A Visitor Levy for Aberdeen: Overview for Consultation

This document outlines the proposal for introducing a Visitor Levy in Aberdeen. The levy is a small charge that would apply to visitors staying in overnight accommodation in the city, and provide funding to reinvest in business and leisure tourism services, improve local amenities, and promote the growth of Aberdeen's visitor economy; alongside making sure that the levy will benefit Aberdeen's local community and visitor economy.

The consultation results will be used to determine a decision on whether to proceed. The final decision will be made by Aberdeen City Council.

1. Levy quick facts

- The soonest a levy could be introduced is 01 April 2027.
- The levy will remain in force indefinitely or until the Council decides to change it.
- The levy would be expected to raise the following amounts; if 5% then £5m; if 7% then £7m; if 10% then £10m
- This would mean adding approximately £3.50, £5 or £7 to a hotel room for each night
- People would pay the levy at the time of booking, and it would be included in the price that they see before they book e.g. a room advertised at £88 per night would include the room price, the levy, and VAT
- There would be no extra charge upon arrival or at check out

2. Accommodation liable for the levy

The levy will apply to all overnight accommodation within the city. This includes: Hotels, hostels, guest houses, B&Bs, self-catering accommodation, including short-term lets, and caravan sites and campsites where people are staying in static caravans, shepherd's huts, yurts, teepees etc

3. The levy rate

- The levy has to be expressed as a percentage rate.
- This consultation is on levy rates of 5%-10%.

4. Collecting and enforcing the levy

Accommodation providers in the city will be liable for the levy, they must keep records of all relevant transactions. Returns will be collected through a national online portal. Those who fail to submit returns could face penalties.

5. Exemptions and exclusions

Individuals are exempt from paying the levy if they are:

- Experiencing homelessness, at risk of losing their home, placed in accommodation by the government, or members of Traveller communities on dedicated sites.
- Receiving UK disability benefits, payments, or allowances - and their carer
- Travelling to Aberdeen from the Shetland or Orkney Islands to go to hospital

These people would pay the levy and then be reimbursed following an evidenced claim to the City Council.

6. Scheme Objectives

The overarching aim of the Scheme is:

- To ensure that Aberdeen is a leading visitor destination by supporting the ongoing, sustainable growth of the city's visitor economy.

Based on this, the Objectives of the Visitor Levy are to:

1. Grow the visitor economy to ensure increasing revenue for accommodation providers and greater returns from the visitor levy.
2. Invest in measures which enable success in the visitor economy, benefit businesses, meet environmental and net zero goals, and achieve the aims of the Destination Strategy.
3. Fulfil Aberdeen's potential as a leading leisure and business tourism destination by further establishing awareness of the city and supporting distinctive, high-quality experiences, venues and attractions to build demand and drive visits.
4. Stimulate additional investment in venues, conferencing and expos, sport championships, culture and heritage, festivals and events; releasing the city's talent to benefit the visitor economy and local communities.
5. Enhance the city for the benefit of visitors and residents, with profitable businesses, sustainable communities, rewarding jobs, and inclusivity for all.

7. Use of funds

Funds must be focused on the scheme's objectives. The Council will make decisions on the use of funds after consultation with the Visitor Levy Forum (see details below). The following areas and approximate percentage allocations have been recommended by an advisory group.

Economic Growth and Competitive Edge (63%)

Business Tourism

- Convention Bureau Subvention Fund: New Convention Bureau-managed fund to attract one-off and repeat business events, expos and major conferences
- TECA Subvention Fund: Enhancement of existing fund to attract additional events specifically for the city's flagship business tourism venue

Note: A Subvention Fund is an amount of money able to be allocated to offset the costs for a conference or event, for example to waive fees, cover costs, or help subsidise a proposed activity. Subvention funds typically have conditions of use attached.

Leisure Tourism

- Culture & Events Subvention Fund: For large events, productions, sports championships, exhibitions, and festivals, aligned to the regional, national and international event criteria of the Event 365 Plan
- Culture & Sport Partner Fund: For the city's major creative and sport organisations to:
    - Grow and diversify audiences and participation
    - Enable innovation in programming, education and training
    - Maximise income generation
- Cultural Foundations Fund: Awarded to and facilitated by larger creative organisations to support emerging local talent in the creation of new, high-quality work by visual and performing artists, small producers and production companies

Destination Marketing and Development (18%)

The Destination Strategy Fund aims to fulfil the city's strategic goals for the visitor economy; encouraging people to visit Aberdeen, stay longer and spend more.

- Maintain an effective, sustainable Destination Organisation
- Drive multi-day visits to the city through targeted marketing, communications and advertising campaigns
- Ensure local business, visitor attraction, and third sector awareness of market demands, trends and emerging opportunities for growth
- Support local businesses to develop and deliver distinctive, high-quality visitor experiences and adapt to new challenges, such as the climate emergency

- Help Aberdeen to provide an excellent, inclusive, visitor experience through volunteering programmes, accredited training, and skills development

Ring-fenced awards to the Destination Organisation and funded projects with businesses and third-sector organisations would ensure fulfilment of these aims.

Destination Readiness and Improvement (13%)

The Silver City Visitor Fund aims to improve the experience for business and leisure visitors once they are in Aberdeen

It aims to:

- Enhance the public realm as used substantially by visitors
- Invest in measures to support visitor safety, mobility and accessibility
- Upgrade or replace assets proven to drive visitors to the city
- Provide a mechanism to support capital projects in the visitor economy

Use of funds must clearly and directly benefit the visitor economy but would elevate the existing experience of the city for both visitors and local communities, ensuring benefit for all.

Reserve Fund (5%)

A fund held in reserve and built-up over multiple years. It aims to reduce risk associated with long-term project, subvention or organisational funding, safeguard against unexpected downturn in levy receipts.

8. Reviewing and changing the scheme

The Council will review the visitor levy for Aberdeen every three years to assess whether the scheme is successfully achieving its objectives and measure the impact of the scheme on businesses and communities.

9. Visitor Levy Forum

If implemented the Council would have to establish a Visitor Levy forum to discuss and advise on the visitor levy scheme. The Forum will also be consulted on how the visitor levy funds will be spent.

Forum membership must include such persons as the Council considers to be representative of communities, businesses engaged in tourism and tourist organisations in its area.

10. Costs

Set-up costs for the Council are around £60k, with ongoing costs of around £45k to £125k (this depends on the number of local authorities using the online portal as costs are shared between them). This is a very small percentage compared to the funds received.

Accommodation providers will also face costs. To acknowledge this they will be able to retain 2.5% of their levy remissions i.e. £250 per £10,000