexity. If this goes ahead, there will be business closures, and some will operate underground and unregulated to avoid a visitor levy – and that helps no one."*

Case study 2: Greystones Bed and Breakfast, Oban

About the accommodation provider

Greystones is a boutique bed and breakfast in a grand baronial house with elegant contemporary rooms and stunning views of Oban bay. Greystones operates at the top end of the market – it comprises five rooms and room rates range from £240 to £350 per room for bed and breakfast. There is an estimated 150 x two-night bookings in a typical year. Nowadays, visitors are mainly from America who come to tour the islands and are not typically repeat visitors.

The owner and his wife are retired and have run the business since 2020 when they moved back to Argyll and Bute from overseas – they do everything themselves and there are no other paid employees. Greystones typically opens three months each year in peak season. The nature of the workload, however, is not routine or regular, and this can make employing someone else a challenge.

The business operates close to the VAT threshold and does this purposefully.

> *"We don't breach it but aim to be very close to the VAT threshold."*

Current trading environment

The owner talked about the current challenging trading environment for accommodation providers in Argyll and Bute – these challenges were framed in terms of the increasing costs and regulation experienced by small businesses, as well as other external factors.

> *"Family circumstances led to us doing this, almost by mistake. We like doing it, but if costs keep going up, there's no point. The council has recently introduced the short-term let licencing scheme and that's supposed to have been an easy thing. But it's added to our already increasing costs (for example, buildings insurance costs). We have already experienced four years of inflationary pressure, resulting in rates trending upwards significantly. A further 5% is likely to prove intolerable and will have to be absorbed by accommodation providers."*

His personal experience of the short-term let licence scheme and other dealings with the council has led to reduced faith in its ability to design a well-thought through visitor levy scheme and in its capacity to manage another scheme efficiently and effectively.

The time might not be right for a visitor levy scheme in Argyll and Bute

The owner spoke about the long-standing challenges and issues with ferry services for residents, business, and visitors alike and other issues which adversely affect residents and visitors. He made the point that existing tourism infrastructure is not working well, and that government (at all levels) *'have not got this right'* – reducing faith and confidence that the national legislation would be well-thought through or that it sufficiently considered the potential impact of introducing a visitor levy in remote and rural geographies such as Argyll and Bute.

> *"I agree with the motivation behind a visitor levy and if it was executed the way people broadly talk about it – that is, if the money was used for necessary projects in a local environment. Then yes, maybe it's worth doing. But I've got absolutely no faith that any money raised will be usefully used."*

> *"We're not even doing a good job of providing visitors with the basic infrastructure they need to do the things they want to do. We can't even provide ferries to get people to the islands… the replacement ferries are six or seven years late. We regularly welcome guests from America who travel to Oban specifically to visit Iona or Staffa, only to discover they can't get a seat on the ferry. Some have reported that they tried booking two months in advance, to no avail."*

> *"The council needs to walk before it runs. We can't even keep the streets clean. There are bins all over the streets with rubbish pouring out onto the pavements and that's the council's responsibility. Of course it's the business owners' responsibility too, but it's the council that manages the system. Because they have such infrequent rubbish collections, they aren't even taking care of what they're supposed to take care of.*"

His view is that if the legislation is not fair for rural and island geographies, then the council should strongly advocate for changes that people and businesses in Argyll and Bute can fully get behind – that is, it shouldn't be *'imposed on us for the benefit of others'*. This could mean pausing implementation of a visitor levy scheme as this time.

Impact of a visitor levy scheme on the business

The owner of Greystones Bed and Breakfast said that if a visitor levy scheme is approved (at a 5% levy rate) then the business would likely have to try to absorb the additional cost, not least as accommodation rates were considered to have increased a lot in recent years. Other external factors such as a worsening position with ferry services, increasing energy prices, etc. also have a big impact on his business and so it will be virtually impossible to quantify the effect of a visitor levy scheme.

"If we continue to operate, we'll stay open just as long as it takes to get up to the VAT threshold."

"I'm not sure that rates across the market will be 5% higher just because there's a visitor levy – accommodation in Argyll and Bute is already very expensive. Do you think everyone's just going to increase their rates 5% and hope that they get the same number of bookings? It's a competitive landscape, so accommodation providers who directly add the 5% will place themselves at a disadvantage and will likely get less bookings. But you're never going to know what the effect of a visitor levy has been because there will be other external factors going on in the market. We are typical of small guest houses, operating beneath the VAT threshold. So our turnover (assuming you mean gross revenue) wouldn't change. We would continue to accept reservations until we encroach on the VAT threshold. If we had been successful in loading up our rates to compensate the 5% levy, that would logically mean a reduction in the number of beds available from us to visitors during our operating period.

So, our turnover would remain the same, but our income would be reduced.

On top of that, our cost base could possibly increase. We don't know the details of the administrative requirements for managing a visitor levy and passing the same to the council. It is likely that we would need to engage a bookkeeper to take care of this and so that would be an additional cost and a further reduction in our income."

But then went on to say that:

"We're already retired. We're not financially dependent on the business. But if the margins start to reduce further because our costs are increasing and because our turnover or revenue isn't going up, then we would think twice about operating."

How revenue from a visitor levy scheme could be spent

The owner raised concerns about:

- whether the revenue raised by a visitor levy scheme, if approved, would be spent wisely and for its intended purpose.
- whether Oban would see its fair share of investment.
- the proposed visitor levy scheme objectives.

"Extending the season in Oban seems a bit silly because the season is already very long. It used to be a three-month season, but now there are places open in February or March and stay open till October and beyond.

Unlike our neighbour Fort William, Oban is not a winter sports destination. People go to Fort William for mountain sports and climbing etc. in the winter, and that's appropriate. But Oban doesn't have a lot to offer in the winter."

From an ideological perspective, he was more supportive of levy revenue generated in Oban then being reinvested in Oban.

Investment that would make a difference to the visitor experience in Oban includes the following – albeit this was framed in the context of the role of the council (including enforcement), etc.

"Oban is about the harbour and the ferries and the hills around it. The Esplanade has sets of steps going down to the beach that are falling apart and could be dangerous. In the harbour, the pontoons were damaged in the storm in February and remain unrepaired and so can't be used year-round. But these things shouldn't take a visitor levy to remedy, but the council doesn't even take care of that now, but it's something that is very visible to visitors."

We're situated very close to the town centre. It's a nice short walk, but visitors have to walk past overflowing rubbish bins. The same is true in the main street, especially around John Square. The business owners there should be taking care of the rubbish and keeping it in better order, but the council doesn't enforce it. More regular waste collections and better enforcement are needed."

Support requirements

The owner found it difficult to quantify the additional time/cost that a visitor levy scheme could have on his business – not least as he said final decisions have yet to be made on the scheme design (for example, whether there would be a cap on the number of nights a visitor levy is applied, etc.) and on how the scheme would work in practice administratively for accommodation providers (for example, would an online system be used?).

His experience is that new schemes and associated processes and systems take time to develop – and also need to be thoroughly tested in advance to ensure they work properly and are easy to use/navigate, etc. before formal roll-out. And that accommodation providers would need:

- reimbursement for costs incurred.
- training and support to use any new online platform.

Case study 3: Gowanlea Heights Bed and Breakfast, Campbeltown

About the accommodation provider

Gowanlea Heights is a small bed and breakfast in Campbeltown in Kintyre designed to cater for one person up to groups of four people. The accommodation provider is open year-round and has around 240 overnight bookings per annum. Most bookings are for between May and July and then tails off. It is a micro business with two employees and operates significantly under the VAT threshold.

The proposed scheme is not workable in its current form

The owner understands and appreciates the opportunity that a visitor levy scheme could have for Argyll and Bute but caveated this by saying:

> *"But only if it is managed properly and targeted correctly – this is not currently the case. A one-size-fits-all approach is not appropriate for Argyll and Bute."*

He considers the national legislation and the council's proposed scheme not fit-for-purpose and not workable in its current form. He suggested:

- the council should consider applying local exemptions – most notably, he mentioned micro businesses, as these very small accommodation providers have much less of a cushion in turnover and profit margins (as the worked example below shows) than larger accommodation providers who can generate additional income through their restaurants and bars. And that there should also be local exemptions for residents for non-leisure trips, including pregnant women/health reasons visitors, and for tradespeople.
- that a 5% levy rate is too high – a flat rate would be a much better option and would also be easier to understand and implement.
- the council could consider not applying a visitor levy to the whole area and consider not applying it year-round to take into account seasonality factors.

The owner framed his concerns about a visitor levy legislation and proposed scheme within the context of the *'very changed operating environment'* for his business and the wider visitor economy in Argyll and Bute since the pandemic – and that visitor numbers have been on the decline.

Concern was raised about the evidence base which underpinned the Scottish Government's BRIA for the visitor levy legislation – in that it was said to have been based on 2019 data, and not updated.

As well as with the council's draft impact assessment work which he does not feel sufficiently or accurately considers the real impact of the introduction of a visitor levy on fragile areas in Argyll and Bute (such as Kintyre, the islands, etc.). Some scepticism was also expressed on the estimated £9 million in gross revenue that could be generated by a visitor levy scheme - not least that the workings have not and cannot be shared with the public on *'how this figure has been arrived at'*.

Impact of a visitor levy scheme on the business

The owner of Gowanlea Heights explained the potential impact of a visitor levy scheme on his business, and used economic principles such as price elasticity of demand (PED) to provide evidence the difference such a scheme could have on the bed and breakfast.

