

**EAST AYRSHIRE COUNCIL****CABINET – 1 OCTOBER 2025****Report by the Head of Economic Growth  
Communities and Economies**

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**VISITOR LEVY SCHEME**

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**PURPOSE**

1. The purpose of this report is to set out the results of desktop research in relation to the Visitor Levy (Scotland) Act, feedback received from businesses in East Ayrshire and benchmarking. Based on the evidence to date, the report recommends that a Visitor Levy scheme is not introduced in East Ayrshire at this time.

**RECOMMENDATIONS**

2. It is recommended that Cabinet agrees to:
  - (i) Note the introduction of the new Visitor Levy (Scotland) Act in summer 2024;
  - (ii) Note the activity which has taken place in East Ayrshire in relation to a potential Visitor Levy scheme, including desktop research, engagement activity via the East Ayrshire Tourism Network and benchmarking with other authorities;
  - (iii) Note that the desktop research indicates that the relatively small size of the overnight hospitality sector in East Ayrshire, coupled with the significant set-up and administrative costs associated with such a scheme, does not make it economically viable at this time;
  - (iv) Pause any further work on the development of a Visitor Levy scheme for East Ayrshire at least until October 2027, noting that further evidence will be available to demonstrate the impact of the scheme on participating Councils and the wider visitor economy by that point; and
  - (v) Otherwise, note the contents of this report.

**BACKGROUND**

3. The Visitor Levy (Scotland) Act, passed by the Scottish Parliament in May 2024, gives local authorities the legal power to introduce a Visitor Levy scheme. The levy applies to all hotels, hostels, guest houses, bed & breakfasts and self-catering accommodation. Funds generated would then be used to invest in infrastructure for local facilities and services, helping to attract more visitors.

4. In order to introduce a Visitor Levy scheme, local authorities must first undertake early engagement with businesses, residents and other stakeholders before taking a decision to draft a scheme in alignment with legislative requirements.
5. This work is currently taking place across Scotland. In June 2025, Edinburgh City Council agreed to implement a 5% levy, which will take effect from Summer 2026. Other local authorities are considering rates of between 2% - 7%. A number of councils, including Glasgow City, Highland, Aberdeen City and Argyll and Bute have entered the formal consultation stage.
6. It is not mandatory for local authorities to introduce a visitor levy. However, with tightening public sector budgets, local authorities must investigate options that could help to support services and infrastructure for the enjoyment of both residents and visitors alike. A number of local authorities, including South Ayrshire, Western Isles, Orkney and Shetland, have decided to pause or abandon plans for a Visitor Levy scheme.
7. Members will recall that in preparation for the Bill, the Scottish Government undertook a call for views in 2023. The Council responded to this in September 2023, stating that it was broadly supportive of the proposed visitor levy, which it believed at that time could provide an opportunity to reinvest additional revenue into the local tourism economy.
8. With the Bill and latterly the Act making provision for two or more local authorities to come together and develop joint schemes, this was actively being considered at pan-Ayrshire level recognising the shared objectives of the three local authorities as set out in the Ayrshire & Our Islands Visitor Economy Strategy.

## **LOCAL RESPONSE**

9. In deciding whether to proceed with a Visitor Levy scheme in East Ayrshire, the Council has used a variety of methods, including desktop research, cross-Service meetings, engagement with local businesses and benchmarking. At national level, officers also attend meetings of the Visitor Levy Forum, which consists of a group of Scottish local authorities who are either intending to implement or are considering the implementation of a scheme. Discussions were also held with Visit Scotland. These have been useful in order to better understand the constraints, requirements and implications of introducing a Visitor Levy scheme in East Ayrshire.
10. Desktop research was undertaken to assess the economic viability of a Visitor Levy scheme in East Ayrshire. The scheme brings with it significant administrative costs, with estimated set-up costs of no less than £110,000 and recurring annual costs of at least £190,000 (based on 2023 prices). With no additional funding available to initiate the implementation of a Visitor Levy programme, these costs would require to be funded from within existing local authority budgets.
11. Given the significant cost, councils were asked to consider the likely viability of a scheme in their area, which will depend on various factors including the relative size and contribution of the tourism sector to the local economy and the potential income which could be generated to support tourism infrastructure.

