

17 August 2023

Alan Hunter
Local Government, Housing and Planning Committee
The Scottish Parliament
Edinburgh
EH99 1SP

Dear Mr Alan Hunter

Response to call for views on Visitor Levy Bill

Thank you for the opportunity to comment on the Visitor Levy Bill. The Commission welcomes the provision of a power that provides more financial flexibility for local authorities in developing a local tax. The Commission would wish to make a number of general points.

As we have reported for several years through our [Financial and Local Government Overview reports](#), councils need more fiscal flexibility to allow them to plan for and deliver sustainable local services based on the priorities and needs of their communities. Whilst the power to raise a local tax is welcomed, the Bill's requirement that the net proceeds of the scheme should only be used to "achieve the scheme's objectives" and for "developing, supporting, and sustaining facilities and services which are substantially for or used by persons visiting the area of the local authority for leisure purposes" reduces that flexibility for councils to determine where best to use that resource. This view appears to be in line with the Verity House Agreement, which states that **"the default position will be no ring-fencing or direction of funding**, unless there is a clear joint understanding for a rationale for such arrangements". We feel that councils should have full flexibility in the use of these funds to improve outcomes for local communities.

The new scheme is an important opportunity both to generate new income and to offset the additional costs that local authorities with high levels of tourism experience. The Commission offer the view that any additional income raised through the Visitor Levy is in addition to existing core funding.

On a wider point, the ability to raise local income through this model of local taxation will benefit some local authorities significantly more than others and the implications of this should be considered in the wider context of local government funding.

In conclusion, fiscal flexibility for local authorities remains a key area of interest for the Commission. We welcome legislation which supports this, and we look forward to seeing the overall outcome of the consultation in due course.

Yours sincerely,



Ronnie Hinds
Interim Chair, Accounts Commission