Price elasticity is basically how sensitive consumers are to a change in the price of a good or service. So in this example, for every 1% increase in price the owner said he would lose 1.5% of rooms sold (that is, the -1.50 PED), and that a visitor levy rate of 5% would mean 7.5% fewer rooms sold.

Price Elasticity of Demand (PED)	--1.50	Enter a valid negative value. Normally between -.2 and -1.5 depending on how elastic your pricing situation is
Room Nights Sold per Year	240	Enter your historic room night total as an average
Value of Room Nights Sold per Year	£24,000.00	Enter your annual room gross turnover as an average
Visitor Levy Rate	5.00%	Enter the projected Visitor Levy rate
VL that could have been raised exc PED effect	£1,200.00	How much the council thinks they'll get ignoring PED
VL Effect on Rooms Sold	-18.00	The number of room nights unsold due to the effects of the Visitor Levy calculated using PED
New Rooms Sold	222	The projected number of room nights sold due to the effects of the Visitor Levy calculated using PED
New Turnover exc. Levy	£22,200.00	The new projected annual room gross turnover due to the effects of the Visitor Levy calculated using
Turnover Lost due to VL	£1,800	How much you stand to lose annually due to the Visitor Levy affecting PED
New Turnover inc Levy	£23,310.00	New turnover including Levy extracted from room rates
Actual Levy Raised	£1,110.00	How much the council will get

The model shows that the owner would lose 18 room nights at £1,800 (18*£100 per night) and pay a visitor levy of £1,100 on room nights sold – therefore losing £2,910 per year as a result of the legislative change.

> *"Even if I absorbed a visitor levy and paid it myself, PED would still affect guest decisions and I would still be out of pocket, as the cost of paying a visitor levy myself to buffer the impact on guests would be £1,200, that's using today's turnover".*

He said that he would not necessarily close the bed and breakfast as a direct result of a visitor levy scheme, but he would certainly be *'less keen to run it, and probably reduce availability'*.

The owner said that travelling to Campbeltown is already difficult – CalMac announced its Campbeltown-Ardrossan summer ferry service would be cancelled in 2024, remains cancelled in 2025 and hasn't properly run since before COVID-19, which was a blow to the area, and that public transport in the evening is also extremely limited. He believes a that visitor levy rate of 5% would further deter visitors to the area.

> *"They may simply just miss out visiting Campbeltown altogether."*

The knock-on implications of a reduction in turnover are articulated by the owner as *'less investment in the business as margins are already thin'* – for example, payment to digital marketing associations and less regular replacement of fixtures, fittings, and furnishings.

Such impacts are said to be of real concern, not least as VisitScotland retired its Quality Assurance scheme on 31st March 2025 – the official grading system that had been used for tourism businesses in Scotland which helped businesses to meet and exceed the high standards their customers expected, as well as raising quality standards and driving investment in the tourism product across the country. It was retired due to a shift towards online reviews and digital channels for information.

Gowanlea Heights had been the only four-star gold bed and breakfast in Kintyre during the final ever VisitScotland assessments 2024-2025 – the owner considers there to have been huge value in this accreditation and expressed his disappointment that it has recently stopped.

> *"There is now no differentiator between accommodation providers, we expect price, and rates will increase in the short-term as result of a visitor levy. But without the star rating, quality has no differentiator so a race to the bottom will be likely happen, with rates being cut and visitor levy revenue reducing as a result. Unfortunately, reducing our investment in the business could have an impact on bookings in the future. If it's no longer cost effective to re-invest and we see standards fall below our comfort level, we'll likely take the decision to cease trading once the new trading patterns become clear."*

The short-term let licence scheme introduced by the Scottish Government and implemented at a local level by local authorities is generally viewed as a good thing albeit not without issue.

> *"This scheme has added £1,000 per year to our running costs for each STL period of three years, but that is ok – good to have it for customers to see. The issue I have is that there is a black market for unlicensed operators and the council don't police it."*

The owner also talked about the potential wider implications of a visitor levy on other hospitality businesses in Campbeltown – if there are less visitors to the area and they may also have less money to spend - *'everyone would be affected by a visitor levy not just visitors.'*

Tradespeople who come to Argyll and Bute to do work for accommodation providers (for example, PAT testing) and who often have to stay overnight could also increase their costs to the business.

How revenue generated by a visitor levy could be spent

The owner emphasises the importance of the revenue generated by a visitor levy scheme being ring-fenced for specific purposes and for spending to be completely transparent and easily understood.

While he said there is *'nothing to really disagree with'* in relation to the proposed high-level scheme objectives, he did question:

- the relevance of the objective to 'extend the season'.
- whether a visitor levy is the *'right vehicle'* to address these objectives.
- how the use of visitor levy revenue would be additional to destination management services already provided by existing DMOs, such as Kintyre 66, Explore Kintyre and Wild About Argyll.
- how 'success would be measured'.

He mentioned that Campbeltown does not have a lot of tourism infrastructure, and that most destination attractions, such as golfing and distilleries, are provided by the private sector, not the council. That being said, he thinks that the following investment could make the most difference in Campbeltown:

- road improvements.
- better bus timetabling (evenings).

Operational and financial burden

The owner raised significant concerns about the operational and financial burden a visitor levy would impose on accommodation providers, in particular that the majority of the burden and costs would fall on accommodation providers – and disproportionality on micro businesses like his. Reimbursement of costs would be vitally important.

Case Study 4: Guest House, Dunoon

About the accommodation provider

This case study focuses on a small, independently owned guest house operating year-round in Dunoon. The business has been running since 2014 and is managed solely by the owner, who has built a strong reputation with consistent 5-star ratings and a #1 ranking on TripAdvisor over the past 12 years. With five guest rooms, the business generates a turnover of approximately £60,000–£70,000 annually and is heavily reliant on repeat customers, including regular bookings from locum health professionals.

The owner hoped to run the business into his retirement and runs the business without staff support. The business also hosts residential retreats during quieter months, contributing to an extended operating season.

Engagement in the consultation process

The owner attended local drop-in events to better understand the council's proposals. He voiced strong concerns about the appropriateness of applying a visitor levy scheme in Dunoon and wider Cowal, where tourism is modest and infrastructure challenges (such as ferry reliability and the A83 Rest and Be Thankful) are already limiting visitor numbers.

Views on the proposed visitor levy scheme

The owner expressed total opposition to the introduction of the proposed visitor levy scheme in Argyll and Bute. The key objections included:

- **lack of local benefit:** unlike cities or tourism hotspots, Dunoon would see minimal visible return from a visitor levy scheme. Existing improvements cited by the council (for example, ferry pricing, road repairs, promenade works) were unrelated to any visitor levy scheme and did not instil confidence in how future revenue would be reinvested.
- **reputational risk and pricing pressure:** guests are not expecting additional charges in areas like Dunoon. Increasing prices to absorb a visitor levy would risk deterring visitors, particularly repeat customers.
- **mistrust in delivery:** there is a strong feeling that the proposed visitor levy scheme would be poorly administered, that revenue generated would not be ring-fenced for visitor economy improvements and could be absorbed into the council's general budgets. The owner described this as a breach of trust with no clear evidence base for the projected estimated £9 million in revenue highlighted by the council.

"This isn't Edinburgh or Paris. People will see the cost and ask—what is this for?"

Estimated business impact

Customer impact:

- The owner anticipates a reduction in customer numbers for his business, particularly among repeat guests, due to the higher overall cost of stays.
- Locum workers – a key part of his client base – may reconsider bookings due to increased expenses.

Revenue impact:

- The business could see a significant reduction in turnover, especially if a visitor levy was absorbed by the owner to avoid deterring guests.
- A primary concern is that any increase in income could push the business over the VAT threshold, which, when combined with the 5% levy, would lead to a 25% charge on accommodation, significantly affecting competitiveness.
- If this occurred, the owner indicated they would likely cease trading rather than absorb additional administrative burdens and taxation.

Employment impact:

- The business has no employees and would not hire in future if viability is further eroded.

Administrative burden and practicality issues

- The owner flagged serious concerns about the complexity of applying a visitor levy across variable room rates and formats (for example, with or without breakfast).
- As a sole operator, the additional admin time required for collection and reporting would be difficult to manage.
- There is scepticism over compliance and enforcement, with the owner noting that some providers may not report levy income at all due to complexity or resistance.

> *"I don't know how I'd squeeze this into my day. Short-term lets are already a mess. It's just more bureaucracy."*

Views on use of revenue generated by a visitor levy scheme

The council's four proposed investment areas—extending the season, reaching new audiences, improving the offer, and supporting net zero—were met with scepticism:

- the owner already attracts guests in off-peak months through sewing retreats and does not need support to extend the season.
- they do not believe these objectives would deliver tangible improvements for their business or for Dunoon more broadly.

- while willing to do their part on environmental improvements, the owner noted that net zero ambitions were often unrealistic for a rural area where cars are essential and infrastructure funding is limited.
- improvements that could help (for example, better-maintained public spaces, free public toilets) may fall outside what is eligible under the legislation.

> *"The council could cut the grass or tidy the flowerbeds – but they already should be. What will this levy really pay for?"*

Final reflections

The owner supports the concept of a simple, locally retained flat rate £1-per-room-per-night charge, but not a percentage-based model that risks pushing small businesses into VAT liability. They are concerned about the lack of an evidence base for projected revenue generated by the scheme and the absence of a clear, locally beneficial spending plan.

> *"The VAT and levy combined would mean 25% on a room. That's not sustainable. And we don't even know what we'd get back in Dunoon."*

They stressed the importance of differentiating between tourism hotspots and peripheral areas when applying national policy—and of truly listening to the lived experience of micro and sole-trader businesses.