12. Research has also been undertaken to establish the scale of the sector and the number of businesses who would be covered by the new legislation in East Ayrshire. The table below sets this out by accommodation type:

<b>Overnight accommodation in East Ayrshire by accommodation type</b>	
Category	Number
Licensed accommodation	109
Hotels	12
B&Bs	7
Campsites	6
<b>Total</b>	<b>134</b>

*Source: Scottish Tourism Economic Activity Monitor (STEAM), 2024*

13. A breakdown of visitor revenue across the wider Ayrshire region places the contribution of East Ayrshire in context. Our total visitor accommodation revenue was £9.2m in 2024, compared with £94.2m in South Ayrshire and £58.1m in North Ayrshire (which includes Arran). This means that East Ayrshire made up just 6% of the total value of overnight accommodation across the region.
14. Based on current bedstock numbers in East Ayrshire supplied by STEAM (a tourism economic impact modelling process), the potential income from a Visitor Levy is estimated to be £323,120 (assuming a levy of 5%). These figures demonstrate clearly that with a relatively small overnight hospitality sector, the scheme would generate little or no additional income in East Ayrshire and further, suggest that it would not be economically viable.
15. It should also be noted that the Council would have to meet front-end costs in the two years prior to the introduction of the scheme. Once the scheme is operating it may be some time before those costs are repaid. Whilst a regional Visitor Levy scheme may be able to overcome some of these issues and achieve economies of scale further detailed work will be undertaken between the three Councils to review the options from a regional perspective.
16. Engagement on a proposed Visitor Levy scheme for East Ayrshire has taken place via the East Ayrshire Tourism Network, which is a platform for businesses and organisations involved in the local tourism sector to collaborate and promote the area as a visitor destination. The views of the majority of businesses who had been engaged with were generally negative, highlighting the current costs of doing business which has been impacted upon by a number of factors, as well as the cost of operating the scheme against the expected income and the additional requirements it would place on businesses (especially SMEs which dominate the local tourism sector) in terms of recording stays and recovering the levy.
17. In terms of benchmarking, South Ayrshire Council undertook a large scale survey to seek feedback from local residents and businesses in early 2025. 502 responses were received and 79.5% of respondents stated that they were somewhat or totally opposed to the establishment of a scheme. The majority of residents opposed to the levy felt that an additional charge would deter visitors coming to South Ayrshire. Only 15% of respondents expressed a favourable opinion on a levy. Similarly negative feedback has emerged in North Ayrshire.

- 18.** The reaction to the proposed scheme elsewhere in Scotland has been particularly hostile in island communities, with 93% of those surveyed in Orkney stating their opposition and 94% in Shetland. It is understood that as well as pausing plans, those local authorities are also exploring other options including a cruise ship tax which would be collected at ferry terminals.
- 19.** Commenting on the proposals, the Scottish Tourism Alliance (STA) set out their concerns about the Visitor Levy scheme, especially in light of the challenging economic climate and the emerging complexity of the current charging model. The STA recommendation is for councils to take stock, allow time for the charging model to be reviewed and observe how the scheme plays out in Edinburgh and other parts of the UK before making any firm commitments.
- 20.** The evidence gathered to date makes a compelling case to move cautiously in this area, and Cabinet is therefore asked to pause any further work on the development of a scheme in East Ayrshire until August 2027. This two year pause will allow the Council to fully assess the impact of the scheme in areas where it is currently being rolled out.
- 21.** With discussions ongoing between our neighbouring local authorities via the Regional Economic Partnership, there remains the possibility of a regional scheme being established over the medium to longer term which would overcome some of the financial and logistical challenges highlighted above. This would enable a detailed assessment and financial option appraisal to be undertaken which would demonstrate whether a regional solution would generate sufficient revenue to deliver a Strategic Tourism Infrastructure Development Plan with benefits supported by the business community.