Case Study 5: Cill-Mhoire Lodges, Isle of Mull

About the accommodation provider

Cill-Mhoire Lodges is a small, family-run self-catering business based in Dervaig on the Isle of Mull. The business is run by Jo and her husband, and they manage all aspects of the business themselves, including cleaning and maintenance. The business operates just below the VAT threshold, with an annual turnover of approximately £90,000, and focuses on short breaks. Like many small accommodation providers, they have been significantly affected by broader economic challenges including rising mortgage interest rates, inflation in utility costs, and increased regulatory demands.

Existing operational and financial challenges

The business highlighted a number of key pressures currently facing their business. This includes:

- **licensing constraints:** although fully licensed, planning restrictions limit the lodges to short-term lets, reducing flexibility.
- **rising costs:** mortgage payments have increased following the UK Government's 2022 mini-budget, with additional inflationary pressure on electricity and consumables.
- **pricing pressures:** despite rising costs, the business is unable to raise prices due to customer sensitivity in the current economic climate.
- **ferry disruptions:** ferry issues have further impacted occupancy rates, prompting the business to offer more flexible changeover days to fill gaps.
- **trade down:** trade is currently down for their business and others in the area.

Views on the proposed visitor levy scheme

The business expressed strong opposition to the proposed 5% visitor levy rate, citing multiple concerns:

- **financial impact:** a visitor levy would reduce their annual income by an estimated £4,500—forcing the couple to cut their own wages and reduce reinvestment in the business. As a small, home-based self-catering operation, they aim to remain under the VAT threshold to avoid the significant administrative burden and additional costs associated with VAT registration. Exceeding the threshold would require them to increase prices to cover VAT, which they fear would deter cost-sensitive customers and further reduce bookings—ultimately undermining the viability of the business.
- **VAT threshold pressures:** to remain below the VAT threshold while accounting for the proposed 5% visitor levy, the business would be forced to reduce the number of nights sold—resulting in decreased turnover and reduced economic contribution to the local area.

- **customer resistance:** some returning guests, particularly from Scotland, have already indicated they would reconsider visiting if a visitor levy were introduced, particularly if other areas have paused the introduction of a visitor levy.
- **wider economic impact:** the business believes a visitor levy would result in lower visitor spending in local restaurants, shops, and services—reducing discretionary income available for such activities. This could harm the island's already fragile economy, which is heavily reliant on visitor economy spend to sustain small businesses and community services.

Administrative burden and practicality issues

The business raised significant concerns about the practicalities of levy collection:

- **system integration:** platforms like Airbnb do not support percentage-based charges, creating difficulties in adding a visitor levy to bookings.
- **risk of penalties:** current uncertainty around reporting requirements and the risk of fines for non-compliance adds further stress for the business owners.
- **time burden:** the additional administration would fall entirely on the owners, with no extra capacity or resources to manage it.

Community impact

- **local services:** the business contributes to community services such as the local lunch club, not only financially but also through voluntary time and active involvement. If a visitor levy negatively impacts their income, they may be forced to reduce both their financial support and the time they can dedicate to volunteering—putting at risk valuable community services that rely on local participation.
- **visitor spend:** with visitors potentially spending less due to a visitor levy, the business foresees a knock-on effect for other local businesses.
- **cost of trades:** the business anticipates that a visitor levy scheme would reduce overall visitor spend in the local area, which could lead to fewer bookings and income for local tradespeople who rely heavily on tourism for work (for example, cleaners, maintenance, gardeners, tradesmen for upgrades and refurbs at the end of the season). As demand for their services drops or becomes more seasonal, these trades may raise their prices to stay afloat. This, in turn, would increase the operational costs for small accommodation providers, adding further financial pressure to already tight margins.

Views on use of revenue raised by a visitor levy scheme

The business expressed scepticism about the council's proposed uses of levy revenue, particularly investment in infrastructure aligned with VisitScotland's step-ashore strategy.

They noted that such projects typically benefit cruise ship destinations, where visitors disembark but do not stay overnight. As a result, these developments offer little or no benefit to island communities like theirs, where local accommodation providers—who would be responsible for collecting a visitor levy—could see none of the return.

They strongly advocated for any revenue generated by a visitor levy scheme to be:

- ring-fenced for local benefit, ensuring funds are reinvested in the communities where a visitor levy is collected.
- used to directly support struggling businesses and rural infrastructure, such as transport links, waste services, and digital connectivity—areas that would tangibly support both tourism and community resilience.

Support and communication needs if the proposed visitor levy scheme goes ahead

The business emphasised the importance of:

- clear, practical guidance from the council if a visitor levy scheme is approved.
- ongoing consultation with businesses to co-design workable systems and processes.
- transparency and trust in how a visitor levy scheme will be implemented and monitored.

Final reflections

The business reiterated their firm opposition to the proposed introduction of a visitor levy scheme, citing serious financial, operational, and community-level impacts. They also voiced frustration with the consultation process, feeling that small business voices were not being fully heard or considered. However, that said, they are committed to continued engagement with the process and are willing to be involved in the following:

- submitting further written feedback.
- providing input on transition period support needs.
- suggesting alternative funding models.
- recommending fair and locally beneficial uses for any levy revenue.

Case Study 6: Guesthouse, Isle of Mull

About the accommodation provider

The guesthouse is located in southwest Mull. The current owners (a husband and wife team) have run the guesthouse since 2017 and there are no other paid staff. The guesthouse has four bedrooms and a two-night minimum stay policy and offers a range of food options.

The guesthouse's turnover sits comfortably below the VAT threshold - the number of stays has declined from 247 to 148 (charging on average £150 per night for two sharing). The make-up of guests has also changed considerably since the owners bought the guesthouse, and nowadays the guesthouse relies much more on domestic visitors from the UK.

The guesthouse is currently on the market for sale.

A challenging trading position for micro and small accommodation providers

The co-owner highlighted the extremely challenging trading environment for small and micro accommodation providers like their guesthouse, and how hard recent years have been for the guesthouse.

> *"We bought the guesthouse in 2017 and have so far survived, or endured if you prefer, Brexit, a global pandemic, an economic downturn, the war in Ukraine, etc. All of these have impacted us. There is less disposable income and holidays have all changed since 2020 and that's before we get to the ongoing issue with the ferries and a lack of confidence in travelling around the islands.*
>
> *"I know of plenty who are very worried about this coming season and can't imagine beyond that."*
>
> *"We love it on Mull…but we put the guesthouse on the market last October in response to a range of factors."*
>
> *"Our savings have diminished to help off-set our increased costs. We would register a loss, if it weren't for the fact that my husband and I have both taken on second jobs. This should provide us with some additional resilience heading into next winter and help off-set the predicted 30% downturn in bookings that are being forecast."*

She talked about the decline in the number of visitors booking to stay at the guesthouse over recent years too, and that not everything has returned to pre-pandemic levels.

"Since the pandemic, the season has actually been reducing and not extending. We are currently at 148 bookings for the coming season against a target of 180. March and October trading has diminished entirely since 2017 with April and September bookings struggling to get to pre-pandemic levels – these numbers are a long way from the objective of extending the season…there is genuine concern that this season will see a 30% decline in numbers staying on Mull."

Other external factors

A range of other external factors have affected the guesthouse and profit margins have also been squeezed. The co-owner mentioned increasing costs (for example, mortgage payments, insurance, energy, etc.), and loan repayments for investment in the business (for example, a new central heating system) and ongoing bounce-back loan repayments like many other businesses.

The co-owner said that the cost of living is still affecting many people who think of a trip in the UK as a luxury. Mull is increasingly a luxury proposition as it is expensive to come here – accommodation, food and tours are all expensive when compared to a package holiday abroad. Last season was also affected by bad weather, pushing people abroad even more.

Further, she said that the lack of accommodation for workers on Mull affects the opening and closing of small businesses across the season.

"We have to time our opening hours in accordance, such as offer an evening meal on a Monday when our local pub kitchen is closed to give their one chef a day off. We provide evening meals on a further two nights over the week and packed lunches. Even when you recommend somewhere you have no idea if it will be open as businesses have no choice but to adapt on a daily basis as staff come and go and we hear the impact of that in discussions with guests."

The co-owner mentioned that VisitScotland is also closing their tourist information offices which will impact the local knowledge base for visitors to the area.

"We regularly ask people to get in touch with the local office to find accommodation that meets their specific needs (children/pets/one night stays). All the offices will be closed by the end of summer and that will create additional problems downstream. What will happen in bad weather and people are stuck due to the ferry being cancelled?"

The impact of an unreliable ferry service and a dilapidated fleet

The co-owner mentioned the wider year-on-year challenges for those living and working on the Islands from a dilapidated ferry fleet and that Islanders and tourists have lost confidence in travelling. Bookings have been lost and there is a sense that the Islands in Argyll and Bute are already losing out on customers to other more accessible places in the UK which could be exacerbated by the introduction of a visitor levy scheme.

> *"We have had a number of bookings lost in the last two years as guests booked here and then couldn't get a ferry. For the last three years, our winter timetable has been the Loch Frisa only, reducing capacity from 64 vehicles to 34 per sailing and passenger numbers from 990 to 198 impacting March and to a lesser extent October trading.*
>
> *This summer, during our busiest months which are traditionally May and June, and not July and August as is normally suggested, we will only have MV Coriusk and the Loch Frisa. It is going to be hard to get a ferry ticket for late bookings so we will keep empty slots. The option of Lochaline to Fishnish does exist but it is not an attractive option for tourists for Iona who don't want to drive single track roads and jump on a wee ferry and add 120 miles onto their journey.*
>
> *It's not just CalMac but the wider transport infrastructure that affects our trading position."*

The impact of this on locals too was also emphasised.

> *"The more tourists who book a ticket, the less space there is for locals who have to attend medical and dental appointments, to see accountants and solicitors, to visit school children in Oban, other family and friends, take part in special occasions or even get to funerals. I know this first hand from last year when I had to battle to get tickets using protocols that CalMac says exist but that staff aren't trained in following. It took six days after I left hospital to get back to the Island as I couldn't get a vehicle space. Fortunately, I had family in Ayrshire who could help out."*

The legislation is not workable for Argyll and Bute and the council should consider pausing its deliberations on a visitor levy scheme at this time

The co-owner feels that the national legislation has been *'badly designed'* and her view is that it has not been sufficiently challenged by the council who will also have added burden placed on it to implement and monitor the scheme, on top of the short-term let licence scheme that was introduced by the Scottish Government, and which has faced challenges in implementation at a local level. A wider concern raised is that the concerns of the business community *'have not been heard'* and that there needs to be more effort to *'work together on this'*.

> *"If this consultation does nothing other than convince the council to pause while COSLA works out a way with Scottish Government officials to review and re-draft the legislation then we'd all cheer. Maybe, businesses could get behind a flat rate, small fee system with minimal collection burden as a starting point.*
>
> *We know we need things funded and sorted and built and maintained. It's how it's done that's the issue – taxing people for wanting to stay in small premises doesn't feel like the solution to the funding problem. Surely there is some way that willing businesses and the council can work together and get it sent back to the Scottish Government on that basis."*

The owner is also concerned about collection and administration levels for a visitor levy.

> *"As it stands at the moment, we can only charge levy on accommodation and will have to split out the cost of our breakfasts as they don't incur the 5% proposed charge. There is very little detail on how we will be compensated for all the additional work we have to do in this and earlier examples from other councils have been very complicated and created genuine anger about the possible burdens.*
>
> *We are lucky to be under the VAT threshold, but many local businesses will simply reduce their operating period to avoid VAT registration. There is a real danger that the figure of £9 million (which we don't believe anyway) will diminish quickly in admin costs to businesses and admin costs to the council leaving a visitor levy with much less than the headline figure of £9 million. For islands too, a visitor levy on the ferry ticket would be much more appropriate as that would cover campervan visitors who are not part of this legislation."*

The co-owner feels that the council should consider local exemptions for residents attending medical appointments, including pregnant women, etc. As this often requires planned and unplanned overnight stays in paid accommodation (for example, ferry cancellations, can't get tickets, etc.).

Other concerns raised relate to the BRIA undertaken by the Scottish Government which was based on 2019 data and not updated – the point made by the co-owner is that the *'world is very different after the pandemic for most business providers, than it was before 2020'*, and that an updated BRIA should have been done to reflect this. And that the council should undertake a detailed Island Equalities Impact Assessment to help inform its decision-making processes, as a one-size-fits all approach is not considered appropriate.

How the revenue generated should be used

As noted, the co-owner said she is sceptical of the £9 million estimation of revenue that could be generated by a visitor levy scheme in Argyll and Bute but agrees that revenue should be ring-fenced to be used to sustain facilities and services which are substantially for or used by people visiting Argyll and Bute.

> *"Our numbers show a very different picture to the current monetary estimates that a visitor levy is based on. Truly, there are many who will close their businesses, reduce their trading, or simply do what we are trying to do, and that is sell-up and move on – with every chance that the next owners will simply live here and not trade, diminishing the local economy."*

> *"Most local business people who are impacted by a visitor levy, also live here. This calls for a locality based approach built on partnership, data and understanding rather than a top-down approach."*

The four proposed objectives of a visitor levy scheme (aligned with the Argyll and the Isles Strategic Tourism Partnership Visitor Economy Recovery and Growth Strategy 2002-2025) are coming to an end of its current cycle and the co-owner thinks this provides a timely opportunity to refresh the vision and priorities for the visitor economy in Argyll and Bute but added:

> *"We need an Islands Economic Assessment and Economic Plan before we can even get to a visitor strategy and new objectives."*

She also feels that the council's proposals lack sufficient detail of how the funding would actually be spent. The co-owner made the point that the visitor economy on Mull is not separate to the full economy and is concerned that future councillors and a Visitor Levy Forum could argue that roads, bins, public toilets etc., should have visitor levy funds applied in support of the council's growing budget deficit.

> *"But is that really the approach intended for a visitor levy?"*

She agreed with the national legislation that visitor levy revenue has to be ring-fenced and reported separately for Argyll and Bute (so that a visitor levy is not seen as a substitute for Council Tax and Non-Domestic Rates).

She added that there would need to be more detail on, for example:

- how it would be determined what the revenue generated could and could not be spent on. For example, roads and public toilets are necessary for both residents and visitors - would they come under visitor levy, or would a visitor levy be allowed to be a percentage of the cost and match-fund against the council's budgets? What would be the potential split between spend on revenue and capital projects?
- how would it be determined who sits on a Visitor Levy Forum – she emphasised that this should include island voices to ensure that local issues are properly understood and accounted for when *'larger organisations are planning for the future'*.
- there needs to be a better understanding of what the *'optimum number of tourists is each year with a focus on quality rather than quantity and plan against that'*. Most businesses on the island are limited by number of bedrooms, length of season or access to staff and are comfortable running their business in that way. This helps not just with high level targets such as net zero etc, but allows planners to plan for business premises, housing needs and infrastructure when it is all ferry dependent or based on short seasons. Understanding the optimum number of visitors also allows more thought to go into developing alternative all-year employment routes with the associated skills and training required and can provide ways to avoid young people leaving the island as they are employed all year round.

As mentioned, wider factors such as an unreliable ferry service and a dilapidated fleet as well as a lack of accommodation for workers on Mull continue to greatly impact on the Islands ability to attract and retain people of working age – contributing to the wider issue of de-population.

Wider points raised

Infrastructure development and management:

The co-owner notes that infrastructure and how that impacts visitor behaviours should be a critical issue. There is a focus on transport, housing and premises which need to be built, improved, or renewed. While it is understood that decisions over infrastructure developments and improvements are often taken away from the islands, that needs to be changed. The use of the Island Equalities Act and Island Equalities Impact Assessments must be much better understood and connected to economic planning. For example, using this legislation to connect our bus, train and ferry services more seamlessly together, improves life for both residents and visitors is a better way as opposed to the *'lazy, tick box exercises currently undertaken, and makes a decent economic contribution'*.

Visitor management

She also thinks visitors can be very under-prepared for their trip to an Island and not understand local ways and etiquette. This is most clearly seen in driving on single track roads or in understanding that services (from food to broadband) are limited by location and that indeed local people do live and work here all year round. Customer service and a positive visitor experience go hand in hand. As local businesses we spend time informing our visitors before their trip about how to do things (driving) and what to expect (plan ahead).

Even so, our visitors often say, *"Oh I didn't read your information"* and we spend lots of time unpicking their travel plans or booking meals for them. And when something goes wrong - like a weather event or a ferry cancellation, it is the team at the VisitScotland office as well as CalMac staff who assist in managing the people at the terminal.

Many would agree that Island visitors should contribute on a fair basis. But she said that a visitor levy does not achieve that. RET is applied to all cars and motorhomes but not to local carriers who provide an essential service to the islands. She posed the question – *'Could the levies and taxes on second homes also be ring-fenced so that a bigger tourism fund is developed?* – as a way to help ring-fence funding for specific island projects and delivering an economic plan.

Case Study 7: Visit Mull and Iona Destination Management Organisation

About the organisation

Visit Mull and Iona is a volunteer-led DMO. Established in 2018 the DMO aims to promote Mull, Iona, and the surrounding islands through targeted marketing campaigns, highlighting the key strengths of the islands in order to benefit the whole visitor economy. Visit Mull and Iona has 153 members representing 290 Mull and Iona businesses across all hospitality sectors. Membership is open to anyone with a tourism related business on the islands to allow them access to a range of promotional benefits.

Input to the consultation process

Visit Mull and Iona DMO discussed the proposed visitor levy scheme at its annual general meeting, and also encouraged its members to submit their views to the DMO to help inform the organisation's formal response to the council's consultation. The DMO used the feedback received from its members to identify common issues and concerns and submitted two letters to the council (dated December 2024 and April 2025). The DMO also encouraged its members to respond to the consultation directly, for example, through the surveys and attendance at drop-in events.

This case study draws on an interview with the Acting Chair of Visit Mull and Iona DMO and the two letters submitted by the organisation to the council, including some of the quotes below.

The visitor levy legislation in its present form is an unacceptable model for island communities

Visit Mull and Iona DMO and its members understand the opportunity that a visitor levy scheme could have for Argyll and Bute but the Acting Chair caveated this by saying:

> *"If we could find something that was fair and workable and where we were properly consulted to make it work, especially for the islands. They would go for it. Because we want that income, we want that infrastructure, we need that infrastructure. But this is just the wrong model on every front. You could easily charge visitors as they come into the island and charge them a fair rate so that they're not put off from visiting."*

Visit Mull and Iona DMO emphasised that its members do not support the proposed visitor levy scheme in its current form – both the national legislation and the council's proposals are not considered an appropriate model for island communities such as Mull and Iona. There is overwhelming concern amongst its membership that the proposed visitor levy scheme would be damaging for the visitor economy and for island life more generally.