## **IMPLICATIONS**

**22.**

<b>Implications</b>	<b>Yes</b>	<b>No</b>	<b>Paragraph number in report</b>
1. Policy/Strategic Planning	X		23-24
2. Governance		X	25
3. Human Resources		X	26
4. Equality and Fairer Scotland Duty		X	27-28
5. Financial	X	X	10-14, 29
6. Risk	X		32
7. Community Wealth Building		X	33
8. Net Zero		X	34

## **POLICY/STRATEGIC PLANNING IMPLICATIONS**

- 23.** The Visitor Levy (Scotland) Act is aligned with the Scottish Government's National Tourism Strategy, Scotland Outlook 2030. At regional level, the new Ayrshire & Our Islands Visitor Economy Strategy sets out to deliver responsible growth, create jobs, sustain communities and make a major contribution to the local economy.
- 24.** The Act is also linked to the East Ayrshire Community Plan 2015-30, and in

particular, the Economy and Skills Delivery Plan 2024-27 (*Priority 1: Growth – Support the Growth of the Visitor Economy in East Ayrshire*).

### **GOVERNANCE IMPLICATIONS**

25. There are no governance issues arising from this report.

### **HUMAN RESOURCES IMPLICATIONS**

26. There are no human resource implications arising from this report at this stage. It is, however, noted that the future introduction of a visitor levy will bring with it new administrative and reporting duties for the Council, which may require additional staffing resources.

### **EQUALITY IMPACT AND FAIRER SCOTLAND DUTY IMPLICATIONS**

27. The Scottish Government carried out an EQIA in relation to the proposed legislation. Published in May 2023, the assessment found that the provisions in the Act are unlikely to impact people with protected characteristics. Where negative impacts have been identified, efforts have been made to mitigate or minimise these.
28. A local EQIA is not required as the current stage is information gathering only and the recommendation is not to introduce a Visitor Levy scheme at this time.

### **FINANCIAL IMPLICATIONS**

29. There are no financial implications arising from this report at this time. As highlighted by the data presented in paragraphs 10-14 above, the relatively small size of the overnight accommodation sector in East Ayrshire means that a Visitor Levy scheme is not economically viable at this time.

### **RISK IMPLICATIONS**

30. The introduction of a Visitor Levy scheme at this time is considered to present unacceptable levels of legal, financial, reputational and operational risk to the Council.

### **COMMUNITY WEALTH BUILDING IMPLICATIONS**

31. There are no Community Wealth Building implications arising from this report at this time.

### **NET ZERO IMPLICATIONS**

32. There are no Net Zero implications arising from this report at this time.

### **CONCLUSION**

33. This report provides an update on the progress of the Visitor Levy (Scotland) Act, noting that a variety of approaches are being taken across Scotland. Whilst Edinburgh City is likely to be the earliest adopter with others to follow, a number of councils have decided to pause or abandon their plans for a scheme, providing an

opportunity to assess the performance of the levy where it has been introduced.

- 34.** Within East Ayrshire, a combination of methods have been used to assess the likely impact of such a scheme including analysis of data, engagement with businesses and benchmarking. However, the financial impact of a potential scheme is likely to be negative, as a result of the relatively small size of the overnight accommodation sector. Engagement with local businesses also demonstrates significant opposition to such a scheme. Based on these findings, this report recommends that further work on the development of a Visitor Levy scheme is paused until at least October 2027.

## **BACKGROUND PAPERS**

Consultation on the proposed Visitor Levy (Scotland) Bill, Cabinet report, 23 August 2023

Visitor Levy (Scotland) Act, Scottish Government, July 2024

Visitor Levy Guidance, Visit Scotland, October 2024

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