> *"This levy unfairly disadvantages islanders, both as residents and business owners, operating in such a remote location. Having to stay overnight somewhere is a common occurrence, whether attending medical appointments, school events for our children, mitigation for cancelled ferries or even accessing everyday services such as food shopping. These are not 'visitor' or 'tourism' activities, yet it would seem that they will be classed and 'taxed' as such and make island living even more tenuous financially."*

Members concerns include that the one-size-fits-all model outlined in the legislation is not suitable for all of Scotland. They recognise that it may be suitable for cities such as Edinburgh and Glasgow, but that it may not make good economic sense in rural areas, especially where tourism is declining, such as across Argyll and Bute.

> *"The council should have rejected the conditions of a visitor levy as flawed, and not progressed to consultation. In particular the legislation is not suitable for islands, which account for 17.5% of the population of Argyll and Bute."*

> *"At a national and local level, there was no feasibility or impact study about islands. It's just as if we don't exist and yet tourism is an absolute major part of our economy."*

Members are especially concerned about specific aspects of the legislation as described further below.

The terminology – 'visitor levy': the DMO considers this misleading as a visitor levy includes residents' overnight visits which are not recreational or business. These types of stays are much more likely for island communities and therefore a visitor levy is a tax on island life. A visitor levy is an accommodation tax on everyone who has a paid overnight visit for whatever reason. Services for the islands such as trades and healthcare which require to stay overnight will also be charged a visitor levy, increasing costs to communities and businesses for services.

Exclusions exacerbate existing problems: day visitors, motor homes and cruise ships are not included in a visitor levy which the DMO feels would exacerbate serious existing problem caused by these sectors in the environment and transport infrastructure of Mull and Iona. Mull is popular with day visitors travelling by car which puts a strain on the travel infrastructure. A visitor levy will encourage more day visitors which will further erode the island infrastructure with no monetary benefit. Motor homes will be encouraged to overnight outside campsites to avoid paying a visitor levy. Cruise ships will swamp island communities with no means of control.

Accommodation providers must gather a visitor levy: members consider it unfair that accommodation businesses would have the extra work of administering a visitor levy on top of all the other challenges they face.

This would put an unacceptable, unfair, bureaucratic burden on accommodation providers, while other types of hospitality businesses are unaffected. Mull and Iona can only be entered by sea (or for a tiny amount of visitors, by air).

A visitor levy applied at the point of entry would be the sensible option for Mull and Iona. It would remove the burden from accommodation providers and would allow the inclusion of income from substantial visitor segments such as day visitors, motor homes and cruise ships. A visitor levy is considered almost the last straw - the DMO is certain that some of its members will decide to close their business, adding to the economic downturn of the visitor economy – at a time when support is needed to encourage more people to consider starting small bed and breakfast businesses and to ensure diversity of accommodation provision on the islands.

> *"With the current struggles with the lack of reliable ferry provision, the state of the economy, the recent cost of registering for the Short-term Let Licence and the overall extra cost to visitors in getting to the island, introducing a visitor levy of any sort is without doubt going to put the islands at an increased disadvantage when it comes to tourism. We feel that this levy, certainly in its proposed state is unfair and unnecessarily burdensome to accommodation providers."*

A visitor levy must be a percentage rate: this is considered much more complicated to account for than a fixed rate, making extra work for accommodation providers.

A visitor levy is subject to VAT: living and running a business on an island has more challenges and is more expensive compared to the mainland. The majority of accommodation businesses on the islands are small and often operate just below the VAT threshold. Despite a visitor levy not being income, it is to be added to turnover figures for reporting to HMRC. The DMO believes that this may force some businesses to become VAT registered, with the associated added increase in price and administrative burden. This may put some businesses over the VAT limit who may then decide to reduce their offer to stay under the VAT threshold, or even close. Some accommodation providers may be forced to reduce their prices to be able to fund a visitor levy, whilst staying below the VAT threshold and remaining competitive with the rest of Scotland. This would have unacceptable repercussions on island businesses and the fragile economy of Mull and Iona.

Visit Mull and Iona DMO and its members are disappointed that the council has not asked the Scottish Government for a review of the legislation to ensure it is fit-for purpose for an area like Argyll and Bute with so many islands, and also with the council's current position on no local exemptions. Members hold a view that businesses that fall below the VAT threshold should be excluded and that island residents (including pregnant women) should also be excluded.

"We believe the council is not taking enough time to properly consider all the many, unworkable negative implications of the legislation."

"Due to the time requirements of travelling off an island, Mull and Iona residents will suffer increased cost of living by having to pay a visitor levy when they book an essential overnight stay in Mull, Oban or other areas, for health visits, to visit their children at Oban High School, go to funerals and many other reasons for travel that can normally be achieved in one day for those who don't live on an island. The increase in cancelled ferries due to the failing ferry infrastructure has increased the need for unplanned overnight stays in Oban and on Mull for residents which would become even more expensive. A visitor levy should not apply to island residents."

The visitor economies of Mull and Iona are in decline and a visitor levy is not considered appropriate

Visit Mull and Iona DMO and its members do not think the economies of Mull and Iona are appropriate for a visitor levy scheme in its current form.

"Many of our members feel that Mull and Iona should be excluded, because of the state of the economy, and the fact that levy income is not guaranteed to be spent where it was earned."

Mull and Iona depend very highly on visitors for their economy, which has suffered a series of setbacks in recent years. Since COVID-19, some businesses which closed have not re-opened and income lost in the visitor economy is still being felt. The Islands are still recovering from a lack of the return of overseas visitors; meanwhile the domestic market is weak due to the cost-of-living crisis.

Key concerns raised by the DMO include that there are no formal tourism statistics for Mull and Iona. Rather, visitor statistics are included within figures for Argyll and Bute which are not representative of Mull and Iona, which are much more dependent on visitors for their economy. They say that it is therefore not possible to judge the impact of a visitor levy scheme on Mull and Iona without an economic impact study. The current impact study which the council say they undertook is not applicable to Mull and Iona.

"Comhairle nan Eilean Siar commissioned Urban Foresight to investigate the feasibility of an overnight accommodation visitor levy, including cost-benefit scenarios. A&BC cannot decide that a visitor levy is appropriate for the islands without a similar feasibility study."

Further, there is a reported downturn in accommodation bookings. Many accommodation provider members have reported a downturn on income for the past two seasons, as much as 15%, partly due to the ferry disruption. In addition, eight bed and breakfast members closed due to the introduction of the short-term let licence scheme.

Any further downsizing or closure of accommodation businesses due to a visitor levy scheme would have a multiplier negative effect through all hospitality sectors as well as all the business sectors that rely on them. Councils that have opted out from a visitor levy will have a bigger appeal to visitors than those that opt in, promoting their area as visitor-welcoming and affordable, and positioning Argyll and Bute businesses at a competitive disadvantage.

In addition, the DMO and its members feel that a visitor levy is not appropriate for Mull and Iona given the standard of the ferry infrastructure (that is, it does not provide a reliable service to visitors). The DMO pointed to the *'disastrous failure of our ferry fleet since 2019 is continuing throughout 2025 and has caused immense problems for the visitor economy as well as residents' lives'*. The high level of ferry breakdowns coupled with a reduced service for the 2025 season has already caused many accommodation cancellations. The negative ferry media coverage and unreliability continues to put off even the most loyal visitors to the islands. A lack of confidence in the ferry service continues to affect visitor numbers and the Mull and Iona economy.

> *"Sometimes we don't know from day-to-day what the ferry timetable is going to be."*

They suggest that a visitor levy would make a visit to the islands more unattractive.

> *"The council say the ferries will be running by 2027 when a visitor levy is introduced. But how can they predict that visitor confidence will return, that new ferries which are delayed will arrive and the current fleet, which is disintegrating at a frightening pace, will last."*

How revenue generated by a visitor levy should be spent

As noted, Mull and Iona have a high level of visitors, with the associated negative impacts on infrastructure that this brings. The DMO and its members support levy income from Mull and Iona being fully invested back into the local area, not spread throughout Argyll as proposed. A visitor levy income which is not ring-fenced to offset the impacts of tourism would make the islands less attractive to visitors.

The proposed visitor levy scheme objectives sound good in theory and would help to support the visitor economy but are considered very broad – *"we need much more detail about how and where the revenue would be reinvested locally."*

Things that could make a big difference on Mull and Iona are said to be:

- road infrastructure improvements.
- pier infrastructure improvements (for example, Craignure Pier on the Isle of Mull).
- general island infrastructure that makes it hard for visitors to come and get everything they need (for example, more visitor attractions).
- accommodation for tourism and hospitality sector staff which is considered particularly lacking.

Fundamentally, the islands need a reliable ferry service and good pier infrastructure.

Final thoughts from Visit Mull and Iona DMO

The proposed Argyll and Bute visitor levy scheme in its current form would damage the vital Mull and Iona accommodation sector, the daily lives of all islanders and the visitor economy of the islands. The Scottish Government visitor levy legislation is considered highly flawed, and the council is considered to have rushed into the potential to deliver a visitor levy without enough consideration. If the council wishes to introduce a visitor levy scheme, the DMO said that the whole consultation process must start again, with lessons learned on the many negative consequences of the current visitor levy model and the defective consultation process. A visitor levy applied at the point of entry would be the more sensible option for Mull and Iona.

Case Study 8: Self-catering units, Helensburgh

About the accommodation provider

The accommodation provider is a small, family-run holiday letting business that manages three self-catering apartments in Helensburgh. The business is co-owned by two family members who manage operations alongside other professional commitments and are not formally employed by the business. While there are no employees, the business contracts two local freelance cleaners to maintain the apartments and uses the services of a local laundry for all bedlinen and towels.

The apartments are popular with high occupancy rates throughout the year, including regular repeat visitors who work at the nearby Ministry of Defence base at Faslane. Guests are considered significant contributors to the local economy through spending in local shops, cafes and restaurants contributing to the local economy.

The business generates an annual turnover just under the VAT threshold (approximately £85,000), a position the owners actively manage to avoid the additional financial and administrative burden of VAT registration.

> *"We make a conscious effort to stay below the VAT threshold. Once you're over, the financial impact is significant."*

Experience of the consultation process

The business owner attended one of the consultation events in Helensburgh (held on 20th March 2025) and described the session as "*well-organised*" and "*constructive*". They were particularly encouraged by the attendance and engagement of senior council representatives., which suggested a genuine interest in engaging with the local business community.

> *"It wasn't just a box-ticking exercise or token gesture. Everyone there, especially the senior council staff, seemed genuinely interested in and listened to what we had to say."*

However, they also noted that there was low turnout at the event and questioned whether this was due to a lack of awareness or engagement from the business community.

General views on the proposed visitor levy

The owner expressed strong opposition to the proposed visitor levy, which they described as a "*desperate money-grabbing exercise*" with potentially damaging consequences for accommodation providers and local residents. They felt the proposal had been promoted to the public in a one-sided manner as a mechanism to get more money from visitors, while not fully disclosing the potential negative impact on accommodation providers and local residents.

For example, the owner believes a visitor levy could deter domestic visitors and reduce the area's competitiveness relative to neighbouring authorities such as the Western Isles, Dumfries and Galloway, where similar proposed visitor levy schemes have been abandoned. They also warned that reduced visitor numbers would have knock-on effects for local businesses that depend on tourism, such as cafés, restaurants, and retailers.

> *"If the Western Isles and Dumfries have scrapped it, there's clearly a reason. It'll make Scotland more expensive for staycations and short trips."*

The business also disagreed with the council's position on local exemptions. They suggested that it would be fairer if exemptions were available for residents travelling for compassionate reasons, such as hospital appointments or visiting unwell relatives.

> *"If someone's here because a loved one is unwell, that's different. It feels wrong to charge them."*

The business owner also questioned the percentage-based model proposed by the council (as mandated by national legislation) and stated a preference for a fixed fee per person per night. They described the percentage model as a "*disaster*" and unnecessarily complicated, especially for small operators dealing with various types of pricing and charges. While they acknowledged that the percentage model is defined in national legislation, they urge the Council to challenge it and push for a flat, fixed fee per person per night which was considered to be more practical and transparent for both accommodation providers and visitors.

> *"Trying to calculate a percentage on different cost elements – some taxable some not - is just asking for confusion, particularly for bed and breakfasts. A flat rate would be so much simpler."*

Impact on the business

One of the business's main concerns with the proposed visitor levy is the risk that levy-related revenue could push the business over the VAT threshold, triggering additional tax liabilities and compliance requirements.

To avoid going over the VAT threshold, the owner mentioned that they might block their calendars for certain periods (for example, the whole month of November) and reduce the number of bookable nights if a visitor levy is introduced. They noted that the reduced availability would have a knock-on impact for their cleaners and laundry service, reducing their business and impact to local economy.

> *"If we block the calendar to stay under the VAT limit, that's fewer nights booked, fewer hours for our cleaners, and less spent in local shops and cafés."*

The owner reported that the proposed visitor levy is expected to have a direct negative impact on their business. They estimated that platform fees and commissions charged by online travel agencies, such as AirBnb and Booking.com, could result in a net annual cost between £800 and £1,000 if a visitor levy is introduced. This would represent a significant financial burden.

> *"Online platforms take their cut. If a visitor levy is added to the guest price, we pay commission on it. If it's absorbed, we take the hit. Either way, we lose."*

Set-up or operational costs and support requirements

The owner reported that it is difficult to estimate and quantify any potential impact of set-up and operational costs due to a lack of clarity in the proposals regarding these processes for businesses.

The owner said that small accommodation providers would need clear and simple guidance on how to comply with a visitor levy scheme. Ideally, this should include a centralised collection platform administered by the Council rather than placing the burden on accommodation providers.

> *"If they really want this to work, they'll need to create a central system. It can't just be left to individual businesses to figure it out."*

It is suggested that accommodation providers would also need:

- reimbursement for costs incurred.
- basic training and support to use any new online platform.

What a visitor levy revenue could be spent on

If a visitor levy were to be introduced, the owner felt strongly that revenue should be used to support a visitor levy objective around sustaining and improving the visitor offer. This related to tangible improvements to the visitor experience, such as public toilets, maintained paths, and local tourist and visitor centres (referencing the closure of Balloch office) rather than marketing and promotional campaigns to attract visitors.

> *"We don't need more marketing. We need toilets that work and streets that are clean. That's what visitors care about."*

However, the owner lacked trust in the Council's ability to manage the scheme effectively and spend visitor levy revenue for its intended purpose rather than covering existing council budget gaps, citing the poorly handled short-term let licensing process as an example of weak communication and execution.

> *"Look at how badly the licensing process was handled. Why should we believe a visitor levy will be any better?"*

The business also questioned the extent to which the estimated £9m generated from a proposed visitor levy could have a significant and meaningful impact on visitor infrastructure and services throughout Argyll and Bute.

Case Study 9: Holiday and Residential Caravan Park, Rosneath

About the business

This case study focuses on Rosneath Castle Caravan Park Ltd; a long-established holiday and residential park located at Rosneath near Helensburgh. The business operates a mixed-use site comprising both seasonal holiday lets and year-round residential accommodation.

- Operational period: the holiday park operates from 7th March to the end of January, while the residential element is open year-round.
- Employment: the business employs between 25 to 50 staff, including full-time, part-time, and seasonal workers, making it a significant local employer.
- Annual turnover: estimated at approximately £3.7 million, although final figures are pending confirmation.

Views on the proposed visitor levy

The business owner expressed strong opposition to the proposed 5% visitor levy and outlined a number of concerns relating to its fairness, implementation, and potential impact on local competitiveness. Key concerns include:

- unfair competition: if neighbouring local authorities choose not to introduce a visitor levy, Argyll and Bute businesses would face an uneven playing field. This could result in visitors choosing alternative destinations to avoid the extra cost.
- visitor costs: the estimated £20–£27 increase for a 3–4-night stay or around £47 for a 7-night stay could deter bookings, particularly among price-sensitive customers, who make up a large proportion of the holiday park's customer base.
- administrative burden: managing levy collection and reporting requirements would introduce additional complexity, possibly requiring extra staffing or diverting resources from core operations.
- lack of proportionality: the owner argued that a flat, tiered levy (for example, a modest nightly rate per unit) would be more manageable, predictable, and equitable than a percentage-based model.

"We understand the financial pressure councils are under, but the current levy proposal risks pricing people out of Argyll and Bute. It's not competitive."

Potential impact on business:

Customer impact

- The business anticipates a decline in customer numbers, especially for short breaks where small price increases have a noticeable effect on decision-making.
- Repeat visits may also drop as visitors opt for areas without the additional cost, especially when comparing similar holiday park experiences in other council areas.

Turnover impact

- The owner noted that to remain competitive, they might have to absorb a visitor levy into existing prices, reducing margins, and negatively impacting annual turnover.
- The scale of operations means that even a small drop in bookings or required discounts could have a substantial financial impact.

Employment impact

- While the business currently employs a substantial local workforce, the added admin workload and reduced income could lead to streamlining or job cuts, particularly among seasonal staff.

"We'd be looking at discounting to keep customers coming, which reduces income. That has consequences for staffing and investment."

Administrative burden and support needs

The business owner emphasised that the current proposal would introduce new administrative duties at a time when small- and medium-sized tourism operators are already managing regulatory and operational challenges. Suggestions include:

- clear reporting expectations: there is a need for detailed guidance on how to collect and report levy income accurately.
- training and tools: staff would require training on any systems or platforms involved in levy management, including software or apps.
- compensation for costs: the business suggested that financial compensation or grants should be made available to support businesses taking on these new administrative responsibilities.
- QR code payment option: a direct-to-council payment model, such as a QR code for visitors, was proposed to reduce the burden on businesses.

"If this is going to happen, there needs to be support – training, admin help, and some compensation for doing the Council's job."

Use of visitor levy revenue

The business owner voiced concerns that revenue from a visitor levy might not be used effectively or in a way that benefits businesses on the ground.

Priority areas for investment include:

- promotion and advertising: the owner would like to see levy income used to actively promote tourism businesses, increasing visitor numbers, and boosting the regional economy.
- local infrastructure: more investment in roads, signage, and public facilities was called for, noting that basic tourism infrastructure is underfunded.
- equity in allocation: the owner questioned whether levy revenue would reach all communities fairly, especially those not already on the main tourism circuit.

> *"Any levies should not be used to pay for statutory services the council is obliged to pay far – it's not to cover shortfalls but used explicitly for tourism. We already pay taxes and don't feel supported. Will this levy be any different?"*

Final reflections

While open to further discussion, the owner remains sceptical about the current proposal and concerned about the wider economic and reputational impact on Argyll and Bute.

Points to note include that:

- the owner would support a modest, flat-rate levy if it is clearly ring-fenced, locally reinvested, and administered in a low-burden way.
- as currently proposed, the 5% charge is seen as damaging, difficult to implement, and potentially unfair to tourism businesses in the region.

> *"If a visitor levy puts us at a disadvantage and we lose visitors, we all lose. The Council needs to listen and work with us, not against us."*

Case study 10: Loch Fyne Gallery, Tarbert

About the business

The Loch Fyne Gallery is a tourism focused gift shop located in the village of Tarbert on the northern edge of the Kintyre Peninsula. The gallery runs a year-round business and employs two full-time workers (including the owner) and three part-time employees. The business's annual turnover is approximately £250,000. While the gallery itself is not an accommodation provider, its main customer base is visitors to the village and the surrounding area, and it is one of several visitor economy businesses in the area that are dependent on the accommodation sector.

Engagement with the consultation

The business owner participated in the A&BC visitor levy consultation, submitting a formal response to the business, resident and visitor surveys. Their feedback suggests that the surveys leaned towards presenting a visitor levy as a positive influence on the visitor economy and did not allow for disagreement. Further, the business survey was designed for accommodation businesses also and was challenging for other visitor economy businesses to complete properly.

Views on the proposed visitor levy scheme

The business owner feels that a visitor levy is not an appropriate policy for Argyll and Bute. They feel Argyll and Bute is not an area suffering from over-tourism, but rather an area that needs support to encourage more visitors. The business owner also stressed the inappropriate timing of such a policy, noting that many businesses lost significant amounts of money during the COVID-19 years, and while having experience a few bumper years immediately after while people were unable to travel overseas, businesses are now struggling with higher operating costs (energy, minimum wage, National Insurance, etc.), still paying off COVID-19 loans, with visitor numbers now dropping to below pre-COVID levels.

> *"I can't see any benefit to such a scheme. It will only increase costs for business and visitors. We should be trying to do things that increase visitors, not make things more expensive."*

The primary concerns raised include:

- lack of belief in the council's ability to invest the funds effectively.
- lack of tangible benefits for visitors or businesses.
- increased costs and administrative burden for accommodation businesses.
- an acceleration of the downturn in footfall and business activity in Tarbert.

Potential impact on the business

As a tourism focused retail business, a visitor levy will not have a direct impact. However, based on what the business owner has seen in Tarbert and learned from their network of business owners in the sector, some accommodation businesses are surely to reduce the number of rooms available or chose to operate seasonally. The costs of operating an accommodation business are already high and this will simply add to the burden.

> *"Places have already shut due to the current downturn. Visitors in Tarbert struggle to find anywhere that is open to get a drink or something to eat. During the winter months there is basically nothing happening."*

The owner also feels that a visitor levy is likely to have an overall negative impact on the business's customer base, by decreasing the number of visitors to Tarbert and surrounding area.

- **Customer numbers:** expected to decrease - the number of transactions are already down 9% year on year.
- **Turnover:** expected to decrease - turnover is already down 16% each of the past two years.

Wider impacts

The owner noted knock-on effects in the business property market. They suggest that as the sector continues to decline and more businesses close, properties will fall in value as they are no longer viable business opportunities. Many businesses owners are heavily invested in these properties as anticipated pension investment income and a loss in value could be a substantial financial loss.

Views on proposed uses of revenue generated by a visitor levy scheme

The owner was sceptical about the ability of the council to invest in the sector effectively, citing a lack of a previous track record. They also noted that the examples given of roads, waste management, signage etc., are all areas which should already be receiving investment.

> *"These are areas that the council should already be investing in. They shouldn't have to take more money from us to make it happen."*

Final reflections

The business owner concluded by noting that council leaders seem to have a different perception of how well the visitor economy is performing. This is not an industry that can afford to be taxed, and many businesses are struggling. The council also needs to be aware of regional differences with Argyll and Bute. Small villages such as Tarbert will be more impacted than larger communities with larger business bases and more consistent visitor volumes.

Case study 11: Construction company

About the business

The construction company operates across multiple sites in Argyll and Bute, specialising in full house delivery, maintenance, and retrofitting. The company delivers long-term, fixed-price contracts for a range of clients, including the NHS and Argyll and Bute Council.

The business employs a core team of 100 FTE staff, supported by an average of 50 subcontractors depending on the project – with up to 150 subcontractors involved in larger projects. While the company prioritises local recruitment, it often needs to source external labour due to shortages in sourcing local tradespeople in rural areas, particularly for specialist skills such as zinc and flat roofing, and lightning conductor engineering.

The workforce is highly mobile - around 35% of the core team and up to 60–70% of subcontractors require overnight accommodation. The average stay is four nights (typically a minimum of two nights). To meet this demand, the company has built modular accommodation in some locations, supplemented by the use of local small accommodation providers.

Experience of the consultation process

Representatives were well informed about the Council's visitor levy consultation. They responded to the business, resident, and visitor surveys, and attended two drop-in events. However, they felt the events lacked value and transparency.

> *"It was made very clear that the Council was there to listen but not to provide answers or change anything. There is a strong feeling locally that the Council have already made up their mind."*

A Council representative reportedly suggested the business should develop a comprehensive network of modular accommodation across rural Argyll and Bute. The company has already done this, at great cost, in areas where there is enough work to justify this. However, the company found this proposal unrealistic and unaffordable given the peaks and troughs of project work and the many locations in Argyll and Bute.

General views on the proposed visitor levy

The business strongly opposes a visitor levy, describing it as "*the wrong proposal at the wrong time*." They believe it will place further pressure on a sector already grappling with significant cost increases.

> *"Whilst a visitor levy is just one cost, there are a range of current financial pressures in the building industry around new aggregate levies, the Building Safety Act, the rising cost of the Real Living Wage. While each cost on their own might seem insignificant, it all adds up and makes it tough for business."*

There was strong disagreement with the Council's proposed lack of exemptions. Representatives described it as "*fundamentally wrong*" to apply a visitor levy to residents and workers, particularly to those travelling for hospital appointments or delivering essential services, while cruise passengers, campervans and motorhomes would be exempt.

> *"If you live on a tiny island and you have a hospital appointment in Oban. Inevitably, you will have to stay either the night before or the night after. The way the ferry timetable is, you have to stay in Oban, and you would have to pay a visitor levy, even if you're already paying Council Tax to the Council."*

The proposed 5% rate was seen as excessive, "*utterly ridiculous and completely disproportionate*" compared to other destinations (they cited examples of Switzerland and other European destinations). If a visitor levy is to be introduced, the business stated a preference for a small fixed flat-rate fee of £1–£2 per night, citing it as a more manageable and transparent approach (note: percentage-based model is mandated by national legislation).

Impact on the business

Overnight accommodation is essential for delivering many projects. The company uses a combination of modular accommodation, B&Bs, hotels and self-catering units – typically choosing local, small-scale providers over national chains. There is still uncertainty about whether company-owned modular units would be exempt from a visitor levy. If a visitor levy is implemented, the business may seek cheaper accommodation outside of Argyll and Bute for certain projects, even if it means longer travel times.

> *"If we are working in Oban, we might choose to put people up in the Fort William region because it might be more economically viable to put people up there and travel."*

The business estimates that a 5% levy could cost them at least £10,000 annually for a single site and up to £20,000 across all operations. As these costs are not factored into fixed-price contracts, including maintenance contracts for the Council and NHS, they are likely to be absorbed by the company, directly impacting their bottom line.

This, in turn, could reduce investment and recruitment, particularly affecting apprenticeships and local employment opportunities for younger people.

> *"We've always taken on and trained local labour, but it's becoming more and more financially unviable to do that. [A visitor levy] would just be another thing to impact that."*

They warned that construction in remote areas like Jura is already marginally viable, and a visitor levy could make projects unworkable and further disadvantage rural communities.

> *"On Jura, it's currently so hard to go out and do any work. It would start to become unviable for certain customers if a 5% visitor levy charge is placed on top of current costs."*

Spending of levy revenue

The business stated that any levy revenue should be invested in local infrastructure, particularly roads and ferry infrastructure and services, to benefit both visitors and residents. However, they expressed serious doubts that the estimated £9m would be enough to have a tangible impact across such a geographically large and diverse region.

> *"I'm getting a lot of feedback from the smaller communities that we work in, for example Islay, that are saying that they will never see the return from that levy because they are too small. If it does achieve £9m (which I frankly don't believe), that money does not go very far across the whole area of Argyll and Bute. If these smaller areas are bringing in a lot (prime example of tourist industry booming in Islay), then they should see a significant impact from visitor levy revenue – otherwise, why should they be doing it?"*

Ultimately, the business expressed a lack of trust in the Council's ability to administer a visitor levy equitably across Argyll and Bute or to deliver on its stated objectives.

Case study 12: Village Hotel and Self-catering apartments

About the accommodation provider

This provider operates two separate businesses in Oban, Lorn and the Isles: a 10-bedroom village hotel and a self-catering holiday-let business comprising three units located several miles away. The hotel has been operating year-round for eight years, while the self-catering units have been running for six years and are managed independently without direct employees. Both businesses are rooted in the local community and support local suppliers, including cleaning and changeover services.

During the peak season, the hotel employs around 15 staff, reducing to nine in the winter. While the self-catering units do not employ staff directly, they support local employment indirectly. The hotel generates a significant annual turnover, while the self-catering business operates at a smaller scale, though above the VAT threshold.

Experience of the consultation process

The business owner attended a drop-in event in Inveraray on 24 March 2025 and welcomed the opportunity to engage with senior representatives of Argyll and Bute Council. However, they noted that many questions went unanswered, leaving ongoing uncertainty about the proposals and their implications.

> *"Most businesses have quite major concerns and a lot of questions, and answers weren't necessarily able to be given or worked out [at the consultation drop-in event]."*

General views on the proposed visitor levy

The owner expressed strong opposition to the proposed visitor levy, describing it as "*unworkable*." Their concerns relate to both the content and timing of the proposals. They argued that a visitor levy introduces additional strain on a sector already contending with rising costs (e.g. National Insurance and business rates), tight profit margins, and broader economic uncertainty.

> *"People are already spending less money, so they're always looking for bargains. I think it could really damage tourism in Argyll and Bute and any areas that introduce it. I can understand why there might be a need for it in places like Edinburgh and the big cities but I think it's a big mistake in a rural area dependent on tourism to try and introduce an extra charge at this time when businesses are struggling. You just need to look at the number of hotel businesses in Argyll and Bute that are up for sale at the moment, including established businesses."*

One of the main concerns reported by the business owner is the lack of clarity around how a visitor levy would be administered and what implementation would involve.

> *"This is just another thing that's getting thrown at businesses that we're going to have to manage and there's no clarity at this point as to how that's going to happen, and how are we going to manage this as a business…The uncertainty and dragging it out is almost as bad as bringing it in."*

The owner felt that the 5% rate is too high both for businesses and visitors – however, they also acknowledged that a rate lower than 5% might not generate enough revenue to meaningfully invest in visitor infrastructure and services in Argyll and Bute. Further, it is noted that VAT placed on a visitor levy would require businesses to charge 5% plus VAT which would effectively result in a 6% charge for customers.

> *"Businesses would need to charge 5% +vat which would be 6%!"*

The owner also questioned why a visitor levy is being introduced as a percentage-based charge rather than a flat-rate fee per person per night (as mandated by national legislation). They believe a small fixed flat-rate would be far simpler to understand, easier to manage, and more transparent for guests.

> *"Why is it a percentage and not a flat rate? Why are we not considering a flat rate? That would be much easier for everybody to manage, and it would also be better for the tourists."*

Impact on the business

The owner stated that they are uncertain of the impact until visitor levy proposals are finalised. However, the owner indicated that under the current proposals, they would not have any other option than to pass on the 5% levy rate to the customer. They believe this may deter price-conscious visitors, particularly families, and risk making other destinations more attractive and affordable in local authorities areas where there is no visitor levy charge.

> *"For the self-catering units, a 5% charge on a £1,900 weekly stay would equate to an extra £100 - a significant addition for families or visitors who are budget conscious."*

They also suggested a visitor levy could lead to a decline in turnover, particularly in the hotel business, which is more vulnerable due to the need to maintain kitchen and bar operations. For example, a drop in occupancy would also reduce food and drink sales. They mentioned that the hotel is already planning to close on certain days during the winter to preserve profits, which is a response to the current economic challenges – this may be accelerated or worsened with the introduction of a visitor levy. Reduced demand may also impact seasonal employment.

Set-up or operational costs and support requirements

The owner expressed strong concerns about the lack of detail on how a visitor levy would be implemented and what systems would be required.

> *"Is it a quarterly thing? Is it another VAT return (which would increase our accountancy costs). How do we actually generate EPOS system which communicates with property management system? Is there extra programming? These are not costs that we have budgeted or anticipated. What is the technical way that we are going to record and pass on the funds? This will undoubtedly involve accountant fees. For the self-catering business, this would be extra time for me and extra expense."*

The lack of clarity meant it was "*impossible*" for the business owner to quantify any potential impact. However, if a visitor levy is introduced, they stressed that support, such as financial assistance or a centralised payment system, would be essential. They argued that the burden of administration should not fall on accommodation providers calling it "*ludicrous*".

A suggestion to reduce the administration burden on accommodation providers included customers scanning a QR code once they arrive at the accommodation which would take them to directly to the Council's website for visitor levy payment – while this was noted as a tech-heavy solution, it was stated that this could greatly benefit businesses by removing them from the administration process.

Further, the owner also highlighted the potential risk of fraud and called for greater clarity on how the Council plans to monitor the levels of payment (for example, whether there is an intention to audit businesses).

What could visitor levy revenue be spent on

While the owner felt that the objectives of the Argyll and the Isles Strategic Tourism Partnership are "*laudable*", they expressed doubts that the level of visitor levy revenue could be meaningfully invested in tourism infrastructure equitably across Argyll and Bute, particularly in rural areas.

> *"The council is hoping to raise £9m. If they raised 75% of the estimated figure because of the way it's gathered and there will be less businesses as a lot of hotels are up for sale. By the time, they do all that, they might end up with maybe £6m which would not have any impact on the tourism infrastructure. It will achieve lots of administration but not a lot of benefit. Rural areas are also bound to miss out as investment will go into the main towns."*

They offered the following views on the objectives:

- Extending the season and spreading visitors across the destination – this was seen as the most relevant and beneficial goal for rural businesses.
- Reaching new audiences – they suggested this would be more effective if channelled through national campaigns (e.g. VisitScotland's Autumn Gold) or organisations like Wild About Argyll who already have great expertise in "*promoting different aspects of visiting*" in the region.
- Journey towards net zero – both of their businesses are committed to environmental sustainability, with the use of EV chargers, air source heat pumps, and solar panels. However, they expressed uncertainty about how a visitor levy would support net zero initiatives for rural hospitality businesses.

"We're already investing in sustainability – but there's no clear link between this levy and helping businesses like ours make that transition."

They also suggested that some of the revenue could be used to offer rates relief to small accommodation businesses most impacted by a visitor levy, helping sustain tourism in rural communities.

Case study 13: Hotel in a coastal town

About the business

The hotel is located in heart of a popular visitor destination, with the town itself offering a unique range of dining, shopping, recreation, cultural and visitor opportunities.

Engagement with the consultation

Hotel staff participated in the A&BC visitor levy consultation - they submitted a formal response and attended consultation events. Their feedback reflects an agreement in principle with a visitor levy, but a deep concern about the costs associated with managing and collecting funds and how funds would be spent.

Views on a proposed visitor levy scheme

As a means to manage the negative externalities generated by the tourism sector, for example, carbon emissions from transport, use of local infrastructure, water and energy networks, the hotel agreed with the implementation of a visitor levy. However, they raised several concerns with the council's current proposals.

The primary concerns raised included:

- disagreement with the proposed 5% levy rate in favour of a flat fee per night with a cap on the number of nights.
- funds being invested in ways that do not offset the negative impact visitors create on local resources.
- the inability for the council to effectively collect a visitor levy from all eligible accommodation providers.
- the potential for some accommodation providers to manipulate rates to avoid levy charges - for example, charging more for breakfast and lowering room rates.
- risk of larger accommodation providers bearing the brunt of the impact through paying higher levies (in total value) and being subject to more audits and checks.

Potential impact on the business

The hotel would have to pass along the cost of a visitor levy to its customer. Depending on the type of room and length of stay this could add a significant cost to the price of accommodation. For example, the average room rate is about £350 per night. A 5% levy would add £17.50 per night, which would equate to £87.50 for a five-night stay.

They also highlighted the complications brought on by a visitor levy concerning guests and travel agents/groups providers who often book rooms over one year in advance. A visitor levy would make it difficult to communicate room rates to these customers and potentially may require the hotel to add on additional fees after guests have already paid.

Impact on business operations:

- **customer numbers:** expected to decrease in terms of both the number of customers and their length of stay, with potential visitors choosing destinations without a visitor levy.
- **repeat visits:** while the hotel does get many repeat visits, this is likely to decrease, with guests feeling unfairly charged for minimal added benefit.
- **turnover:** estimated reduction of 5% in line with the charge imposed by a visitor levy.
- **employment:** if the number of customers reduces as anticipated, employment could likely decrease as well, again possibly in line with a 5% levy rate.

> *"At this level of income, it's already hard to justify the worth and risk. This could tip the balance."*

Wider impacts

They noted knock-on effects for other local businesses, including shops, cafés and restaurants, whisky distilleries, and other businesses and about the overall perception of the region. Many local businesses in Oban are reliant on hotels and accommodation providers hosting visitors and if visitors and length of stay decrease this will inevitably impact the rest of the economy.

> *"There is a significant risk that the imposition of a visitor levy could lead to the perception that Argyll and Bute is not visitor friendly."*

Administrative burden and costs

They also highlighted concerns about additional administration and time spent managing a visitor levy, including:

- **administrative time:** this could be significant with an estimated 100 hours of staff time per quarter devoted to levy collection, reporting and compliance. As well as added complexities for those accommodation providers with, for example, multiple sites in different local authority areas. The hotel does not get many repeat visitors, so there will be added time of explaining the additional charges to almost every customer.
- **financial burden:** there will be additional financial costs with credit card transaction costs increasing by up to 4% depending on the type of card and room rates.

Views on proposed uses of revenue generated by a visitor levy scheme

The hotel offered specific areas where levy generated revenue should be spent. This, however, differs from the areas specified by legislation.

Instead of funds being reinvested in the visitor economy directly, they suggested that funds should be allocated to investments that benefit local residents who disproportionately are impacted by the externalities associated with the tourism sector. Visitors place increase strain on local resources, infrastructure, air quality, water, energy, waste removal, etc. and funds should be used to counteract these impacts. For example, reforestation, roads improvements, investment in future clean water sources or energy sources.

> *"Any levy funds should support investments that benefit everyone, not just the visitor economy. Visitors put strain on local resources, a visitor levy should invest in these resources for the benefit of all."*

Final reflections

The hotel thinks the council's expectations from accommodation providers are unrealistic. The burden placed on accommodation providers to augment and change systems and processes, carry out back-end reporting and pay for all of these things while managing the customer response is tremendous. They suggest council members walk through in detail with a business the full process of how they would have to manage a visitor levy and understand the impact it would have from the moment it is signed into effect.